BIC Bank

ANNUAL REPORT 2023

FINANCING **ASIA'S FUTURE**

TABLE OF CONTENTS

1 MESSAGE FROM THE CHAIRMAN

MR. YIM LEAK
Chairman of B.I.C (Cambodia) Bank Plc.

2023 was a year of economic uncertainties with a continued high interest rate environment yet BIC Bank continued to navigate the many challenges the industry experienced. This has paid off well as we managed to maintain strong operations and perform resiliently relative to industry peers through a low risk tolerance approach.

Globally, inflation briefly came down after reaching 40-year highs in the US, yet tensions in the middle east and Russia-Ukraine have sent some commodity prices higher causing central banks to tighten their monetary policies. China US tensions also remained high, yet Cambodia's growth continued to be positive ending the year similar to 2022 at 5.0% growth.

We believe that 2024 will be a year of growth as tourism increases and Cambodia continues to forge business partnerships with global companies setting up operations in the region and locally. The sectors of real estate, construction and garment manufacturing still face significant headwinds driven by high debt obligations as well as the slowdown in external demands from the EU and US.

According to the NBC report 2023, the tourism sector has rebounded to 82.5% of historic peak levels. Agriculture grew at a low rate. The country had a slight deficit of 2.6% of GDP amid a fall in tax collection and higher fiscal expenditures related to the preparation of the SEA Games and ASEAN Para Olympic games. Despite this the KHR exchange rate remained stable against the USD and inflation fell from 5.4% to 2.1% mainly due to the fall in oil prices which led to reduction in food and core inflation.

Asian Development Bank's flagship economic report indicates Cambodia's economy is forecast to grow at 5.6% in 2024 and 6% in 2025, fueled by a rebound in tourism and stronger manufacturing prospects. Cambodia aims to increase their foreign reserves and reduce the reliance on the USD by promoting the use of Khmer Riel in order to provide the country with more independent monetary policy to guard against global macro economic shocks.

In the 12 months ended 31 December 2023, BIC Bank made a net profit of USD 1.11 million, an increase from USD 0.09 million for the same period ending 2022. Its gross profit before tax was USD 1.24 million. The bank slightly decreased its operating revenues to USD 15.46 million. Total assets increased to USD 521.60 million from USD 330.24 million in 2022, with loans portfolio making up the largest component at USD 171.24 million, up from USD 119.53 million in 2022. Deposits from customers and banks stood at USD 435.12 million, up from USD 250.10 million in 2022.

Another milestone for the year - the good results are driven by BIC Bank's successful implementation of its Digital growth strategy with a focus on delivering an exceptional digital banking and financial services to our customers locally and throughout the region.

BIC Bank shareholders are contributing to the overall Cambodian economy through the creation of economic activity, jobs creation, banking the unbanked and continuity of expanding the possibilities of SME's and individuals' personal financial requirements.

The Board of Directors continue to be active by ensuring the Bank's strategy is being executed following best practices and standards who put within banking activities, finance, risk management, and corporate governance.

I would like to express gratitude to our valued customers, stakeholders, board and the entire team for their continued support and dedication.

Sincerely and with warmest regards,

YIM LEAK
Chairman of the Board of Directors

2 MESSAGE FROM THE CEO

DR. HONG SOKLENG
Chief Executive Officer of B.I.C (Cambodia) Bank Plc.

Dear Shareholders, Investors, and Customers,

I am pleased to present the accomplishments and highlights achieved by BIC Bank during the year 2023.

I will start with the financial highlights for the fiscal year ending December 31, 2023. BIC Bank achieved a net profit of USD 1.11 million, a significant increase from USD 0.09 million in the same period ending in 2022. Our gross profit before tax reached USD 1.24 million, and operating revenues slightly decreased to USD 15.46 million. Total assets grew to USD 521.60 million, up from USD 330.24 million in 2022, with the loans portfolio increasing to USD 171.24 million from USD 119.53 million. Additionally, deposits from customers and banks rose to USD 435.12 million, compared to USD 250.10 million in the previous year. These financial achievements reflect our commitment to growth and stability in a dynamic market.

Facing economic uncertainties, persistent high interest rates, and global tensions including the Russian-Ukraine conflict, and China-US friction, BIC Bank remains unwavering in its commitment to delivering superior, secure, and technologically advanced digital banking services. As a well-managed institution, we are dedicated to achieving higher standards in our offerings. A key strategic objective is to enhance our marketing efforts to strengthen our brand, expand our network, and bolster customer confidence. We are also focused on designing innovative products and services, with a particular emphasis on increasing KHR collections to support the National Bank of Cambodia's dedollarization. BIC Bank is devoted to providing a comprehensive range of financial services tailored to meet the needs of small and medium enterprises, retail customers, and the general public in Cambodia, while ensuring reasonable returns to our shareholders through high-quality banking products that benefit both the Cambodian people and our stakeholders.

In our current operational landscape, BIC Bank has a total of five operational branches, with four strategically positioned in Phnom Penh and one serving the vibrant community of Sihanoukville. This expansion underscores our commitment to enhancing accessibility and delivering tailored financial solutions across key regions.

With a steadfast commitment to excellence, our operations have maintained robust stability amidst economic uncertainties. We uphold stringent risk management practices, ensuring resilience and safeguarding stakeholders' interests. Embracing digital innovation as a cornerstone of our strategy, our IT expertise has propelled us forward, enabling streamlined operations and enhanced customer experiences. Our recently launched mobile app exemplifies our dedication to convenience and accessibility, empowering customers with seamless access to our comprehensive range of financial services. Together, these initiatives underscore our unwavering commitment to driving sustainable growth and delivering exceptional value to our clients.

Through strategic partnerships, our bank has achieved significant milestones, including the successful launch of BIC Credit Mastercards. These collaborations underscore our commitment to enhancing financial accessibility and empowering our customers with innovative payment solutions. Moreover, we are proud to support the government's 'One Window One Service' initiative through our collaboration with digital payment expertise partners. This partnership exemplifies our dedication to driving socio-economic progress by simplifying processes and improving efficiency across public services. Together, these endeavors demonstrate our proactive approach to fostering growth, innovation, and sustainable development in the communities we serve.

At BIC Bank, we embrace Corporate Social Responsibility (CSR) as a cornerstone of our identity. It's not just about financial success; it's about making a positive impact on society and the environment. Through initiatives in education, healthcare, and environmental sustainability, we're committed to driving meaningful change and creating a better future for all.

We deeply value the trust and support of our shareholders, as their confidence fuels our commitment to sustainable growth and long-term value creation.

Let's continue to innovate and lead by example, integrating CSR into everything we do. Together, we can build a more sustainable and inclusive world.

As CEO of BIC Bank, it's my privilege to foster a culture where 'WE ARE ONE!' resonates in everything we do. In the dynamic landscape of banking, unity is our strength. Each of us contributes uniquely to steering our institution towards success, driven by our shared mission of delivering exceptional financial services.

Our goal is clear: to earn the trust of our customers and stakeholders as their preferred financial partner. This goal hinges on collaboration and collective effort.

Let's uphold a culture of mutual support, unwavering discipline, and proactive adaptation. Together, as one team, we are poised to achieve remarkable accomplishments. Your dedication and hard work are deeply appreciated. Our management team navigates challenges with integrity and foresight, ensuring strong governance and sustainable practices. We extend sincere thanks to BIC Bank's management team and all staff for their commitment to excellence.

We are also grateful for our customers' trust and support, which drives us to deliver exceptional experiences and innovative solutions. Together, we will continue to lead BIC Bank to new heights.

Thank you.

Sincerely Yours,
Hong Sokleng
Chief Executive Officer

3 ECONOMIC OUTLOOK AND BANKING OVERVIEW

MACROECONOMIC CONDITION AND STABILITY

In 2023, the global economy recovered slowly due to geopolitical conflicts, high inflation, and tight financial conditions. Cambodia's economy grew at 5%, the same as 2022, but below its potential. Manufacturing, especially garments, slowed due to reduced demand from the US and EU. Agriculture grew minimally, and real estate activities declined by 0.9%. The fiscal deficit was 2.6% of GDP due to lower tax collection and higher spending on the SEA Games, ASEAN Para Games, and the national election. The KHR exchange rate remained stable, and inflation dropped from 5.4% to 2.1%, mainly due to lower oil prices. International reserves rose to USD 20 billion, indicating the need for more reserves and a stronger Khmer Riel to enhance monetary policy and resilience.

BANKING SYSTEM: PERFORMANCE AND STABILITY

Despite rising credit risk, the banking system remained resilient, supporting post-pandemic recovery. Asset and loan growth slowed to 8.2% and 4.2%, respectively. Bank credit growth, adjusted for the merger, decelerated across sectors. Total bank credit reached KHR 211 trillion (USD 51.6 billion), primarily to the private sector. Non-performing loans increased from 2.9% to 5.1% following the end of regulatory forbearance. Liquidity remained strong, with banks' LCR (Liquidity Coverage Ratio) well above 100%. Net profits dropped by 45% due to higher interest and provisions, but the capital adequacy ratio was high at 22.3%. Microfinance assets and credit fell by nearly half post-merger, with credit quality deteriorating but manageable. Specialized banks saw credit growth slow to 1.6% and a 12.1% NPL ratio, but a strong 39% CAR (Capital Adequacy Ratio).

Source: National Bank of Cambodia | Annual Financial Stability Review (FSR) 2023

4 CORPORATE PROFILE

B.I.C (Cambodia) Bank Plc. ("the Bank") is a commercial bank incorporated and registered in the Kingdom of Cambodia. The Bank was incorporated on 14 November 2017 under the Cambodian Law on Commercial Enterprises and licensed under the regulation of the National Bank of Cambodia ("NBC"). The Bank obtained the NBC license on 18 July 2018 and commenced operations on 8 August 2018.

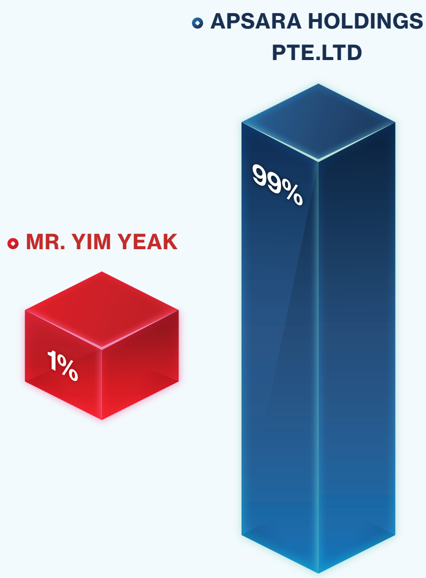
The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia.

The bank was originally established by Asia Investment and Financial Services Sole Co., Ltd of Lao PDR, Paradise Investment Co., Ltd of Kingdom of Cambodia and Prime Street Advisory Co., Ltd of Kingdom of Thailand. On 29 September 2020, the National Bank of Cambodia granted the approval to transfer all shares held by Paradise Investment Co., Ltd (Cambodia) and Prime Street Advisory Co., Ltd (Thailand) to Mr. Yim Leak, further strengthening the shareholders' commission of BIC Bank's vision and mission.

As of 26 May 2023, the 60% of all shares in BIC Bank held by Asia Investment and Financial Services Sole Co., Ltd. of Lao PDR (AIFS) and 39% of all shares in BIC Bank held by Mr. YIM Leak, have been transferred to Apsara Holdings Pte. Ltd. (APSARA), a Singapore incorporated holding company represented by Mr. YIM Leak, which thus now owns 99% of all shares in BIC Bank, with the remaining 1% of BIC Bank shares also held by Mr. YIM Leak.

This share transfer marks a milestone for the bank in that it was done to consolidate and restructure the bank's shareholding, a reflection of the bank's growth in size as well as in international ambition and expansion, providing it with an array of options for its future market growth, regional and international exposure, as well as strategic interests.

SHAREHOLDER STUCTURE



4.1 MISSION, VISION, CORE VALUE

MISSION:

To become the best local financial partner, we must be smarter and quicker to produce more benefits to our customers, by providing innovative and practical solutions to meet their needs. We are committed to maximize the benefits for our customers and stakeholders. We will constantly improve our business services, by continuously investing in our people, innovative ideas and technology. Our partnership with our customers will be built on mutual respect, openness, honesty and awareness of their needs.

VISION:

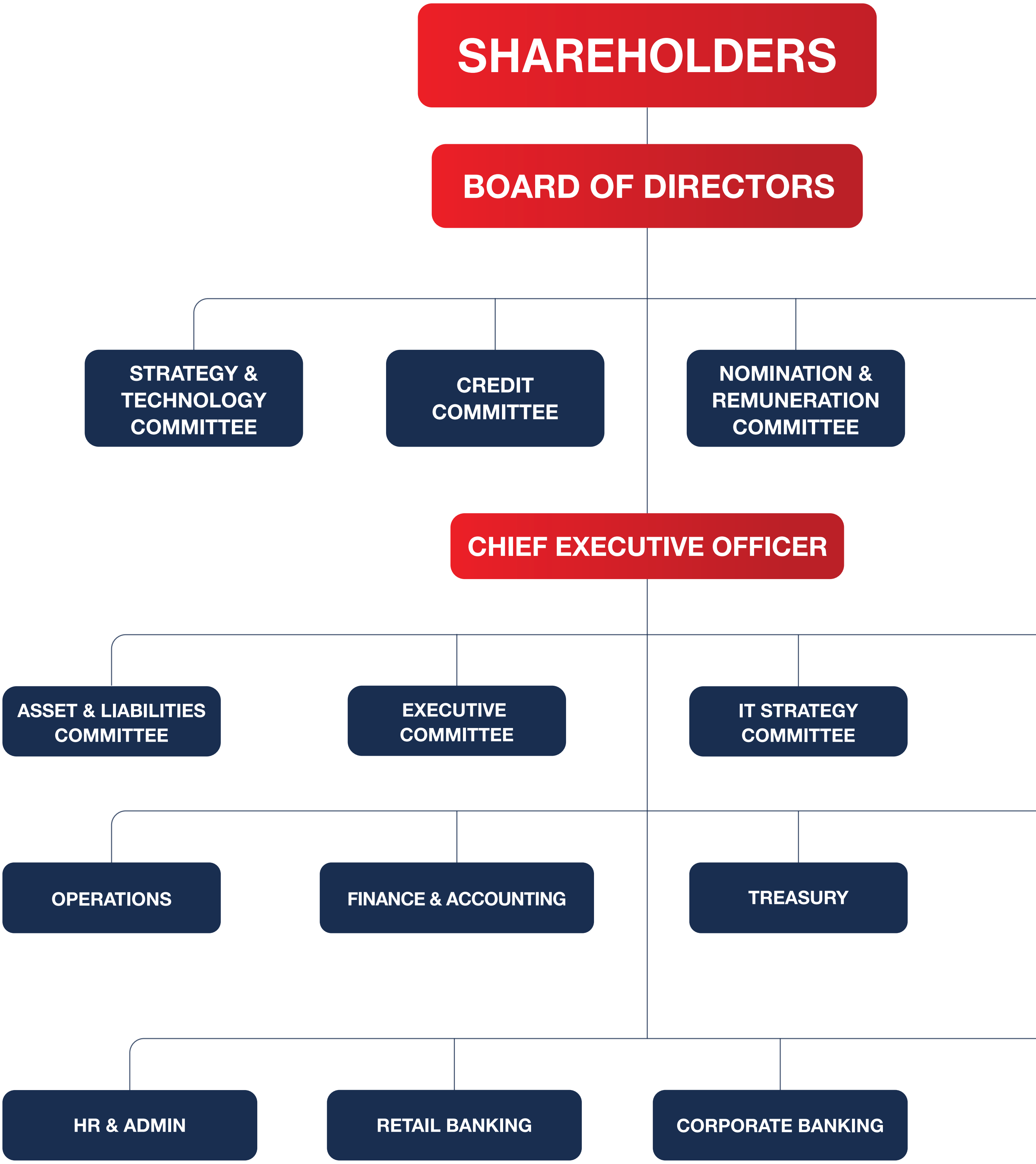
To be the preferred bank by offering the best personalized service to our customers and offering innovative products and solutions that are technologically advanced and meet our customers' needs and expectations.

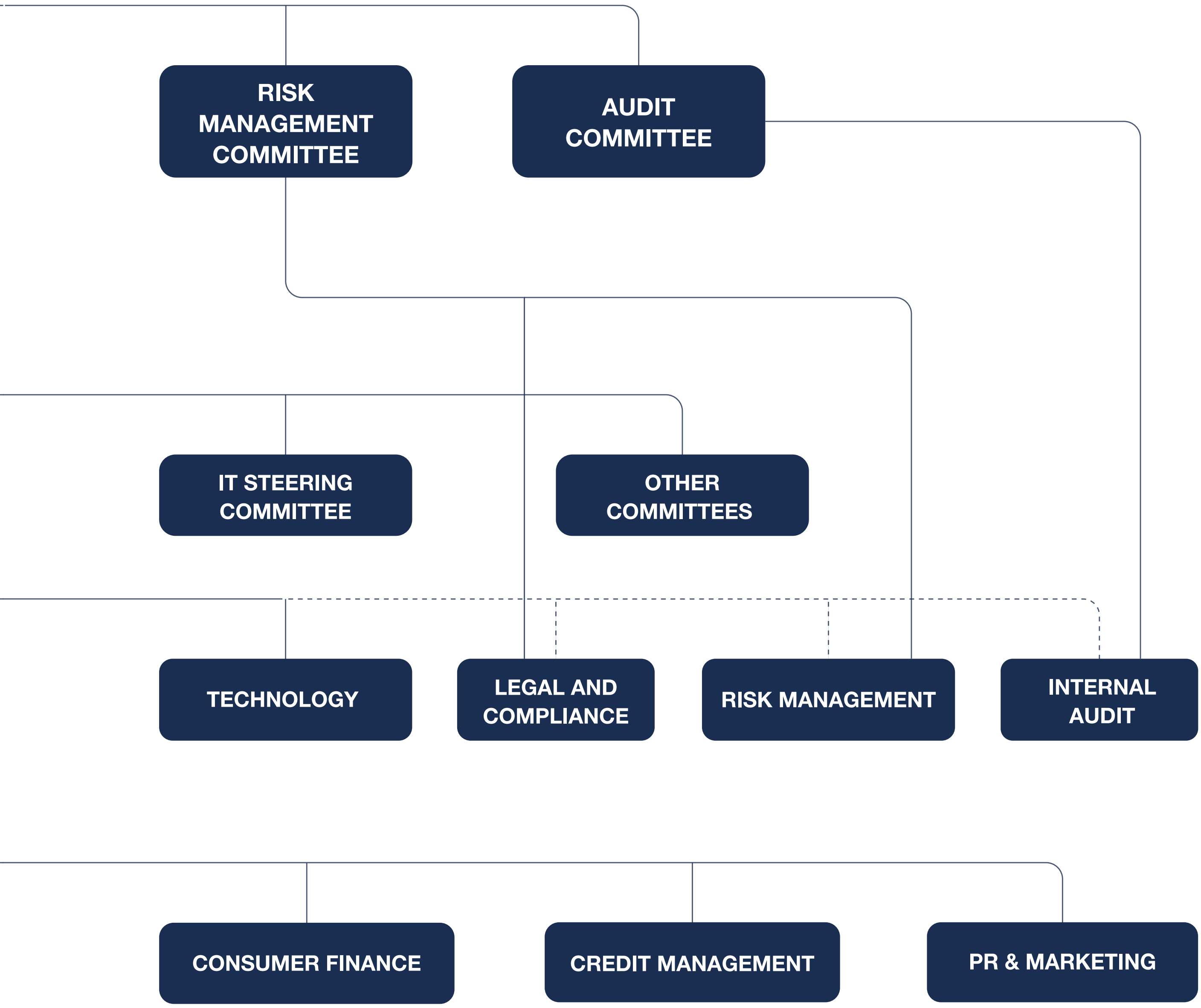
CORE VALUE:

1. **Employee Perspective**
   - Our people are our greatest asset. As such, we place great importance in developing them. A dynamic human capital development process will drive our competitive edge.
2. **Customer Perspective**
   - To meet our customers' banking and financial needs.
   - To provide our customers best services and secure banking.
3. **Shareholder Perspective**
   - To create a superior shareholder value and sustainable returns on assets.
4. **Community Perspective**
   - To support the Government's policies and objectives, and to contribute to the betterment of the community, and ultimately, the country.

ORGANIZATION

5.1 ORGANIZATIONAL STRUCTURE




RISK MANAGEMENT COMMITTEE
AUDIT COMMITTEE
IT STEERING COMMITTEE
OTHER COMMITTEES
TECHNOLOGY
LEGAL AND COMPLIANCE
RISK MANAGEMENT
INTERNAL AUDIT
CONSUMER FINANCE
CREDIT MANAGEMENT
PR & MARKETING

5.2 BOARD OF DIRECTORS

MR. YIM LEAK
Chairman

MR. YIM LEAK is present on the board of a number of companies, namely Chairman of BIC Bank (since 2020, serving on the board prior to that) and BIC Trust, both public companies, as well as Chairman of One Central Tower and U. Property Management, private companies active in the property sector, amongst several others in both chair and board director positions.

Having steadfastly served his country and motherland during his early adult years, MR. YIM LEAK began to shape a grand vision for Cambodia and its rapid ascent in the global economic and business stage. This vision is one that is held close to heart and shared by his family, manifesting itself not only in his contributions to developing Cambodia's banking and finance sector, but also in the visionary Beong Snor project, a landmark, community-driven, neighbourhood lifestyle multi-use property development.

DR. HONG SOKLENG
Director / CEO

MR. HONG SOKLENG has been appointed as Chief Executive Officer of BIC Bank and leads the Bank's overall growth and expansion strategy in Cambodia and regionally, with responsibility for core strategic priorities; corporate banking, international partnerships, and business digitization. From a strategic perspective and with an eye for putting BIC Bank's customers first, MR. SOKLENG leads and orchestrates transformational initiatives that MR. SOKLENG in corporate banking, builds confidence and trust in BIC Bank's growing regional and international partnership base, and places the bank at the forefront of business digitization and creating a lean, efficient, and performance driven organization primed for sustainable and stable growth for years to come.

MR. SOKLENG has more than twenty-five years of strategy, business development, and financial services experience, of which more than fifteen years serving in senior and executive roles in sector, having worked previously as Senior Vice President, Head of Business Banking; and Head of Corporate and SME Banking. Throughout his career he has been instrumental in accelerating the growth of corporate and SME deposits, increasing the value of loan portfolios, and shaping relationships with leading and respected companies.

MR. SOKLENG holds a doctor's degree in global leadership and management from European International University in Paris, and bachelor's degree in administration and management from Norton University.

MR. YEA SAROEUN
Director / DCEO

Mr. YEA SAROEUN, equipped with a Bachelor's Degree in Business Administration, possesses extensive experience in business management across various sectors in Cambodia.

Notably, he served as Deputy Chief Executive Officer at B.I.C Group Co., Ltd., where he oversaw diverse investments, particularly in the financial sector. Prior to this role, he offered strategic guidance as an Advisor to the Chairman at B.I.C Development Co., Ltd., focusing on real estate ventures.

His latest endeavor led him to B.I.C (Cambodia) Bank Plc as Director, where he continues to leverage his expertise for strategic growth in the banking industry. MR. SAROEUN's career reflects a steadfast commitment to excellence and a knack for driving success in Cambodia's dynamic business landscape.

MR. JOHN EDWARD MC COSH
Independent Director

MR. MC COSH JOHN EDWARD has worked in the US, Europe, Africa and Asia in various management and operations roles.

MR. MC COSH JOHN EDWARD has worked in the US, Europe, Africa and Asia in various management and operations roles. MR. JOHN is currently VP of Development for BIC Group, before which he was CEO of Sapparot Group and prior with Four Seasons Hotels and Resorts opening new properties, leading teams and developing operating procedures, and service and product standards.

MR. JOHN completed an MBA from HEC Paris and University of Witwatersrand and undergraduate degree from Ecole Hôtelière de Lausanne.

MR. PHE VUTHY
Independent Director

MR. PHE VUTHY is a legal professional with a dual Master's Degree in International Business Law from the Royal University of Law and Economics in Phnom Penh, Cambodia, and the Paris-Panthéon-Assas University in France. With a rich background in both legal and investment advisory sectors, MR. VUTHY has amassed extensive experience over the years.

His most recent role was as the senior legal counsel for a prominent real estate development and investment firm in Cambodia. Prior to this, he served as a legal and investment advisor to various companies, including one specializing in financial and information technology services.

MR. VUTHY further extended his expertise by joining B.I.C (Cambodia) Bank Plc as an Independent Director in March 2023. His diverse professional background and academic qualifications equip him with a comprehensive understanding of legal intricacies and investment strategies, making him a valuable asset in the corporate realm.

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MRS. EAN LEAKHENA
Chief Operations Officer

MRS. EAN LEAKHENA currently serves as Chief Operations Officer at B.I.C (Cambodia) Bank Plc in charge of central operations, branch operations, lending operations, central control, card center, and digital services since June 2023. Before BIC Bank, she served in various roles with an international bank, a corporate bank, and a big local bank in Cambodia with extensive leadership and experiences in finance and banking, including operations, lending, project management, retail business, and corporate.

MRS. LEAKHENA has more than 22 years of working experience. She started her career as an accountant at a local bank in 2002 and finance at a medical company in 2004. She continued to pursue her banking experiences in retail business and lending operations in 2007 at an international bank for over seven years. In addition, she joined one of the largest local banks in Cambodia in late 2014. She held various senior positions as Head of Business Analytics, Head of Corporate Strategy, Head of Project Management, and Head of Centralized Operations.

MR. DONG QUANG THANG (VIN)
Acting Chief Technology Officer

MR. DONG QUANG THANG (VINCENT) has more than 17 years of experience in information technology, digital business, product development, and corporate strategy development, specializing in the Banking and Financial industry of which more than 10 years serving in senior and executive roles in the sector, having worked previously as Deputy Chief Information Officer in Maritime Commercial Bank Vietnam, and some organizations such as VPBank Vietnam, Orient Commercial Bank Vietnam, Techcombank Vietnam, Samsung Electronics, FPT Corporation.

MR. VINCENT holds a master's degree from Paris Patheon Sorbonne University and a Bachelor's degree in Information Technology from Vietnam HCM National University.

MR. VO DUY ANH DUNG (ANDY)
Director, Retail Banking

MR. VO DUY ANH DUNG, with a Master of Business and Commerce from the University of Sydney, has over 15 years of banking experience. He has excelled in top retail banks in Vietnam and Taiwan, growing customer bases and leading cost-saving digital transformations. Recognized with the “Banking Excellence Award” in 2019, MR. ANDY specializes in financial analysis, strategic planning, and risk management. Active in professional and community financial literacy programs, he is dedicated to innovation and growth in banking.

MR. VO DUY ANH DUNG worked with VPBank and OCB, two of Vietnam’s largest retail banks. At VPBank, he served as the Head of Business Center, where he led strategic initiatives to enhance business operations and customer experience. At OCB, he was the Head of Partnership Center, fostering key alliances and driving business growth through innovative partnerships. Prior to this, MR. ANDY spent four years with Bank Sinopac Vietnam, a Taiwanese bank, as Head of Retail Banking, where he successfully expanded the retail banking division and implemented effective customer retention strategies.

MR. SAM HAUNG
Director, Human Resource

MR. SAM HAUNG joined BIC (Cambodia) Bank Plc. in August 2023 as a Director of Human Resource. He leads the team to support the bank business through talent acquisition, talent and organization development, performance management, compensation and benefits, and team engagement.

Mr. Sam graduated with a Master of Business Administration in Management and a Master of Arts in English in 2008. Mr. Sam has grown and played various roles in Teaching English as a Foreign Language (TEFL) and Human Resources Management in the past 20 years.

MR. BAN MARA
Head, Finance and Treasury

MR. BAN MARA is a distinguished finance professional with over 13 years of experience in the banking sector. He joined BIC Bank in September 2018 as a Finance Manager and quickly advanced to Senior Manager, Finance and Treasury, in January 2020. By July 2023, he was promoted to Head of Finance and Treasury.

MR. MARA excels in financial reporting, taxation, fund management, budgeting, and business planning. He has successfully managed major projects, including CIFRS Conversion and Core Banking System implementation, contributing significantly to BIC Bank's financial stability and growth.

He graduated with a Bachelor's Degree in Finance and Banking from National University of Management in 2010 and he is currently pursuing his ACCA Degree at CamED Business School, Phnom Penh, Cambodia.

MR. SOURN SOPHANIKA
Head, Risk Management

MR. SOURN SOPHANIKA holds a Master's Degree in Financial Management from the Royal University of Law and Economics and he has extensive experience of 15 years in the financial service industry spanning multiple functions such as risk, compliance, and finance, of which 12 years of experience in risk management.

He possesses good analytic skills and has a wide range of exposure to all risk management aspects including credit risk, operational risk, market risk, and liquidity risk. He contributed and shared his knowledge and experience to support the Institution of Banking and Finance (IBF) in developing the competency framework for risk management, which is a framework describing the minimum set of skills required to fulfill a risk management job effectively.

He joined B.I.C (Cambodia) Bank Plc. as Head of the Risk Management Department on 8 August 2022. Before this role, he served as Head of the Risk Management Department at several regional banks in Cambodia and one of the state-owned enterprises (SOE) under the Ministry of Economics and Finance.

MR. KIM LY
Head, Credit

MR. KIM LY currently holds the position of Head of Credit since 15th May 2023 at B.I.C (Cambodia) Bank Plc and leading the Credit Department in overall control of credit risk.

Having been working in the Banking industry for more than 16 years of which more than 8 years in managerial role, MR. KIM LY has been developing magnificent experiences and set of skills in various roles in the banking sector such as corporate lending, credit management, trade financing, and project financing management.

Before joining B.I.C (Cambodia) Bank Plc. He has been working with one of the top 3 banks in Cambodia as Head of Corporate Relationships, Acting Head of Trade Finance, and Head of Project Management Financing respectively.

MR. KIM LY graduated with an MBA degree in Economic and General Management from the Royal University of Law and Economics and a Diploma in Cambodian Business Law from CamEd Business School.

MR. IM SOTHEA
Head, Internal Audit

MR. IM SOTHEA joined BIC Bank in March 2024 as Head of Internal Audit. He responds to establishing and monitoring Internal Audit Plans, Audit Policies/ Procedures, and the Bank's Overall Management to ensure that "internal control" is in place and properly implemented by staff and management.

Before joining BIC Bank, MR. SOTHEA was an Internal Audit Unit Manager and a Head of Internal Audit at 4 local/international commercial banks for more than 16 years. He has solid banking experience, especially in internal auditing such as developing internal audit policy and procedure, conducting risk assessment, investigating fraud/misconduct/wrongdoing to strengthen internal control systems, and assuring governance in financial institutions.

MR. SOTHEA holds a Master's degree in Auditing and a Bachelor's degree in Accounting, from local institutions. Moreover, he holds many professional certificates from both local and international professional institutions/associations (Cambodia, Malaysia, and Thailand).

5.4 HUMAN RESOURCE DEVELOPMENT

HUMAN CAPITAL MANAGEMENT

The processes an organization utilizes for hiring, managing, developing, and optimizing employees to raise their value to the bank are collectively known as "human capital management," or HCM. When human capital management is done well, it leads to "hiring the right talent." The HCM plays an important role as the custodian and driver of the tools and processes in human resources.

CODE OF ETHICS

The Code of Ethics refers to the basic concepts and fundamental principles of decent human conduct. The Code of Business Conduct and Ethics is documented to set out the rules and standards for how we all together work to develop BIC Bank and deliver services to our customers, how we protect the values of the bank and the interests of our shareholders, and how we treat our employees.

SOURCING AND SELECTING THE RIGHT TALENT

The goal of recruiting is to identify and select the best applicant who best fits the role and the business in terms of experience, culture, and abilities. Our recruitment enhances the calibre of hires through a methodical and equitable selection procedure. The bank has a proper recruitment process in place to find and choose the best personnel. This process ensures a great candidate experience and employer brand because the bank is positively reflected in well-managed and professional hiring practices.

BUILDING AND ENHANCING CAPABILITIES FOR GROWTH

Our continual training and development programs are designed to provide our employees with the necessaryknowledge and skills, as part of our commitment to providing them with the best platforms and programs for success and growth.

In 2023, the bank conducted both internal and external training courses to strengthen talent development and build the coaching culture within the bank as well. As a result, each of our employees has received an average of **15 hours of both in-class and e-learning.**

In addition to receiving training, our staff members had the opportunity to participate in several workshops, meetings, and briefing sessions with regulators, partners, and colleagues to stay informed about new laws and regulations.

REWARDING AND RECOGNIZING OUR EMPLOYEES

Aligning with the bank's growth strategy, our remuneration refers to the cash compensation and benefits (C&B) awarded to employees in return for the services they provide in a competitive market. It may be in the form of salary or wages and includes allowances, benefits, bonuses, cash incentives, and non-cash incentives.

We also have programs for incentives and recognition in place, which can aid in fostering a successful culture within the bank. When an employee's accomplishments are acknowledged, they are more likely to be inspired to keep up their good work and meet or beyond goals so that the bank can advance.

GROWTH AND ACHIEVEMENTS

6.1 FINANCIAL HIGHLIGHTS

	FY 2023	FY 2022
OPERATING RESULTS(US$'000)		
Operating Revenue	15,460	15,526
Profit / (Loss) before taxation	1,240	484
Net profit / (Loss) for the year	1,113	95
KEY BALANCE SHEET DATA(US$'000)		
Total Assets	521,601	330,244
Loan and Advance to Customer	169,279	117,190
Total Liabilities	444,135	253,890
Deposit from banks and customers	435,115	250,099
Statutory share capital	75,000	75,000
Shareholder's equity	77,466	76,353
FINANCIAL RATIOS(%)		
Return on assets (ROA)	0.21%	0.03%
Return on equity (ROE)	1.44%	0.12%
Liquidity ratio	256%	259%
Loan to deposit ratio	67%	54%
Non-performing loans to total loans	1.02%	6.58%
CAPITAL MANAGEMENT		
Net worth (US$'000)	75,766	75,199
Solvency ratio (%)	32%	34%

6.2 BUSINESS ACTIVITIES

BIC BANK APPOINTS MR. HONG SOKLENG AS NEW CHIEF EXECUTIVE OFFICER

On March 15, 2023, with the confidence and trust from Board of Directors, B.I.C (Cambodia) Bank Plc. ("BIC Bank"), a leading commercial bank, announced that Mr. Hong Sokleng has been appointed as Chief Executive Officer.

With a focus on the Bank's core strategic priorities; corporate banking, international partnerships, and business digitization, Mr. Sokleng leads BIC Bank's growth and expansion strategy in Cambodia, deliver first-in-class customer service, and drive financial performance that reflects the Bank's commitment to its growing customer base.

Mr Sokleng's selection to lead BIC Bank's growth and expansion strategy is aligned with its priority to always serve its customers with the highest standards, and to give shareholders, customers, and BIC Bank employees and partners, confidence in the opportunities ahead.

CELEBRATED THE KHMER NEW YEAR

BIC Bank celebrated the Khmer New Year with a vibrant and festive party, bringing together the entire BIC Bank management team and staff. This joyous event also saw the participation of the management from BIC Group's various subsidiaries, including BIC Trust, BIC Insurance, and BIC Market. The celebration fostered a sense of unity and camaraderie among the teams, reflecting our commitment to maintaining a strong and collaborative corporate culture. This gathering provided an excellent opportunity for team members across different branches and subsidiaries to connect, share experiences, and build stronger working relationships, contributing to the overall cohesion and success of BIC Group.

THE MOU SIGNING CEREMONY BETWEEN B.I.C (CAMBODIA) BANK PLC. AND KESS INNOVATION PLC.

On 07th August 2023, B.I.C (Cambodia) Bank Plc. and KESS INNOVATION Plc. signed a Memorandum of Understanding on Digital Payment Solution to provide our customers with a modern, safe and innovative banking and financial experience. This collaboration among private sector entities is designed to significantly enhance the consistency and security of digital banking services. It also focuses on improving the functionalities and leveraging the expertise of technology solutions to ensure robust and reliable financial services.

OFFSITE MANAGEMENT WORKSHOP

On August 26 and 27, 2023, BIC Bank organized an offsite management workshop and team-building event in Sihanoukville. The primary strategic focus of the workshop was "Transforming to be GREAT." Throughout the event, we engaged in meaningful discussions, developed comprehensive action plans, and fostered team collaboration. In addition to the productive sessions, participants also enjoyed a variety of enjoyable activities that strengthened team bonds and enhanced the overall experience.

THE OFFICIAL LAUNCHING OF BIC CREDIT MASTERCARD

BIC Bank Launches Credit Mastercard Strengthening the Bank's Position as Cambodia's Leader in Digital Banking and Driving the Country's Cashless Agenda

In October 2023, BIC Bank, Cambodia's rapidly expanding digital bank, made significant strides in enhancing its product offerings and reinforcing its commitment to customer-centric innovation. A notable highlight of the year was the launch of the BIC Credit Mastercard introduced at a prestigious event at Fairfield by Marriott Phnom Penh. This launch event was attended by BIC Bank and Mastercard management, honored guests, and valued customers. Available in Classic, Gold, and Platinum variants, BIC Credit Mastercard adds a refined, privileged, convenient, and secure spend-first-pay-later option to our diverse product line to meet the evolving needs of our customers. BIC Credit Mastercard enables customers to enjoy a fast, easy, and secure payment experience, complemented by a wide range of rewards and benefits, both online and at partner stores worldwide.

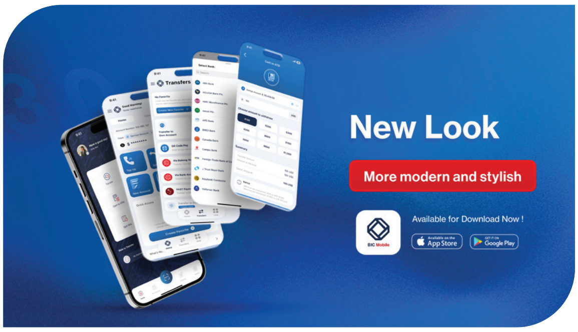
The introduction of the BIC Credit Mastercard is a testament to BIC Bank's ongoing dedication to providing innovative and customer-centric services. This highlighted the bank's remarkable growth over the past five years, attributing this success to our strategic digitalization efforts and the unwavering support from our shareholders, management, partners, and customers. This year, we also successfully launched the BIC Debit Mastercard, BIC Virtual Mastercard, and the BIC Mobile app, a pivotal addition enabling users to perform a wide range of financial transactions, including KHQR transfers and payments, at no charge, and allowing customers to open BIC Digital Accounts anytime, anywhere.

To celebrate the launch, BIC Bank is offering a special promotion for BIC Credit Mastercard users. Customers will receive 20 percent cash back on all their transactions worldwide. Moreover, customers will also have a chance to win many amazing prizes, such as:

- Brand new Ford Ranger
- Tour package to Europe, Dubai, and Singapore
- New iPhone 15 Pro Max
- Giant bicycle
- Life-time fee waiving

6.3 MARKETING AND PR

BIC MOBILE APP 3.0



As a commercial bank, BIC Bank prioritizes digital innovation. We have significantly modernized our technology, particularly in mobile banking, with the introduction of BIC Mobile version 3.0. This new version, developed with extensive effort and focus on user experience (UX/UI), has been successfully launched.

To ensure a seamless user experience, we conducted a pilot test among internal staff prior to the official release. During this pilot phase and subsequent soft launch, we meticulously analyzed performance and gathered valuable feedback for further enhancements. Based on this progress, we are confident in our ability to proceed with the official Go Live on December 21, 2023. Our dedicated IT team is fully prepared to implement the necessary steps for a successful launch.

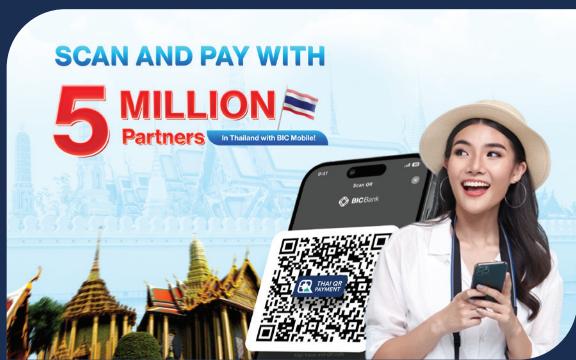
In version 3.1.0 of BIC Mobile, we introduced several improvements and new features, including:

- Opening of “Additional Savings Accounts”
- Enhanced “Transfer to Own Accounts” functionality
- Improved performance for “Scan KHQR”
- Updated “e-KYC” version
- Various bug fixes and overall performance improvements

DIGITAL ACCOUNT OPENING WITH E-KYC

The Digital Account Opening feature via the BIC Mobile app provides a seamless solution for customers to open bank accounts anytime and anywhere with just a valid National ID, a smartphone, and internet access. Utilizing advanced e-KYC technology, including AI and facial liveness detection, customers can effortlessly open digital accounts through the BIC Mobile app. This enables access to digital banking services with a maximum daily limit of $5,000 (20,000,000 KHR) and a monthly limit of $50,000 (200,000,000 KHR). By following simplified steps – submitting an e-KYC document and facial recognition – customers can receive accounts in two currencies: KHR and USD.

CROSS-BORDER PAYMENTS: THAI QR



In 2023, we successfully implemented cross-border payments with the introduction of the “Thai QR” feature. Through collaboration with strategic partners, regulators, and our dedicated team, BIC Bank has streamlined travel for users heading to Thailand, enabling direct payments to over 5 million partners simply by scanning the Thai QR code from a Khmer Riel account using the BIC Mobile app. This new feature allows customers to make real-time payments for goods and services via Cross-border Thai QR, with a transaction limit of up to 10 million KHR and a daily limit of 10 million KHR.

BIC Bank at the 28th Angkor Wat International Half Marathon

We are proud that the BIC Bank team participated in the 28th Angkor Wat International Half Marathon in December 2023 in Siem Reap. Many members of our management team and staff actively joined the event to support victims of antipersonnel mines in Cambodia and provide aid to hospitals like Angkor Children's Hospital and Kantha Bopha Children's Hospital.

BIC Bank is dedicated to building strong community relationships and promoting sustainability. Our outreach programs focus on education, aiding marginalized communities, and supporting local talent. We encourage employee involvement in volunteering and ensure our operations are environmentally friendly.

Over the past four years, we have increased our focus on Corporate Social Responsibility (CSR), integrating sustainable practices to meet stricter regulations, cater to sophisticated customers, and keep pace with advancements in digital banking.

6.4 KEY ACHIEVEMENT

INAUGURATION OF POCHENTONG BRANCH: EXPANDING BIC BANK'S REACH

BIC Bank launched the soft opening of its Pochentong Branch, strategically located along Russian Boulevard. This marks the fifth operational branch for BIC Bank. The establishment of the Pochentong Branch represents a significant step forward in BIC Bank's expansion efforts, demonstrating our commitment to enhancing accessibility and serving our customers' needs effectively.

Situated in a prime location, the Pochentong Branch is well-positioned to provide comprehensive banking services to individuals, businesses, and communities in the surrounding area. Our aim is to offer tailored financial solutions and exceptional customer service to empower our clients and contribute to local economic growth.

The inauguration of the Pochentong Branch underscores BIC Bank's dedication to innovation and excellence in banking services. We are excited to welcome customers to our newest branch and to continue delivering value to the communities we serve.

"GOLD" TAX COMPLIANCE CERTIFICATE

BIC Bank is proud to be awarded the prestigious "Gold" Tax Compliance Certificate by the General Department of Taxation.

This accolade is a significant milestone for BIC Bank, demonstrating our unwavering commitment to maintaining the highest standards of financial integrity and regulatory adherence.

The General Department of Taxation conducted a thorough examination and evaluation of BIC Bank's tax obligations, scrutinizing our references and historical compliance. The award of the Gold Certificate is a testament to our transparency, accuracy, and consistent fulfillment of tax responsibilities to the Royal Government of Cambodia. This recognition not only reflects our dedication to exemplary tax practices but also reinforces the trust and confidence that our customers and the public have in BIC Bank.

Receiving this certificate underscores our ongoing commitment to operational excellence and fiscal responsibility. It highlights our role as a reliable and responsible corporate citizen, dedicated to contributing positively to the national economy. We are honored by this recognition and remain steadfast in our efforts to uphold these standards in the future.

MASTERCARD LEADERSHIP AWARDS

In 2023, BIC Bank was honored to receive two prestigious leadership awards from Mastercard, acknowledging the bank's outstanding accomplishments over the course of the year.

1. Leadership in Credit Volume: This award recognizes BIC Bank's exceptional performance in credit volume, reflecting our dedication to providing accessible and competitive credit services to our valued customers. It underscores our commitment to facilitating financial inclusion and empowering individuals and businesses with convenient credit solutions tailored to their needs.
2. Leadership in Cross-Border Volume: The second award, Leadership in Cross-Border Volume, highlights BIC Bank's excellence in facilitating cross-border transactions. This achievement demonstrates our proficiency in international financial services and our ability to effectively navigate the complexities of global commerce. It underscores our role as a trusted partner for customers engaging in cross-border transactions, offering seamless and reliable payment solutions.

These accolades from Mastercard serve as a testament to BIC Bank's commitment to excellence, innovation, and customer satisfaction. They reinforce our position as a leader in the banking industry and inspire us to continue delivering exceptional financial services and driving positive impact in the communities we serve.

7 CORPORATE GOVERNANCE

BOARD OF DIRECTORS (BOD)

The Board of Directors of BIC BANK is appointed by the shareholders. The Board may review the structure, size, and composition of the Board and its sub-committees from time to time and make recommendations to the shareholders for any changes deemed necessary in accordance with the Royal Government of Cambodia's existing laws and regulations. The Board is responsible for overseeing the overall management and affairs of the Bank for the proper conduct of the Bank. The Board's responsibilities include but is not limited to:

- Approval of strategies policies and business plans
- Approval of annual budgets, annual reports, financial statements and investment plans
- Review and approve CEO's proposals on organizational structure, internal regulations, staff policies, vendor contracts
- Propose amendment of Memorandum and Articles of Association
- Approval of the annual operating budget of the Bank and ensure operations are conducted prudently, in line with Cambodian laws/regulations and policies of the Bank
- Overseeing management and affairs of the Bank to ensure competent and prudent management, compliance with statutory and regulatory obligations, the effectiveness of policies, systems, and controls, adequate monitoring and assessment of risks, regular review of performance, and ensuring corrective action is taken when applicable
- Approval of any extension of the Bank's activities into new businesses within the geographic area of Cambodia
- Approval of any decision to cease any or all material part of the Bank's business
- Approval of proposals for the allocation of capital and other resources within the Bank
- Approval of any significant changes to accounting policies or practices
- Maintaining a sound system of internal controls and risk management. The Chairperson is appointed by the shareholders and in his/her absence, the Deputy Chairperson will automatically become the Acting Chairperson and shall perform duties the same as those of the Chairperson. Board members must consist of at least five members, two of whom must be independent directors. Board meetings must convene once each quarter but the Chairperson can call for ad-hoc meetings as requested by any Board member. At least fifty percent of the Board must be present for a quorum.

BOARD AUDIT COMMITTEE (BAC)

The Audit Committee is established to review, on behalf of the Board, the internal financial controls of the Bank to identify, assess, manage, and monitor financial risks and to review the internal control systems of the Bank. Members shall comprise at least three directors appointed by the Board for a term of 3 years subject to renewal in accordance with their terms of appointment as Board of Directors. One member shall be the independent director, who is also the Chairperson. Only committee members have the right to attend meetings but other senior management such as the Chief Executive Officer, Chief Risk Officer, Head of Internal Audit, Head of Compliance, Chief Financial Officer and external auditors may attend part or all of the meetings by invitation of the Chairperson.

BOARD RISK AND COMPLIANCE COMMITTEE (BRCC)

The Risk and Compliance Committee is established to advise the Board on the Bank's current and future risk appetite, oversee the implementation of the risk management framework, and report the state of risk culture in the Bank. In particular, its responsibilities encompass whistle-blowing and fraud detection. It shall review the effectiveness of current systems of monitoring compliance, procedures for detecting fraud, systems, and controls for the prevention of bribery, and adequacy and effectiveness of anti-money laundering systems and controls. It shall also ensure that whistle-blowing reports are dealt with through independent investigation and appropriate follow-up action is taken.

Members shall comprise at least three directors appointed by the Board for a term of 3 years subject to renewal in accordance with their terms of appointment as Board of Directors. One of the members, appointed by the Board, and an independent director shall be the Chairperson. The members of the committee must collectively have sufficient experience and qualification to fulfill their duties and be honorable persons of character and above board.

OTHER COMMITTEES INCLUDE:

- **Executive Committee (EXCO)** is responsible for managing and overseeing all aspects and functions in line with role profile and terms of reference respectively other than those reserved for the respective Board Committees. In particular, the EXCO has responsibilities including but not limited to ensuring alignment with the Board, developing Business Strategy, reviewing and taking appropriate actions on the Bank's Financial Reports, Asset and Liability Management, Capital Allocations, and Risk Management.
- **Asset and Liability Committee (ALCO**) is responsible for providing important management information systems and oversight for evaluating on and off-balance sheet risk for the Bank. Its objective is to ensure liquidity whilst managing the Bank's spread between interest income and interest expense. Its duties include areas of treasury risk management, interest rate risk and hedging activities, treasury credit risk and funding.
- **Credit Committee (CC)** is responsible for overseeing the lending and credit strategies of the Bank, including reviewing internal credit policies and establishing portfolio limits.
- **Procurement Committee** is responsible for ensuring transparency and fairness in the procurement exercise. The mandate is not based on the lowest price but fitness for purpose, fair market price, return on investment, whole-of-life costs, timely delivery, post-delivery support, environmental sustainability, social responsibility, evidence of previous performance or experience, effective warranty, and conformity to law.

SENIOR MANAGEMENT

Business and Operational Units are the first line of defense to ensure internal control systems run smoothly.

INDEPENDENT RISK AND COMPLIANCE MANAGEMENT

As an independent entity, they monitor, check on compliance, and report all risks in the Bank on an ongoing basis.

INTERNAL AUDIT DEPARTMENT

Internal Auditors will independently and periodically test and audit the efficacy and robustness of the integrated risk management framework and processes of the business and support units, ensuring roles and responsibilities and duly performed. They also undertake regular reviews of the Bank's operation and internal control system and provide a check and balance on the effectiveness of the Bank's system of internal controls and compliance with relevant regulatory requirements by the Bank.

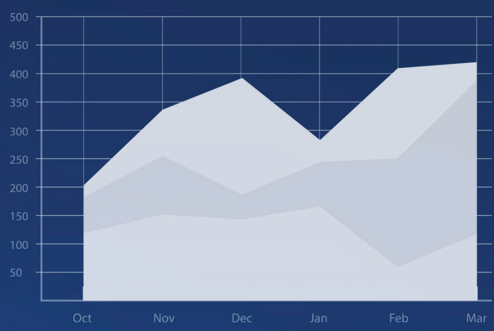
The results of audits bring forward-looking recommendations and suggestions for improvement to management for necessary remedial actions to be taken. Internal Audit reports to the Board of Directors via Audit committee.

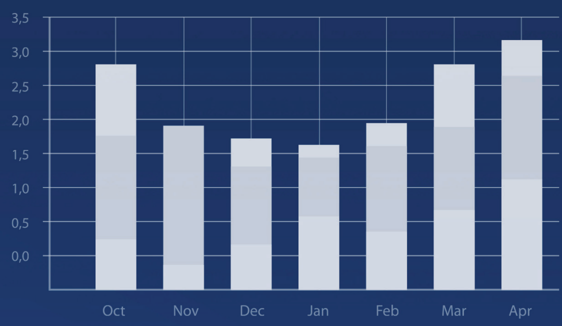
CHECKS AND BALANCES

BIC BANK has a segregation of duties to ensure independent decisions and reviews and for a proper system of internal control. Each unit maintains different responsibilities and cannot influence each other to avoid concentration of power, reduce mistakes, and prevent improper behavior.

FINANCIAL STATEMENTS

For The Year Ended 31 December 2023
And Report Of The Independent Auditors





CORPORATE INFORMATION

BANK:	B.I.C (Cambodia) Bank Plc.	
REGISTRATION NO:	00029200	
REGISTERED OFFICE:	No. 462, Ground and First Floor, Preah Monivong Blvd., (St. 93), Phum 13, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Kingdom of Cambodia	
SHAREHOLDERS:	Apsara Holdings Pte. Ltd. (Effective from 28 July 2023) Asia Investment and Financial Services Sole Co., Ltd. (Up to 28 July 2023) Mr. Yim Leak	
BOARD OF DIRECTORS:	Mr. Yim Leak	Chairman
	Mr. John Edward Mc Cosh	Independent director
	Mr. Yea Saroeun	Director (Appointed on 13 March 2023)
	Mr. Phe Vuthy	Independent director (Appointed on 13 March 2023)
	Mrs. Adel Leilanie Gaba Legarta	Director (Resigned on 31 January 2024)
	Mr. Zulkiflee Kuan Shun Bin Abdullah	Director (Resigned on 13 March 2023)
	Mr. Rutsaran Moonsan	Independent director (Resigned on 13 March 2023)
MANAGEMENT TEAM:	Mr. Hong Sokleng	Chief Executive Officer
	Mr. Yea Saroeun	Deputy Chief Executive Officer
	Mr. Eat Chetrasorivong	Chief Technology Officer
	Mr. Zulkiflee Kuan Shun Bin Abdullah	Chief Treasury Officer
	Mrs. Ean Leakhena	Chief Operating Officer
	Mr. Sam Haung	Director of Human Resource
	Mr. Ban Mara	Head of Finance and Treasury
	Mr. Sourn Sophanika	Head of Risk Management
	Mr. Kim Ly	Head of Credit
PRINCIPAL BANKERS:	National Bank of Cambodia ACLEDA Bank Plc. Canadia Bank Plc. Bank for Investment and Development of Cambodia Plc. KB Prasac Bank Plc. Ajman Bank BIC Bank Lao Ltd Kasikorn Bank Public Company Limited Krung Thai Bank Development Bank of Philippines Wing Bank (Cambodia) Plc.	
AUDITORS:	Fii&Associates Co., Ltd.	

8.1 REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board" or "Directors") hereby submit their report together with the audited financial statements of B.I.C (Cambodia) Bank Plc. ("the Bank") for the year ended 31 December 2023 (the "financial year" or "year").

PRINCIPAL ACTIVITIES

The principal activities of the Bank comprise the operations of core banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of this activity from the previous financial year.

FINANCIAL PERFORMANCE

The financial performance of the Bank were as follows:

	2023		2022	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Profit before income tax	**1,240,242**	**5,097,395**	483,629	1,976,592
Income tax expense	**(127,564)**	**(524,288)**	(388,871)	(1,589,316)
Net profit for the year	**1,112,678**	**4,573,107**	94,758	387,276

DIVIDENDS

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

SHARE CAPITAL

On 15 March 2023, the shareholders have signed a shareholder resolution to transfer their shareholding whereby Asia Investment and Financial Services Sole Co., Ltd. of 60% and Mr. Yim Leak of 39% to new shareholder, namely Apsara Holdings Pte. Ltd. Refer to Note 18 for the detailed Bank's share capital and shareholding structure.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provision during the financial year other than amount as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Bank were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Bank, inadequate to any material extent.

CURRENT ASSETS

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

At the date of this report, the Directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Bank misleading.

VALUATION METHODS

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

CONTINGENT LIABILITIES

At the date of this report, there does not exist:

i. Any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or

ii. Any contingent liability in respect of the Bank that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations when they fall due.

CHANGES OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Bank for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or event of material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Directors, to effect substantially the results of the operations of the Bank for the current year in which this report is made.

EVENTS SINCE THE REPORTING DATE

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

BOARD OF DIRECTORS

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

1. Mr. Yim Leak	Chairman	
2. Mr. John Edward Mc Cosh	Independent director	
3. Mr. Yea Saroeun	Director	(Appointed on 13 March 2023)
4. Mr. Phe Vuthy	Independent director	(Appointed on 13 March 2023)
5. Mrs. Adel Leilanie Gaba Legarta	Director	(Resigned on 31 January 2024)
6. Mr. Zulkiflee Kuan Shun Bin Abdullah	Director	(Resigned on 13 March 2023)
7. Mr. Rutsaran Moonsan	Independent director	(Resigned on 13 March 2023)

DIRECTORS' INTERESTS

The Directors' interests are disclosed in Note 18.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Bank is a party with the object of enabling Directors of the Bank to acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no Directors of the Bank have received or become entitled to receive benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by Directors) by reason of a contract made by the Bank with the Directors or firm of which the Director is member, or a Bank in which the Directors has a substantial financial interest, other than as disclosed in the financial statements.

STATEMENTS OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Board of Directors is responsible to ascertain that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023 and its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards ("CIFRS"). In preparing those financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
ii. comply with CIFRS or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
iii. oversee the Bank's financial reporting process and maintain adequate accounting records and effective system of internal control;
iv. assess 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; and
v. effectively control and direct the Bank in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors hereby approve the accompanying financial statements as set out on pages 40 to 97 which present fairly, in all material respects, the financial position of B.I.C (Cambodia) Bank Plc. as at 31 December 2023, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS.

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

B.I.C (CAMBODIA) BANK PLC

KINGDOM OF CAMBODIA

Mr. Hong Sokleng
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
28 March 2024

8.2 REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF B.I.C (CAMBODIA) BANK PLC.

OPINION

We have audited the financial statements of B.I.C (Cambodia) Bank Plc. ("the Bank"), which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out on pages 40 to 97.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards. ("CIFRS").

BASIS FOR OPINION

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibility 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 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 audit opinion.

OTHER MATTER

The financial statements of the Bank as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified audit opinion on those statements on 27 April 2023.

OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the information included in the Report of the Board of Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after that date.

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

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

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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 reporting process.

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

For Fii&Associates Co., Ltd.

Fii&Associates Co.,Ltd

Seng Chanthan
Audit Partner

Phnom Penh, Kingdom of Cambodia
28 March 2024

8.3 STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023		2022	
		US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Assets					
Cash and bank balances	5	259,585,139	1,060,405,293	124,143,924	511,100,535
Placements with other banks	6	19,731,058	80,601,372	-	-
Statutory deposits	7	36,871,218	150,618,926	23,871,072	98,277,203
Loans and advances to customers – net	8	169,278,808	691,503,931	117,189,654	482,469,806
Other investments - net	9	-	-	35,303,012	145,342,500
Other assets	10	24,918,593	101,792,452	22,918,319	94,354,719
Amounts due from related parties	27.1	429,674	1,755,218	-	-
Intangible assets	11	653,758	2,670,601	1,175,831	4,840,896
Property and equipment	12	2,165,952	8,847,914	2,415,600	9,945,025
Right-of-use of assets	13.1	7,378,794	30,142,373	3,128,587	12,880,393
Deferred tax assets – net	17.2	588,067	2,402,254	97,526	401,516
Total assets		**521,601,061**	**2,130,740,334**	**330,243,525**	**1,359,612,593**
LIABILITIES AND EQUITY					
Liabilities					
Deposits from other banks	14	181,528,291	741,543,069	27,169,543	111,857,009
Deposits from customers	15	253,586,874	1,035,902,380	222,929,231	917,799,644
Lease liabilities	13.2	7,947,533	32,465,672	3,365,575	13,856,072
Other liabilities	16	590,582	2,412,527	386,973	1,593,168
Current income tax liabilities	17.3	481,656	1,967,565	38,756	159,559
Total liabilities		**444,134,936**	**1,814,291,213**	**253,890,078**	**1,045,265,452**
Equity					
Share capital	18	75,000,000	300,000,000	75,000,000	300,000,000
Regulatory reserves	19	1,510,200	6,136,881	1,807,374	7,358,266
Retained earnings/ (Accumulated) losses		955,925	3,949,688	(453,927)	(1,844,804)
Currency translation differences		-	6,362,552	-	8,833,679
Total equity		**77,466,125**	**316,449,121**	**76,353,447**	**314,347,141**
Total liabilities and equity		**521,601,061**	**2,130,740,334**	**330,243,525**	**1,359,612,593**

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

8.4 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023		2022	
		US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Interest income	20	13,209,220	54,289,894	15,113,539	61,769,034
Interest expense	21	(6,293,037)	(25,864,382)	(7,590,330)	(31,021,679)
Net interest income		**6,916,183**	**28,425,512**	**7,523,209**	**30,747,355**
Fees and commission income	22	925,996	3,805,844	411,980	1,683,762
Other income		1,325,189	5,446,527	-	-
Total operating income		**9,167,368**	**37,677,883**	**7,935,189**	**32,431,117**
Personnel expenses	23	(3,274,008)	(13,456,173)	(2,529,511)	(10,338,111)
Depreciation and amortisation	24	(2,370,519)	(9,742,833)	(2,162,169)	(8,836,785)
Other operating expenses	25	(2,764,635)	(11,362,650)	(1,999,711)	(8,172,819)
Impairment losses on financial instruments	8	482,036	1,981,168	(760,169)	(3,106,810)
Profit before income tax		**1,240,242**	**5,097,395**	**483,629**	**1,976,592**
Income tax expense	17.4	(127,564)	(524,288)	(388,871)	(1,589,316)
Net profit for the year		**1,112,678**	**4,573,107**	**94,758**	**387,276**
Other comprehensive (loss)/income					
Currency translation difference		-	(2,471,127)	-	3,281,965
Total comprehensive income for the year		**1,112,678**	**2,101,980**	**94,758**	**3,669,241**

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

8.5 STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital		Regulatory reserve		(Accumulated Losses)/ Retained Earnings		Currency translation differences		Total	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January 2022	75,000,000	300,000,000	1,552,087	6,314,908	(293,398)	(1,188,722)	-	5,551,714	76,258,689	310,677,900
Comprehensive income for the year										
Net profit for the year	-	-	-	-	94,758	387,276	-	-	94,758	387,276
Transfer	-	-	255,287	1,043,358	(255,287)	(1,043,358)	-	-	-	-
Other comprehensive income										
Currency translation differences	-	-	-	-	-	-	-	3,281,965	-	3,281,965
Total comprehensive income for the year	-	-	1,807,374	7,358,266	(453,927)	(1,844,804)	-	8,833,679	76,353,447	314,347,141
At 31 December 2022	**75,000,000**	**300,000,000**	**1,807,374**	**7,358,266**	**(453,927)**	**(1,844,804)**	**-**	**8,833,679**	**76,353,447**	**314,347,141**
At 1 January 2023	75,000,000	300,000,000	1,807,374	7,358,266	(453,927)	(1,844,804)	-	8,833,679	76,353,447	314,347,141
Comprehensive income for the year										
Net profit for the year	-	-	-	-	1,112,678	4,573,107	-	-	1,112,678	4,573,107
Transfer	-	-	(297,174)	(1,221,385)	297,174	1,221,385	-	-	-	-
Other comprehensive loss										
Currency translation differences	-	-	-	-	-	-	-	(2,471,127)	-	(2,471,127)
Total comprehensive income for the year	-	-	(297,174)	(1,221,385)	1,409,852	5,794,492	-	(2,471,127)	1,112,678	2,101,980
At 31 December 2023	**75,000,000**	**300,000,000**	**1,510,200**	**6,136,881**	**955,925**	**3,949,688**	**-**	**6,362,552**	**77,466,125**	**316,449,121**

8.6 STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023		2022	
	US$	KHR'000	US$	KHR'000
		(Note 2.4)		(Note 2.4)
Cash flows from operating activities				
Net profit for the year	1,112,678	4,573,107	94,758	387,276
Adjustments for:				
Income tax expense	127,564	524,288	388,871	1,589,316
Interest expense	6,293,037	25,864,382	7,590,330	31,021,679
Impairment losses on financial instruments	(482,036)	(1,981,168)	760,169	3,106,810
Depreciation and amortisation	2,370,519	9,742,833	2,162,169	8,836,785
Gain on disposal	98	403	-	-
Interest income	(13,209,220)	(54,289,894)	(15,113,539)	(61,769,034)
	(3,787,360)	**(15,566,049)**	**(4,117,242)**	**(16,827,168)**
Changes in:				
Placements with other banks	(20,003,270)	(82,213,440)	5,536,120	22,626,122
Loans and advances to customers	(52,130,426)	(214,256,051)	25,756,979	105,268,772
Statutory deposits	(13,000,146)	(53,430,600)	2,000,064	8,174,262
Other assets	(2,429,948)	(9,987,086)	8,697,269	35,545,738
Deposits from other banks	154,428,392	634,700,691	11,211,590	45,821,769
Deposits from customers	31,655,334	130,103,423	(39,016,789)	(159,461,617)
Other liabilities	203,609	836,833	(83,437)	(341,007)
Cash generated from operations	**94,936,185**	**390,187,721**	**9,984,554**	**40,806,871**
Interest received	13,665,850	56,166,644	16,181,372	66,133,267
Interest paid	(7,175,090)	(29,489,620)	(7,483,507)	(30,585,093)
Income tax paid	(175,205)	(720,093)	(700,257)	(2,861,950)
Net cash generated from operating activities	**101,251,740**	**416,144,652**	**17,982,162**	**73,493,095**

	2023		2022	
	US$	KHR'000	US$	KHR'000
		(Note 2.4)		(Note 2.4)
Cash flows from investing activities				
Purchases of property and equipment and intangible assets	(1,011,967)	(4,159,184)	(283,894)	(1,160,275)
Proceed of property and equipment	(98)	(403)	-	-
Acquisitions of other investments	35,502,167	145,913,906	(12,319,610)	(50,350,246)
Net cash generated from/(used in) investing activities	**34,490,102**	**141,754,319**	**(12,603,504)**	**(51,510,521)**
Cash flows from financing activities				
Payments of lease liabilities	(536,060)	(2,203,206)	(378,522)	(1,547,019)
Net cash used in financing activities	**(536,060)**	**(2,203,206)**	**(378,522)**	**(1,547,019)**
Net increase in cash and cash equivalents	**135,205,782**	**555,695,765**	**5,000,136**	**20,435,555**
Cash and cash equivalents at 1 January	124,493,561	512,539,991	119,493,425	486,816,213
Currency translation differences	-	(7,363,940)	-	5,288,223
Cash and cash equivalents at 31 December (Note 5)	**259,699,343**	**1,060,871,816**	**124,493,561**	**512,539,991**

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

FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

B.I.C (Cambodia) Bank Plc. (the "Bank") is a public limited company incorporated in the Kingdom of Cambodia on 14 November 2017, under the registration number 00029200 issued by the Ministry of Commerce and commenced operations after obtaining the license from the National Bank of Cambodia ("NBC") on 18 July 2018.

The principal activities of the Bank comprise the operations of core banking business and the provision of related financial services in the Kingdom of Cambodia.

The registered office and head office of the Bank is located at No. 462, Ground and First Floor, Preah Monivong Blvd., (St. 93), Phum 13, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Kingdom of Cambodia.

At 31 December 2023, the Bank had 162 employees (2022: 129 employees).

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

Details of the Bank's material accounting policies are included in Note 29.

These financial statements were approved by the Board of Directors and authorised for issue on 28 March 2024.

2.2 FISCAL YEAR AND REPORTING PERIOD

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

2.3 BASIS OF MEASUREMENT

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

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The national currency of Cambodia is the Khmer Riel ("KHR"). The Bank transacts its business and maintains its accounting records in two currencies, the United States Dollars ("US$") and the Khmer Riel ("KHR"). Management has determined the US$ to be the Bank's functional currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

The financial statements are expressed in US$. The translations of US$ amount into KHR are included solely for meeting the presentation requirements pursuant to Law on Accounting and Auditing.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

Assets and liabilities are translated at the closing rate as at the reporting date and the equity accounts are translated at historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as “Currency translation difference” in the other comprehensive income. The accumulative currency translation differences are recognised as a separate component of equity. All values in KHR are rounded to the nearest thousand (“KHR’000”), except if otherwise indicated.

The Bank uses the following exchange rates:

Reporting date	Closing rate	Average rate
31 December 2023	US$1 = KHR4,085	KHR4,110
31 December 2022	US$1 = KHR4,117	KHR4,087

These translations are for compliance purposes only and should not be construed as presentations that the KHR amounts have been, could be, or could in the future be, converted into US$ at this or any other rate of exchange.

2.5 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of failure events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 INCOME AND OTHER TAXES

Taxes are calculated on the basis of current interpretation of the tax obligations. However, these regulations are subject to periodic variation and different interpretation following inspection by the tax authorities. These may result in tax increase and other retroactive tax claims. It is difficult to predict the timing and severity of these occurrences or their potential effect.

3.2 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Accounting for property and equipment and intangible assets involves the use of estimates for determining the expected useful lives of these assets. The determination of useful lives of the assets is based on Management’s judgement.

3.3 IMPAIRMENT OF FINANCIAL INSTRUMENTS

As described in Note 28 (a), the credit risk of customers is regularly assessed with a focus on the customer's current ability to pay, historical payment records and taking into account information specific to the customer as well as pertaining to the country and economic environment in which the customer operates. Credit losses also reflect forward looking data. If the financial condition of customers were to deteriorate or improve, or expectations about future economic performance are different to the Bank's estimates, additional allowances or reversals may be required in future periods.

3.4 LEASE

Management made judgements whether the Bank is reasonably certain to exercise extension options and the lease period.

3.5 MEASUREMENT OF FAIR VALUES

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Information about the assumptions made in measuring fair values is included in Note 28 (d) financial instruments.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

4.1 NEW AND REVISED ACCOUNTING STANDARDS EFFECTIVE DURING THE YEAR

The Bank adopted all accounting standards and interpretations as at 31 December 2023. The new and revised accounting standards and interpretations assessed to be applicable to the Bank's financial statements follows:

- CIFRS 17, Insurance Contracts
- Amendments to CIFRS 17 'Insurance Contracts' (Amendments to IFRS C17 and CIFRS 4)
- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to CIAS 12)
- International Tax Reform – Pillar Two Model Rules (Amendments to CIAS 12)

The management assessed that the adoption of the accounting standards below have no material impact on the financial statements of the Bank.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to CIFRS 9, Financial Instruments, CAS 39, Financial Instruments, CIFRS 7, Financial Instruments, CIFRS 4, Insurance Contracts, and CIFRS 16): was assessed to be not applicable to the Bank.
- Extension of the Temporary Exemption from Applying CIFRS 9 (Amendments to CIFRS 4).

4.2 NEW AND REVISED ACCOUNTING STANDARDS WHICH ARE NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following new and revised accounting standards that have been issued but are not yet effective were assessed to have a significant impact on the financial statements of the Bank:

- Lease Liability in a Sale-and-Leaseback (Amendments to CIFRS 16, Leases)
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements)
- Supplier Finance Arrangements (Amendment to CIAS 7, Statement of Cash Flows and CIFRS 7, Financial Instruments: Disclosures)
- Lack of exchangeability (Amendment to CIAS 21, The Effects of Changes in Foreign Exchange Rates)

5. CASH AND CASH EQUIVALENTS/CASH AND BANK BALANCES

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cash on hand	12,846,657	52,478,594	7,134,928	29,374,499
Cash with other banks	246,852,686	1,008,393,222	114,039,130	469,499,098
Placements with banks with original maturity less than 3 months	-	-	3,319,503	13,666,394
Cash and cash equivalents presented on the statement of cash flows	259,699,343	1,060,871,816	124,493,561	512,539,991
Less: allowance for impairment loss	(114,204)	(466,523)	(349,637)	(1,439,456)
	259,585,139	**1,060,405,293**	**124,143,924**	**511,100,535**

Cash with other banks and placement with banks with original maturity less than 3 months earned interest ranging from 1.5% to 6% per annum during 2023 (2022: 1% to 6%). Interest income earned during the year amounted to US$1,473,916 (2022: US$1,709,018).

The movement of allowance for impairment losses were as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	349,637	1,439,456	589,046	2,399,773
Reversals of impairment loss for the year	(235,433)	(967,630)	(239,409)	(978,465)
Currency translation difference	-	(5,303)	-	18,148
At 31 December	**114,204**	**466,523**	**349,637**	**1,439,456**

6. PLACEMENTS WITH OTHER BANKS

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Term deposit	20,034,520	81,841,014	-	-
Less: allowance for impairment loss	(303,462)	(1,239,642)	-	-
	19,731,058	**80,601,372**	**-**	**-**

This represents placements with other banks with an original maturity of more than 3 months and less than a year, which earned interest ranging from 7% in 2023 (2022: 1% to 4%) per annum. Interest income earned during the year amounted to US$725,047 (2022: US$40,980).

The movement of allowance for impairment losses were as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	-	-	-	-
Allowance of impairment loss for the year	303,462	1,247,229	-	-
Currency translation difference	-	(7,587)	-	-
At 31 December	**303,462**	**1,239,642**	**-**	**-**

7. STATUTORY DEPOSITS

		2023		2022	
		US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Capital guarantee deposit	(i)	7,500,000	30,637,500	7,500,000	30,877,500
Reserve requirements on customers' deposits	(ii)	29,371,218	119,981,426	16,371,072	67,399,703
		36,871,218	**150,618,926**	**23,871,072**	**98,277,203**

i. Under NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit of 10% of its capital. This deposit is not available for use in the Bank's day-to-day operations and is refundable should the Bank voluntarily cease its operations in Cambodia. Capital guarantee deposit earned interest at rates of 0.08% - 1.19% in 2023 (2022: 0.08% - 1.19%) per annum, amounting to US$94,543 (2022: US$27,551).

ii. The reserve requirement represents the minimum reserve which is calculated at 8% for KHR and 12.50% for other currencies of the total amount of deposits from customers, non-residential banks and financial institution deposits, and non-residential borrowings. Pursuant to the NBC's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings, reserve requirements both in KHR and in other currencies bear no interest effective from 29 August 2018.

    On 17 March 2020, the NBC announced the reduction of the reserve requirements to 7% for both local and foreign currency deposits and borrowings in order to help mitigate the impact of the COVID-19 pandemic on Cambodia's economy.

    On 9 January 2023 NBC issued new Prakas No. B7-023-005 required Bank and financial institution to maintain reserve requirements with the NBC in the form of compulsory deposit at 9% and 12.5% for foreign currencies of deposits and borrowings, effective from 1 January 2023 to 31 December 2023, and from 1 January 2024 onward, respectively. The reserve requirement for local currency ("KHR") is still maintained at 7%.

    Subsequently on 23 November 2023, NBC approved to maintain the Reserve Requirement Rate at 7% for foreign currencies deposit and borrowings until 31 December 2024.

8. LOANS AND ADVANCES TO CUSTOMERS - NET

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Commercial loans:				
Overdrafts	5,933,166	24,236,983	9,209,000	37,913,453
Short-term loans	12,997,472	53,094,673	2,024,994	8,336,900
Long-term loans	16,959,101	69,277,928	-	-
Consumer loans:				
Credit card	342,291	1,398,259	276,479	1,138,264
Overdrafts	20,496,732	83,729,150	25,699,578	105,805,163
Short-term loans	29,371,910	119,984,252	3,499,671	14,408,146
Long-term loans	85,137,509	347,786,724	77,803,426	320,316,704
Related parties' loans	**-**	**-**	**1,016,675**	**4,185,651**
Total loans - gross	**171,238,181**	**699,507,969**	**119,529,823**	**492,104,281**
Less: allowance for impairment losses	(1,959,373)	(8,004,038)	(2,340,169)	(9,634,475)
Loan and advance to customers - net	**169,278,808**	**691,503,931**	**117,189,654**	**482,469,806**

Allowance for impairment losses recognised in profit or loss are summarised as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
(Reversal)/Allowance of net impairment loss on loans and advances	(380,796)	(1,565,072)	929,738	3,799,839
Reversal of net impairment loss on cash with other banks (Note 5)	(235,433)	(967,630)	(239,409)	(978,465)
Net impairment loss on placements with other banks (Note 6)	303,462	1,247,229	-	-
Net impairment loss on off-balance sheet commitments	29,886	122,832	10,660	43,567
(Reversal)/Allowance of net impairment loss on other investments (Note 9)	(199,155)	(818,527)	59,180	241,869
	(482,036)	**(1,981,168)**	**760,169**	**3,106,810**

The movement in the allowance for impairment losses were as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	2,340,169	9,634,475	1,410,431	5,746,096
Reversal/(allowance) for the year	(380,796)	(1,565,072)	929,738	3,799,839
Currency translation difference	-	(65,365)	-	88,540
At 31 December	**1,959,373**	**8,004,038**	**2,340,169**	**9,634,475**

(a) By industry

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Real estate and mortgages	87,064,453	355,658,291	84,750,645	348,918,405
Personal lending	14,773	60,348	31,479	129,599
Building and constructions	40,716,607	166,327,340	2,672,309	11,001,896
Services	4,656,939	19,023,596	211,611	871,202
Agriculture, Forestry and Fishing	3,971,667	16,224,260	-	-
Financial institutions	1,112,471	4,544,444	452,798	1,864,169
Other lending	33,701,271	137,669,690	31,410,981	129,319,010
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**

(b) By loan classifications

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Performing				
Gross amount	169,256,499	691,412,798	111,447,781	458,830,514
Allowance for expected credit loss	(576,244)	(2,353,957)	(359,590)	(1,480,432)
Under-performing				
Gross amount	-	-	-	-
Allowance for expected credit loss	-	-	-	-

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Non-performing				
Gross amount	1,981,682	8,095,172	8,082,042	33,273,767
Allowance for expected credit loss	(1,383,129)	(5,650,082)	(1,980,579)	(8,154,043)
Total				
Gross amount	**171,238,181**	**699,507,969**	**119,529,823**	**492,104,281**
Allowance for expected credit loss	**(1,959,373)**	**(8,004,038)**	**(2,340,169)**	**(9,634,475)**

(c) By maturity

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Within 1 month	28,536,888	116,573,187	23,044,500	94,874,207
>1 to 3 months	6,107,142	24,947,675	24,339,675	100,206,442
>3 to 6 months	34,735,896	141,896,135	840,187	3,459,050
>6 to 12 months	13,648,609	55,754,568	62,417,105	256,971,221
1 to 3 years	82,964,156	338,908,577	7,106,386	29,256,991
3 to 5 years	570,046	2,328,638	570,874	2,350,288
Over 5 years	4,675,444	19,099,189	1,211,096	4,986,082
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**

(d) By exposure

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Large exposure	132,043,155	539,396,288	91,518,464	376,781,516
Non-large exposure	39,195,026	160,111,681	28,011,359	115,322,765
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**

(e) By relationship

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Non related parties	170,758,900	697,550,106	117,908,851	485,430,740
Staff Loan	479,281	1,957,863	734,584	3,024,282
Related Parties	-	-	886,388	3,649,259
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**

(f) By residency

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Residents	155,896,175	636,835,875	112,945,699	464,997,442
Non-residents	15,342,006	62,672,094	6,584,124	27,106,839
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**

(g) By securities

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Secured Loan	76,482,486	312,430,955	77,039,485	317,171,560
Unsecured Loan	94,755,695	387,077,014	42,490,338	174,932,721
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**

(h) By interest rates

	2023	2022
Commercial Loans:		
Financial institution	8%	6%
Short term loan	8.20%	-
Overdraft	8% to 10%	6% to 10%
Long-term loan	8% to 10.50%	-
Consumer loans:		
Real estate mortgage loan	6% to 11%	6% to 11.50%
Credit card	6% to 20%	6% to 20%
Consumers loan (others)	6% to 10.50%	6% to 11.50%

9. OTHER INVESTMENTS - NET

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Investment – equity instrument	-	-	35,502,167	146,162,421
Less: allowance for impairment losses	-	-	(199,155)	(819,921)
	-	**-**	**35,303,012**	**145,342,500**

This represents deposits to buy gold from Asia Investment and Financial Services Sole Co., Ltd., whereby Asia Investment and Financial Services Sole Co., Ltd. agreed to provide a guaranteed return of 6% per annum.

On 29 December 2022, the Bank entered into the subscription agreement relating to a participating share in the credit fund with Capital Asia Investment PTE Ltd., whereby Capital Asia Investment PTE Ltd. agreed to provide interest at 3% per annum.

As at 31 December 2023, the investment above has reached the maturity and paid off on 30 December 2023.

The movement in the allowance for impairment loss is as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	199,155	819,921	139,975	570,258
(Reversal)/Allowance during the year	(199,155)	(818,527)	59,180	241,869
Currency translation difference	-	(1,394)	-	7,794
At 31 December	**-**	**-**	**199,155**	**819,921**

10. OTHER ASSETS

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Advance prepayment to shareholder (*)	20,000,000	81,700,000	20,000,000	82,340,000
Guarantee deposits (**)	3,080,193	12,582,588	1,802,192	7,419,624
Prepaid expenses	1,741,263	7,113,059	1,042,827	4,293,319
Inventories	60,238	246,072	73,300	301,776
Other receivables	36,899	150,733	-	-
	24,918,593	**101,792,452**	**22,918,319**	**94,354,719**

(*) This represents prepayment to a shareholder for the purchase of land in Sihanoukville Province. As of the date of the issuance of the financial statements, the acquisition process is yet to be completed. The amounts will be reversed to property and equipment once acquisition is completed.

(**) These represent secured escrow account with Mastercard required to be maintained by the Bank.

11. INTANGIBLE ASSETS

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cost				
At 1 January	3,042,791	12,527,171	1,537,915	6,265,466
Additions	45,615	187,478	924	3,776
Adjustment (*)	-	-	(52,500)	(214,568)
Transfers from property and equipment (Note 12)	69,182	284,338	1,556,452	6,361,219
Currency translation difference	-	(100,240)	-	111,278
At 31 December	**3,157,588**	**12,898,747**	**3,042,791**	**12,527,171**
Less: Accumulated amortisation				
At 1 January	1,866,960	7,686,275	1,198,303	4,881,887
Amortisation for the year	636,870	2,617,536	721,157	2,947,369
Adjustment (*)	-	-	(52,500)	(214,568)
Currency translation difference	-	(75,665)	-	71,587
At 31 December	**2,503,830**	**10,228,146**	**1,866,960**	**7,686,275**
Carrying amounts				
At 31 December	653,758	2,670,601	1,175,831	4,840,896

(*) This adjustments is related to reducing the enchantment cost of the software.

12. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixture	Office equipment	Computer and IT equipment	Motor vehicles	Construction in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000
								(Note 2.4)
Cost								
At 1 January 2023	1,709,882	42,290	746,624	2,252,023	53,150	220,450	5,024,419	20,685,533
Additions	-	16,031	48,410	134,953	476,560	297,262	973,216	3,999,918
Disposals	-	-	-	(3,355)	-	-	(3,355)	(13,789)
Transfers	327,458	-	32,142	19,808	-	(379,408)	-	-
Transfer to intangible assets	-	-	-	-	-	(69,183)	(69,183)	(284,342)
Reversals	-	-	-	-		(6,863)	(6,863)	(28,207)
Currency translation difference	-	-	-	-	-	-	-	(183,127)
At 31 December 2023	**2,037,340**	**58,321**	**827,176**	**2,403,429**	**529,710**	**62,258**	**5,918,234**	**24,175,986**
Less: Accumulated depreciation								
At 1 January 2023	834,682	21,651	387,153	1,320,223	45,110	-	2,608,819	10,740,508
Depreciation for the year	345,310	9,693	148,041	599,280	44,494	-	1,146,818	4,713,422
Disposals	-	-	-	(3,355)	-	-	(3,355)	(13,789)
Currency translation difference	-	-	-	-	-	-	-	(112,069)
At 31 December 2023	**1,179,992**	**31,344**	**535,194**	**1,916,148**	**89,604**	**-**	**3,752,282**	**15,328,072**
Carrying amounts								
At 31 December 2023	857,348	26,977	291,982	487,281	440,106	62,258	2,165,952	8,847,914

	Leasehold improvements	Furniture and fixture	Office equipment	Computer and IT equipment	Motor vehicles	Construction in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000
								(Note 2.4)
Cost								
At 1 January 2022	1,709,882	38,645	740,604	1,639,247	53,150	2,063,873	6,245,401	25,443,764
Additions	-	3,645	2,885	126,126	-	202,814	335,470	1,371,066
Transfers	-	-	3,135	486,650	-	(489,785)	-	-
Transfer to intangible assets	-	-	-	-	-	(1,556,452)	(1,556,452)	(6,361,219)
Currency translation difference	-	-	-	-	-	-	-	231,922
At 31 December 2022	**1,709,882**	**42,290**	**746,624**	**2,252,023**	**53,150**	**220,450**	**5,024,419**	**20,685,533**
Less: Accumulated depreciation								
At 1 January 2022	492,711	13,325	238,771	678,106	34,481	-	1,457,394	5,937,423
Depreciation for the year	341,971	8,326	148,382	642,117	10,629	-	1,151,425	4,705,874
Currency translation difference	-	-	-	-	-	-	-	97,211
At 31 December 2022	**834,682**	**21,651**	**387,153**	**1,320,223**	**45,110**	**-**	**2,608,819**	**10,740,508**
Carrying amounts								
At 31 December 2022	875,200	20,639	359,471	931,800	8,040	220,450	2,415,600	9,945,025

13. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

13.1 RIGHT-OF-USE ASSETS

The Bank entered into lease contracts for the office premises used for its operations.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cost				
At 1 January	4,205,239	17,312,969	2,884,190	11,750,190
Recognition of right-of-use assets	4,837,038	19,880,226	1,321,049	5,399,127
Currency translation difference	-	(255,493)	-	163,652
At 31 December	**9,042,277**	**36,937,702**	**4,205,239**	**17,312,969**
Less: Accumulated amortisation				
At 1 January	1,076,652	4,432,576	734,565	2,992,618
Depreciation for the year	586,831	2,411,875	342,087	1,398,110
Currency translation difference	-	(49,122)	-	41,848
At 31 December	**1,663,483**	**6,795,329**	**1,076,652**	**4,432,576**
Carrying amounts				
At 31 December	7,378,794	30,142,373	3,128,587	12,880,393

13.2 LEASE LIABILITIES

i. Amounts recognised in the statement of financial position:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Current	598,166	2,443,508	336,890	1,386,976
Non-current	7,349,367	30,022,164	3,028,685	12,469,096
	7,947,533	**32,465,672**	**3,365,575**	**13,856,072**

ii. Amounts recognised in the statement of profit or loss:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Depreciation expense of ROU	586,831	2,411,875	342,087	1,398,110
Interest expense (included in finance cost)	280,980	1,154,826	148,928	608,667
Expense relating to short term leases (included in other operating expenses)	46,719	192,013	40,808	166,784
	914,529	**3,758,714**	**531,823**	**2,173,561**

iii. Amounts recognised in the statement of cash flows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cash payments for the principal portion of the lease liabilities	347,203	1,427,004	229,594	938,351
Cash payments for the interest portion of the lease liabilities	188,857	776,202	148,928	608,669
	536,060	**2,203,206**	**378,522**	**1,547,020**

14. DEPOSITS FROM OTHER BANKS

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Fixed deposits	9,646,329	39,405,254	12,715,973	52,351,661
Demand deposits	171,881,962	702,137,815	14,453,570	59,505,348
	181,528,291	**741,543,069**	**27,169,543**	**111,857,009**

Deposits from other banks are analysed as follows:

(a) By maturity

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Within 1 month	173,996,647	710,776,303	16,555, 653	68,159,623
> 1 to 3 months	7,531,644	30,766,766	7,525,041	30,980,594
> 3 to 6 months	-	-	3,088,849	12,716,792
	181,528,291	**741,543,069**	**27,169,543**	**111,857,009**

(b) By relationship

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Non-related parties	131,813,421	538,457,825	26,423,730	108,786,496
Related parties	49,714,870	203,085,244	745,813	3,070,513
	181,528,291	**741,543,069**	**27,169,543**	**111,857,009**

(c) By residency status

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Residents	11,335,810	46,306,784	26,550,206	109,307,198
Non-residents	170,192,481	695,236,285	619,337	2,549,811
	181,528,291	**741,543,069**	**27,169,543**	**111,857,009**

(d) By interest rate (per annum)

	2023	2022
Fixed deposits	2%-9%	4% - 5.75%
Demand deposits	0%-1%	0%

15. DEPOSITS FROM CUSTOMERS

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Savings accounts	74,792,767	305,528,453	114,808,320	472,665,853
Fixed deposits	56,491,683	230,768,525	44,514,264	183,265,225
Demand deposits	122,302,424	499,605,402	63,606,647	261,868,566
	253,586,874	**1,035,902,380**	**222,929,231**	**917,799,644**

Deposits from customers are analysed as follows:

(a) By maturity

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Within 1 month	198,523,661	810,969,155	121,105,282	498,590,446
> 1 to 3 months	12,544,848	51,245,704	36,630,456	150,807,587
> 3 to 6 months	26,391,051	107,807,443	22,201,869	91,405,095
> 6 to 12 months	15,843,299	64,719,876	40,013,720	164,736,485
More than 12 months	284,015	1,160,202	2,977,904	12,260,031
	253,586,874	**1,035,902,380**	**222,929,231**	**917,799,644**

(b) By residency status

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Residents	199,903,349	816,605,181	168,651,384	694,337,748
Non-residents	53,683,525	219,297,199	54,277,847	223,461,896
	253,586,874	**1,035,902,380**	**222,929,231**	**917,799,644**

(c) By relationship

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Non-related parties	245,691,925	1,003,651,514	186,449,308	767,611,801
Related parties	7,894,949	32,250,866	36,479,923	150,187,843
	253,586,874	**1,035,902,380**	**222,929,231**	**917,799,644**

(d) By interest rate

	2023	2022
Saving accounts	0.5%	0.50%
Fixed deposits	2%-9%	2% to 9.60%
Demand deposits	0% to 1%	0% to 1%

16. OTHER LIABILITIES

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Accruals and other payables	349,045	1,425,849	198,540	817,390
Impairment loss allowance on off- balance sheet	40,546	165,630	10,660	43,887
Other tax payables	200,991	821,048	177,773	731,891
	590,582	**2,412,527**	**386,973**	**1,593,168**

17. INCOME TAX

17.1 APPLICABLE TAX RATES

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

In accordance with Prakas 638 dated 4 July 2017, an entity is eligible to be exempted from payment of minimum tax only if it meets the criteria as stipulated in the Prakas. The General Department of Taxation has issued certificate of tax compliance type gold for the year 2023 and 2024 to the Bank on 12 October 2023.

17.2 DEFERRED TAX ASSETS – NET

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

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

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Deferred tax assets	2,101,297	8,583,798	815,301	3,356,595
Deferred tax liabilities	(1,513,230)	(6,181,544)	(717,775)	(2,955,079)
	588,067	**2,402,254**	**97,526**	**401,516**

i. Deferred tax assets, net were attributable to the following:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Lease liabilities	1,589,507	6,493,136	673,115	2,771,216
Depreciation and amortisation	300,219	1,226,395	126,439	520,549
Unearned income	78,910	322,347	12,420	51,133
Provision for employee benefits	22,841	93,305	3,327	13,697
Allowance for impairment losses	109,820	448,615	(92,058)	(379,002)
Right-of-use assets	(1,475,630)	(6,027,949)	(625,717)	(2,576,077)
Unrealised exchange gain	(37,600)	(153,595)	-	-
	588,067	**2,402,254**	**97,526**	**401,516**

ii. Movements of deferred tax assets, net during the year were as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	97,526	401,516	271,903	1,107,733
Recognised in profit or loss	490,541	2,016,125	(174,377)	(712,679)
Currency translation difference	-	(15,387)	-	6,462
At 31 December	**588,067**	**2,402,254**	**97,526**	**401,516**

17.3 CURRENT INCOME TAX LIABILITY

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	38,756	159,559	524,519	2,136,890
Recognised in profit or loss	618,105	2,540,413	214,494	876,637
Income tax paid	(175,205)	(720,093)	(700,257)	(2,861,950)
Currency translation difference	-	(12,314)	-	7,982
At 31 December	**481,656**	**1,967,565**	**38,756**	**159,559**

17.4 INCOME TAX EXPENSE

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Current income tax	618,105	2,540,413	214,494	876,637
Deferred tax	(490,541)	(2,016,125)	174,377	712,679
	127,564	**524,288**	**388,871**	**1,589,316**

The reconciliation of income tax expense computed at the statutory tax rate to the income tax expense shown in the statement of profit or loss is as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Profit before income tax	1,240,242	5,097,395	483,629	1,976,592
Income tax using income tax rate at 20%	248,048	1,019,477	96,726	395,318
Tax effects in respect of:				
Non-deductible expenses	34,861	143,279	292,145	1,193,998
Origination and reversal of temporary difference	(180,177)	(740,527)	-	-
Others	24,832	102,059	-	-
Income tax expense	**127,564**	**524,288**	**388,871**	**1,589,316**

The calculation of taxable income is subject to the review and approval of the tax authorities.

18. SHARE CAPITAL

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Registered:				
Ordinary shares of US$1 each	75,000,000	300,000,000	75,000,000	300,000,000
Issued and paid-up:				
Ordinary shares of US$1 each	75,000,000	300,000,000	75,000,000	300,000,000

The shareholding structure and shareholder are as follows:

	2023			2022		
	% of Ownership	Number of shares	Amount US$	% of Ownership	Number of shares	Amount US$
Apsara Holdings Pte. Ltd.	99%	74,250,000	74,250,000	-	-	-
Mr. Yim Leak	1%	750,000	750,000	40%	30,000,000	30,000,000
Asia Investment and Financial Services Sole Co., Ltd.	-	-	-	60%	45,000,000	45,000,000
	100%	**75,000,000**	**75,000,000**	**100%**	**75,000,000**	**75,000,000**

On 15 March 2023, the shareholders have signed a shareholder resolution to transfer their shareholding whereby Asia Investment and Financial Services Sole Co., Ltd. of 60% and Mr. Yim Leak of 39% to new shareholder, namely Apsara Holdings Pte. Ltd.

On 26 May 2023, the NBC granted approval for the aforementioned changes. On 28 July 2023, the Ministry of Commerce has approved on the revised Memorandum and Articles of Association ("MAA") regarding the above changes.

19. REGULATORY RESERVES

The movements in regulatory reserve are as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	1,807,374	7,358,266	1,552,087	6,314,908
Transfers (to)/from retained earnings	(297,174)	(1,221,385)	255,287	1,043,358
At 31 December	**1,510,200**	**6,136,881**	**1,807,374**	**7,358,266**

20. INTEREST INCOME

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Loans and advances to customers	9,426,544	38,743,096	11,939,205	48,795,531
Placements with other banks	2,248,272	9,240,398	1,749,998	7,152,242
Other investments	1,439,860	5,917,825	1,396,786	5,708,664
Statutory deposits	94,544	388,575	27,550	112,597
	13,209,220	**54,289,894**	**15,113,539**	**61,769,034**

21. INTEREST EXPENSE

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Fixed and demand deposits	5,767,875	23,705,966	7,253,718	29,645,945
Saving deposits	244,182	1,003,588	187,684	767,065
Lease liabilities	280,980	1,154,828	148,928	608,669
	6,293,037	**25,864,382**	**7,590,330**	**31,021,679**

22. FEES AND COMMISSION INCOME

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Inward and outward remittance	577,172	2,372,177	338,077	1,381,721
Other fees	348,824	1,433,667	73,903	302,041
	925,996	**3,805,844**	**411,980**	**1,683,762**

23. PERSONNEL EXPENSES

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Salary and wages	3,245,831	13,340,365	2,487,189	10,165,141
Fringe benefits	6,502	26,723	9,325	38,111
Others benefits	21,675	89,085	32,997	134,859
	3,274,008	**13,456,173**	**2,529,511**	**10,338,111**

24. DEPRECIATION AND AMORTISATION

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Depreciation (Note 12)	1,146,818	4,713,422	1,151,425	4,705,874
Amortisation (Note 11)	636,870	2,617,536	668,657	2,732,801
Depreciation of right-of-use assets (Note 13)	586,831	2,411,875	342,087	1,398,110
	2,370,519	**9,742,833**	**2,162,169**	**8,836,785**

25. OTHER OPERATING EXPENSES

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Repairs and maintenance	719,782	2,958,304	685,847	2,803,057
License fees	428,019	1,759,158	261,912	1,070,434
Public relations, marketing and advertising	356,493	1,465,186	215,709	881,603
Other tax expense	229,174	941,905	177,114	723,865
Foreign exchange gain/(loss)-net	204,104	838,867	107,865	440,844
Legal and professional fees	175,241	720,241	74,209	303,292
Utilities	96,387	396,151	81,469	332,964
Communications	54,281	223,095	55,042	224,957
Security	63,245	259,937	41,965	171,511
Office rental	46,719	192,015	40,808	166,782
Insurance	45,645	187,601	33,717	137,801
Office supplies	46,699	191,933	28,464	116,332
Travelling and entertainment	33,373	137,163	24,560	100,377
Audit fees	24,869	102,212	38,319	156,610
Credit investigation fees	47,844	196,639	11,152	45,578
Dues and membership	7,028	28,885	6,976	28,511
Accommodation	18,987	78,037	4,364	17,836
Stamps and postage	13,846	56,907	4,003	16,360
Miscellaneous	152,899	628,414	106,216	434,105
	2,764,635	**11,362,650**	**1,999,711**	**8,172,819**

26. COMMITMENTS AND CONTINGENCIES

26.1 CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank makes various commitments and incurs certain contingencies with legal recourse to its customers. No material losses are anticipated from these transactions, which consist of:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Unused portion of credit facilities	13,398,601	54,733,285	3,496,443	14,394,856
Bankers' guarantees	-	-	400,000	1,646,800
	13,398,601	**54,733,285**	**3,896,443**	**16,041,656**

The movements of impairment losses allowance for off-balance sheet are analysed as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
At 1 January	10,660	43,887	20,935	85,289
Addition/(Reversal) for the year	29,886	122,832	(10,275)	(41,994)
Currency translation difference	-	(1,089)	-	592
At 31 December	**40,546**	**165,630**	**10,660**	**43,887**

26.2 TAXATION CONTINGENCIES

On 31 March 2021, the GDT issued a notice of tax reassessment ("NTR") on the limited tax audit for the period from 1 January 2020 to 31 March 2021. As of the reporting date, the Management has not received the tax reassessment result from the tax authority.

On 31 August 2022, another letter from the GDT for the comprehensive tax audit of the Bank's tax return for the fiscal years 2020 to 2021. The tax audit was carried out on 12 September 2022. As of the reporting date, the Management has not received the tax reassessment result from the tax authority.

On 1 April 2023, the GDT issued a notice of tax reassessment ("NTR") on the limited tax audit for the period from 1 January 2022 to 31 March 2023. As of the reporting date, the Management has not received the tax reassessment result from the tax authority.

On 12 September 2023, the GDT issued a notice of tax reassessment ("NTR") on the desk tax audit for the period from 1 July 2023 to 31 July 2023. On 17 October 2023, management submitted a protest letter to the GDT to reassess the penalty amounts.

On 15 December 2023, the GDT issued a NTR response to the first protest letter from the Company with the revised imposed tax amounts of US$370,931 (equivalent to KHR1,524,527,203).

On 19 January 2024, management submitted a second protest letter to the GDT to reassess the penalty amounts.

As of to date, there has not been any official response from the tax reassessment letter as mentioned above, and management have considered that all the audit tax assessments are remote and less likely to give rise to any significant loss to the Bank in the future.

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

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

27. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

27.1 BALANCES WITH RELATED PARTIES

Related party	Relationship	Account balance/nature of transaction	2023		2022	
			US$	KHR'000	US$	KHR'000
				(Note 2.4)		(Note 2.4)
Related party	Shareholder and affiliate	Loans and advances				
		Non-interest bearing (*)	-	-	886,388	3,649,259
		Interest bearing (**)	-	-	130,287	536,392
			-	**-**	**1,016,675**	**4,185,651**
Related party	Shareholder and affiliate	Deposits				
		Deposit from other banks	49,714,870	203,085,244	745,813	3,070,513
		Deposits from customers	7,894,949	32,250,866	36,479,923	150,187,843
			57,609,819	**235,336,110**	**37,225,736**	**153,258,356**
Related party	Affiliate	Amount due from related party	429,674	1,755,218	-	-
Mr. Yim Leak	Shareholder	Prepayment to shareholder	20,000,000	81,700,000	20,000,000	82,340,000

(*) These represent loans and advances with related parties that are repayable within one year and bear no interest.

(**) These represent loans and advances to related parties that bear interest rates ranging from 6% to 18 per annum with a maturity of 1 to 5 years.

27.2 TRANSACTIONS WITH RELATED PARTIES

The total remuneration of directors and other members of key management in 2023 (including salaries and benefits) was US$883,792 (2022: US$705,065).

28. FINANCIAL RISK MANAGEMENT

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

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

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

RISK MANAGEMENT FRAMEWORK

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

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

(a) Credit risk

Credit risk is the risk of financial loss to the Bank if a counter party to financial instruments fail to perform as contracted. It is the Bank's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Bank is exposed to minimal credit risk.

The Bank's primarily exposure to credit risk arises through it loan and advances to customers and other banks, and investment debt securities. The Bank seeks to maintain strict control over its outstanding receivable to minimize credit risk. Overdue balances are reviewed regularly by management.

The carrying amount of financial assets represents the maximum credit exposure.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

MANAGEMENT OF CREDIT RISK

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

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Bank Credit, the Head of Bank Credit, the Bank Credit Committee or the Board of Directors, as appropriate.
- Reviewing and assessing credit risk: Bank Credit assess all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Bank's risk gradings to categorise exposure according to the degree of risk of default. The current risk grading framework consists of 5 grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Bank Risk.
- Developing and maintaining the Bank's processes for measuring ECL: this includes processes for:
  - Initial approval, regular validation and back testing for the models used; and,
  - Determining and monitoring significant increase in credit risk; and incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Bank Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

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

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

CONCENTRATION OF RISK

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

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

Type of credit exposure

	Maximum credit exposure		Fully subject to collateral/ credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US$	KHR'000	%	%	%
		(Note 2.4)			
2023					
On statement of financial position items					
Cash and bank balances – gross	259,699,343	1,060,871,816	-	-	100%
Placements with other banks-gross	20,034,520	81,841,014	-	-	100%
Statutory deposits	36,871,218	150,618,926	-	-	100%
Loans and advances to customers – gross	171,238,181	699,507,969	45%	-	55%
Guarantee deposit	3,080,193	12,582,588	-	-	100%
Total	**490,923,455**	**2,005,422,313**	**16%**	**-**	**84%**
Off-statement of financial position items					
Contingent liabilities	13,398,601	54,733,285	45%	-	55%
Commitments	-	-	-	-	100%
Total	**13,398,601**	**54,733,285**	**45%**	**-**	**55%**
2022					
On statement of financial position items					
Cash and bank balances – gross	124,493,561	512,539,991	-	-	100%
Statutory deposits	23,871,072	98,277,203	-	-	100%
Loans and advances to customers – gross	119,529,823	492,104,281	64%	-	36%
Other investment - gross	35,502,167	146,162,421	-	-	100%
Guarantee deposit	1,802,192	7,419,624	-	-	100%
Total	**305,198,815**	**1,256,503,520**	**25%**	**-**	**75%**
Off-statement of financial position items					
Contingent liabilities	400,000	1,646,800	100%	-	0%
Commitments	3,496,443	14,394,856	49.2%	-	50.8%
Total	**3,896,443**	**16,041,656**	**54%**	**-**	**46%**

Concentration risk by industrial sectors

	Cash and bank balances	Placements with other banks-gross	Loans and advances to customers-gross	Other investment-gross	Statutory deposits	Guarantee deposit	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000
								(Note 2.4)
2023								
Information media and telecomm-unications	-	-	13,107,414	-	-	-	13,107,414	53,543,786
Real estate	-	-	65,552,876	-	-	-	65,552,876	267,783,498
Construction	-	-	2,143,604	-	-	-	2,143,604	8,756,622
Financial institutions	259,699,343	20,034,520	-	-	-	-	279,733,863	1,142,712,830
Staff loans	-	-	504,740	-	-	-	504,740	2,061,863
Others	-	-	89,929,547	-	36,871,218	3,080,193	129,880,958	530,563,714
Total	**259,699,343**	**20,034,520**	**171,238,181**	**-**	**36,871,218**	**3,080,193**	**490,923,455**	**2,005,422,313**
2022								
Information media and telecomm-unications	-	-	14,034,320	-	-	-	14,034,320	57,779,295
Real estate	-	-	84,396,544	-	-	-	84,396,544	347,460,572
Construction	-	-	2,672,309	-	-	-	2,672,309	11,001,896
Financial institutions	124,493,561	-	-	-	-	-	124,493,561	512,539,991
Staff loans	-	-	414,158	-	-	-	414,158	1,705,088
Others	-	-	18,012,492	35,502,167	23,871,072	1,802,192	79,187,923	326,016,679
Total	**124,493,561**	**-**	**119,529,823**	**35,502,167**	**23,871,072**	**1,802,192**	**305,198,815**	**1,256,503,521**

Concentration risk by residency and relationship, large-exposures for gross loans and advances to customers and concession:

	2023		2022	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
By residency status:				
Residents	155,896,175	636,835,875	112,945,699	464,997,442
Non-residents	15,342,006	62,672,094	6,584,124	27,106,839
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**
By relationship:				
External customers	170,758,900	697,550,106	118,229,277	486,749,943
Staff loans	479,281	1,957,863	414,158	1,705,088
Related Parties	-	-	886,388	3,649,259
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**
By exposures:				
Large exposures (*)	132,043,155	539,396,288	91,518,464	376,781,516
Non-large exposures	39,195,026	160,111,681	28,011,359	115,322,765
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**
By concession:				
Restructured (**)	14,592,107	59,608,757	18,495,743	76,146,974
Non-restructured	156,646,074	639,899,212	101,034,080	415,957,307
	171,238,181	**699,507,969**	**119,529,823**	**492,104,281**

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

(**) A "restructured loan" is a loan that original contractual terms have been modified to provide for concession for the borrowers for reason related to real temporary financial difficulties.

COLLATERAL

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

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

CASH, PLACEMENTS WITH OTHER BANKS AND OTHER INVESTMENT

Collateral is generally not sought for these assets.

LOANS AND ADVANCES TO CUSTOMERS, CONTINGENT LIABILITIES AND COMMITMENTS

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

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

	Collateral/credit enhancement						
	Properties	Floating assets	Fixed deposits	Others	Unsecured credit exposure	Total	
	US$	US$	US$	US$	US$	US$	KHR'000
							(Note 2.4)
2023							
Loan and advances to customers – gross	76,482,486	-	-	-	94,755,695	171,238,181	699,507,969
Contingent liabilities	-	-	-	-	-	-	-
Commitments	5,989,022	-	-	-	7,409,579	13,398,601	54,733,285
	82,471,508	**-**	**-**	**-**	**102,165,274**	**184,636,782**	**754,241,254**
2022							
Loan and advances to customers - gross	39,578,956	-	-	-	79,950,867	119,529,823	492,104,281
Contingent liabilities	-	-	400,000	-	-	400,000	1,646,800
Commitments	1,775,913	-	-	-	1,720,530	3,496,443	14,394,856
	41,354,869	**-**	**400,000**	**-**	**81,671,397**	**123,426,266**	**508,145,937**

EXPECTED CREDIT LOSS ("ECL")

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

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
Recognition of ECL	12 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basic of calculation of ECL	On gross carrying amount	On gross carrying amount	On net carrying amount

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

Long-term facilities (more than one year)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	0 ≤ DPD < 30	Performing
2	Credit risk increased significantly	Special Mention	30 ≤ DPD < 90	Underperforming
3	Credit impaired assets	Substandard	90 ≤ DPD < 180	Nonperforming
		Doubtful	180 ≤ DPD < 360	
		Loss	DPD ≥ 360	

Short-term facilities (one year or less)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	0 ≤ DPD < 14	Performing
2	Credit risk increased significantly	Special Mention	15 ≤ DPD < 30	Underperforming
3	Credit impaired assets	Substandard	31 ≤ DPD < 60	Nonperforming
		Doubtful	61 ≤ DPD < 90	
		Loss	DPD ≥ 91	

Pursuant to the NBC guideline Prakas B7-017-344, it has defined each credit grading according to its credit quality.

The Bank will use the day past due ("DPD") information and NBC's classification for staging criteria. Also, the Bank will incorporate credit scoring or more forward-looking elements in the future when information is more readily available. Upon the implementation of credit scoring system, it the risk level drops by two or more notches as compared to the risk level at origination, the accounts have to be classified under stage 2.

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

The table below summarises the credit quality of the Bank's gross loans and advances to customers according to the above classifications.

2023					
	Stage 1	Stage 2	Stage 3	Total	
	US$	US$	US$	US$	KHR'000
					(Note 2.4)
Loans and advances to customers at amortised cost					
Normal	169,256,499	-	-	169,256,499	691,412,798
Special mentioned	-	-	-	-	-
Sub-standard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	1,981,682	1,981,682	8,095,171
	169,256,499	**-**	**1,981,682**	**171,238,181**	**699,507,969**
Impairment allowance	(576,244)	-	(1,383,129)	(1,959,373)	(8,004,038)
Carrying amounts	**168,680,255**	**-**	**598,553**	**169,278,808**	**691,503,931**

2022					
	Stage 1	Stage 2	Stage 3	Total	
	US$	US$	US$	US$	KHR'000
					(Note 2.4)
Loans and advances to customers at amortised cost					
Normal	111,102,908	-	-	111,102,908	457,410,672
Special mentioned	-	-	-	-	-
Sub-standard	344,873	-	6,535,513	6,880,386	28,326,549
Doubtful	-	-	-	-	-
Loss	-	-	1,546,529	1,546,529	6,367,060
	111,447,781	**-**	**8,082,042**	**119,529,823**	**492,104,281**
Impairment allowance	(1,312,794)	-	(1,027,375)	(2,340,169)	(9,634,475)
Carrying amount	**110,134,987**	**-**	**7,054,667**	**117,189,654**	**482,469,806**

INCORPORATION OF FORWARD-LOOKING INFORMATION

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

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

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

In the absence of historical data and some of the loans and advances are still in the restructuring stage which is caused by COVID-19 impact, the Bank has determined that the economic outlook for the upcoming years is highly impacted by the pandemic and therefore sets forth new set of economic (and loss) scenarios and applies management overlay where necessary same as prior year.

The Bank has revised its economic forecasts used as an input into ECL as at 31 December 2023.

For the purpose of ECL computation, to reflect the current climate, the Bank has taken into account the stressed economic scenarios during this COVID-19 pandemic by revisiting its probability weightage outcome (PWO) to generate the upper, neutral and lower bound of ECL. The Bank's Management has applied scenario probability weights across the three scenarios to determine the expected ECL as at 31 December 2023.

IMPAIRMENT LOSS ALLOWANCE

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

	2023				
	Stage 1	Stage 2	Stage 3	Total	
	US$	US$	US$	US$	KHR'000
					(Note 2.4)
Loans and advances to customers at amortised cost					
At 1 January	1,312,794	-	1,027,375	2,340,169	9,634,475
New financial assets originated	(736,550)	-	355,754	(380,796)	(1,565,072)
Currency translation difference	-	-	-	-	(65,365)
At 31 December	**576,244**	**-**	**1,383,129**	**1,959,373**	**8,004,038**

2022					
	Stage 1	Stage 2	Stage 3	Total	
	US$	US$	US$	US$	KHR'000
					(Note 2.4)
Loans and advances to customers at amortised cost					
At 1 January	404,879	21,743	983,809	1,410,431	5,746,096
New financial assets originated	907,915	(21,743)	43,566	929,738	3,799,839
Currency translation difference	-	-	-	-	88,540
At 31 December	**1,312,794**	**-**	**1,027,375**	**2,340,169**	**9,634,475**

(b) Market risk

Market risk is the risk that changes in market prices – e.g. interest rates, foreign exchange rates and equity prices – will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

INTEREST RATE RISK

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

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

2023	Up to 1 month	> 1-3 months	3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total		Interest rate
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000	%
									(Note 2.4)	
Financial assets										
Cash and bank balances – gross	-	-	-	-	-	-	259,699,343	259,699,343	1,060,871,816	1.5% - 6%
Statutory deposits	-	-	-	-	-	7,500,000	29,371,218	36,871,218	150,618,926	0% - 0.04%
Deposits and placements with other bank – gross	-	-	-	20,034,520	-	-	-	20,034,520	81,841,014	7%
Loans and advances to customers - gross	28,536,888	6,107,142	34,735,896	13,648,609	83,534,202	4,675,444	-	171,238,181	699,507,969	6% - 20%
Guarantee deposit	-	-	-	-	-	-	3,080,193	3,080,193	12,582,588	Nil
	28,536,888	**6,107,142**	**34,735,896**	**33,683,129**	**83,534,202**	**12,175,444**	**292,150,754**	**490,923,455**	**2,005,422,313**	

2023	Up to 1 month	> 1-3 months	3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total		Interest rate
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000 (Note 2.4)	%
Financial liabilities										
Deposits from customers	198,523,661	12,544,848	26,391,051	15,843,299	284,015	-	-	253,586,874	1,035,902,380	0.5% - 9%
Deposits from banks	173,996,647	7,531,644	-	-	-	-	-	181,528,291	741,543,069	0.5% - 9%
Lease liabilities	-	-	-	598,166	7,349,367	-	-	7,947,533	32,465,672	6%
Other liabilities*	-	-	-	-	-	-	-	389,591	1,591,479	Nil
	372,520,308	20,076,492	26,391,051	16,441,465	7,633,382	-	-	443,452,289	1,811,502,600	
Interest sensitivity gap	(343,983,420)	(13,969,350)	8,344,845	17,241,664	75,900,820	12,175,444	292,150,754	47,471,166	193,919,713	

(*) Excludes payables to tax authority and prepayments.

2022	Up to 1 month	> 1-3 months	3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total		Interest rate
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000 (Note 2.4)	%
Financial assets										
Cash and bank balances – gross	-	3,319,503	-	-	-	-	121,174,058	124,493,561	512,539,991	1% - 6%
Statutory deposits	-	-	-	-	-	7,500,000	16,371,072	23,871,072	98,277,203	0% - 0.04%
Loans and advances to customers - gross	20,133,118	24,339,675	840,187	62,417,105	7,677,260	1,211,096	2,911,382	119,529,823	492,104,281	5% - 12%
Other investments – gross	-	-	35,502,167	-	-	-	-	35,502,167	146,162,422	6%
Guarantee deposit	-	-	-	-	-	-	1,802,192	1,802,192	7,419,624	Nil
	20,133,118	27,659,178	36,342,354	62,417,105	7,677,260	8,711,096	142,258,704	305,198,815	1,256,503,521	

2022	Up to 1 month	> 1-3 months	3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total		Interest rate
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000 (Note 2.4)	%
Financial liabilities										
Deposits from customers	94,470,852	36,630,456	22,201,869	40,013,720	2,977,904	-	26,634,430	222,929,231	917,799,644	1%-6.25%
Deposits from banks	2,290,078	7,525,041	3,088,849	-	-	-	14,265,575	27,169,543	111,857,009	2.5%-5%
Lease liabilities	15,734	58,760	89,246	173,149	1,659,438	1,369,248	-	3,365,575	13,856,072	6%
Other liabilities*	-	-	-	-	-	-	209,200	209,200	861,276	Nil
	96,776,664	44,214,257	25,379,964	40,186,869	4,637,342	1,369,248	41,109,205	253,673,549	1,044,374,001	
Interest sensitivity gap	**(76,643,546)**	**(16,555,079)**	**10,962,390**	**22,230,236**	**3,039,918**	**7,341,848**	**101,149,499**	**51,525,266**	**212,129,520**	

(*) Excludes payables to tax authority and prepayments.

FOREIGN CURRENCY EXCHANGE RISK

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

CONCENTRATION OF CURRENCY RISK

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

Denomination					
US$ equivalents					
2023	KHR	US$	Others	Total	
				US$	KHR'000 (Note 2.4)
Financial assets					
Cash and bank balances - gross	2,065,270	257,570,698	63,375	259,699,343	1,060,871,816
Deposits and placements with other bank – gross	-	20,034,520	-	20,034,520	81,841,014
Statutory deposits	6,218	36,865,000	-	36,871,218	150,618,926
Loans and advances to customers - gross	17,125,983	154,112,198	-	171,238,181	699,507,969
Guarantee deposit	-	3,080,193	-	3,080,193	12,582,588
Total financial assets	**19,197,471**	**471,662,609**	**63,375**	**490,923,455**	**2,005,422,313**

Denomination					
US$ equivalents					
2023	KHR	US$	Others	Total	
				US$	KHR'000
					(Note 2.4)
Financial liabilities					
Deposits from customers	54,227	253,532,647	-	253,586,874	1,035,902,380
Deposits from banks	4,826	181,523,465	-	181,528,291	741,543,069
Lease liabilities	-	7,947,533	-	7,947,533	32,465,672
Other liabilities*	-	389,591	-	389,591	1,591,479
Total financial liabilities	59,053	443,393,236	-	443,452,289	1,811,502,600
Net asset position	**19,138,418**	**28,269,373**	**63,375**	**47,471,166**	**193,919,713**

(*) Excludes payables to tax authority and payments.

Denomination					
US$ equivalents					
2022	KHR	US$	Others	Total	
				US$	KHR'000
					(Note 2.4)
Financial assets					
Cash and bank balances - gross	600,399	123,825,667	67,495	124,493,561	512,539,991
Statutory deposits	6,072	23,865,000	-	23,871,072	98,277,203
Loans and advances to customers - gross	13,987,569	105,542,254	-	119,529,823	492,104,281
Other investments - gross	-	35,502,167	-	35,502,167	146,162,422
Guarantee deposit	-	1,802,192	-	1,802,192	7,419,624
Total financial assets	**14,594,040**	**290,537,280**	**67,495**	**305,198,815**	**1,256,503,521**
Financial liabilities					
Deposits from customers	37,316	222,891,915	-	222,929,231	917,799,644
Deposits from banks	2,377	27,167,166	-	27,169,543	111,857,009
Lease liabilities	-	3,365,575	-	3,365,575	13,856,072
Other liabilities*	-	209,200	-	209,200	861,276
Total financial liabilities	39,693	253,633,856	-	253,673,549	1,044,374,001
Net asset position	**14,554,347**	**36,903,424**	**67,495**	**51,525,266**	**212,129,520**

(*) Excludes payables to tax authority and prepayments.

SENSITIVITY ANALYSIS

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Bank as at reporting date is summarised as follows (only exposures in currencies that accounts for more than 5 percent of the net open positions are shown in its specific currency in the table below. For other currencies, these exposures are grouped as 'Others'):

	2023		2022	
	- 1% Depreciation	+ 1% Appreciation	- 1% Depreciation	+ 1% Appreciation
	US$	US$	US$	US$
KHR	(191,384)	191,384	(145,543)	145,543
Others	(634)	634	(675)	675
	(192,018)	**192,018**	**(146,218)**	**146,218**
KHR'000 equivalents (Note 2.4)	**(784,394)**	**784,394**	**(601,980)**	**601,980**

(c) Liquidity risk

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

MANAGEMENT OF LIQUIDITY RISK

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

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

2023	Up to 1 month	> 1-3 months	3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	No fixed maturity date	Total	
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000 (Note 2.4)
Financial liabilities									
Deposits from customers	198,523,661	12,544,848	26,391,051	15,843,299	284,015	-	-	253,586,874	1,035,902,380
Deposits from banks	173,996,647	7,531,644	-	-	-	-	-	181,528,291	741,543,069
Lease liabilities – undiscounted	-	-	-	598,166	7,349,367	-	-	7,947,533	32,465,672
Total financial liabilities	**372,520,308**	**20,076,492**	**26,391,051**	**16,441,465**	**7,633,382**	**-**	**-**	**443,062,698**	**1,809,911,121**

2023	Up to 1 month	> 1-3 months	3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	No fixed maturity date	Total	
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000
									(Note 2.4)
Financial assets									
Cash and bank balances – gross	-	-	-	-	-	-	259,699,343	259,699,343	1,060,871,816
Statutory deposits	-	-	-	-	-	7,500,000	29,371,218	36,871,218	150,618,926
Deposits and placements with other bank – gross	-	-	-	20,034,520	-	-	-	20,034,520	81,841,014
Loans and advances to customers - gross	28,536,888	6,107,142	34,735,896	13,648,609	83,534,202	4,675,444	-	171,238,181	699,507,969
Guarantee deposit	-	-	-	-	-	-	3,080,193	3,080,193	12,582,588
Total financial assets	28,536,888	6,107,142	34,735,896	33,683,129	83,534,202	12,175,444	292,150,754	490,923,455	2,005,422,313
Maturity analysis gap	**(343,983,420)**	**(13,969,350)**	**8,344,845**	**17,241,664**	**75,900,820**	**12,175,444**	**292,150,754**	**47,860,757**	**195,511,192**

2022	Up to 1 month	> 1-3 months	3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	No fixed maturity date	Total	
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000
									(Note 2.4)
Financial liabilities									
Deposits from customers	57,498,635	36,630,456	22,201,869	40,013,720	2,977,904	-	63,606,647	222,929,231	917,799,644
Deposits from banks	2,102,082	7,525,041	3,088,849	-	-	-	14,453,571	27,169,543	111,857,009
Lease liabilities – undiscounted	32,562	92,112	138,168	266,983	2,704,772	1,064,000	-	4,298,597	17,697,324
Other liabilities*	-	-	-	-	-	-	209,200	209,200	861,276
Total financial liabilities	**59,633,279**	**44,247,609**	**25,428,886**	**40,280,703**	**5,682,676**	**1,064,000**	**78,269,418**	**254,606,571**	**1,048,215,253**
Financial liabilities									
Cash and bank balances – gross	-	3,319,503	-	-	-	-	121,174,058	124,493,561	512,539,991
Statutory deposits	-	-	-	-	-	7,500,000	16,371,072	23,871,072	98,277,203
Loans and advances to customers - gross	20,133,118	24,339,675	840,187	62,417,105	7,677,260	1,211,096	2,911,382	119,529,823	492,104,281
Other investments – gross	-	-	35,502,167	-	-	-	-	35,502,167	146,162,422
Guarantee deposit	-	-	-	-	-	-	1,802,192	1,802,192	7,419,624
Total financial assets	20,133,118	27,659,178	36,342,354	62,417,105	7,677,260	8,711,096	142,258,704	305,198,815	1,256,503,521
Maturity analysis gap	**(39,500,161)**	**(16,588,431)**	**10,913,468**	**22,136,402**	**1,994,584**	**7,647,096**	**63,989,286**	**50,592,244**	**208,288,268**

(*) Excludes payables to tax authority and prepayments.

(d) Fair values of financial assets and liabilities

The fair value of the Bank's financial instruments such as cash and short-term funds, balances with banks, deposits and placements with other banks, deposits from customers and banks, 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 values of these financial assets and liabilities at financial position date approximate their fair values.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's operational risk management entails the establishment of clear organisational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements.

(f) Capital management

REGULATORY CAPITAL

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

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

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

CAPITAL ALLOCATION

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

29. MATERIAL ACCOUNTING POLICIES

29.1 FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than US$ are translated into US$ at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US$ at reporting date are translated into US$ at the exchange rates ruling at that date. Exchange differences arising on translation are recognised in the profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

29.2 FINANCIAL INSTRUMENTS

(i) Recognition and derecognition

Financial instruments, comprising financial assets and financial liabilities, are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or where it neither transfers nor retains substantially all of the risks and rewards of ownership and loses control. When control is retained, the Bank continues to recognise the financial asset to the extent of its continuing involvement.

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

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

(ii) Classification and measurement

All financial assets and liabilities are initially recognised at fair value, which is usually the transaction price including, where appropriate, transaction costs.

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

Financial assets are held at amortised cost when they arise from contracts which give rise to contractual cash flows which are held in a business model which mainly holds the assets to collect contractual cash flows.

FINANCIAL ASSETS MEASURED AT AMORTISED COST (AC):

These are measured at amortised cost using the effective interest method and are subject to impairment losses (see below).

FINANCIAL LIABILITIES AT AMORTISED COST:

Financial liabilities are stated at amortised cost using the effective interest method.

FINANCIAL ASSETS - BUSINESS MODEL ASSESSMENT

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

FINANCIAL ASSETS - ASSESSMENT WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST ("SPPI")

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

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

In making this assessment, the Bank considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Bank's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

RECLASSIFICATIONS

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

(iii) Modifications of financial assets and financial liabilities

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

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

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

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

(iv) Fair value measurement

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

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

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

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

(v) Impairment

The Bank recognises loss allowances for expected credit loss ("ECLs") on financial assets measured at amortised cost.

The Bank measures loss allowances at an amount equal to lifetime ECLs, except for cash and cash equivalents for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which is measured at 12-month ECLs.

FLifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months).

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

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

The Bank considers a financial asset to be default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the financial asset is more than 30 days past due for short-term loans and 90 days past due for long-term loans.

MEASUREMENT OF ECLS

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

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

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

ECLs are discounted at the effective interest rate of the financial assets.

INPUTS, ASSUMPTIONS AND TECHNIQUES USED FOR ESTIMATING IMPAIRMENT

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

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

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

The statistical model has been employed to analyse data collected and generate estimate of remaining lifetime PD of exposure and how these are expected to change as result of passage of time.

The Bank use the day past due ("DPD") information and NBC's classification for staging criteria. Refer to Note 4.1(iv) for detail. Pursuant to the NBC guideline Prakas B7-017-344, it has defined each credit grading according to its credit quality as follows:

- Normal: outstanding facility is repaid on timely manner and is not in doubt for the future repayment. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capability, business, cash flow and financial position of the counterparty.
- Special mention: a facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that may adversely affect repayment of the counterparty at the future date, if not corrected in a timely manner, and close attention by the Institution.
- Sub-standard: a facility ranked in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position and repayment capacity of the counterparty. In essence, the primary source of repayment is not sufficient to service the debt, not taking into account the income from secondary sources such as the realization of the collateral.
- Doubtful: a facility classified in this category exhibits more severe weaknesses than one classified Sub-standard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.
- Loss: a facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor

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

CREDIT-IMPAIRED FINANCIAL ASSETS

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

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Bank on terms that the Bank would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

RESTRUCTURED FINANCIAL ASSETS

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

PRESENTATION OF ALLOWANCE FOR ECL IN THE STATEMENT OF FINANCIAL POSITION

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

WRITE-OFF

The gross carrying amount of a financial asset is written off when the Bank has no reasonable expectations of recovering a financial asset in its entirely or a portion thereof. For individual customers, the Bank has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Bank individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Bank expects no significant recovery from the amount written off. However, financial assets that are written off could still be subjected to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the profit and loss.

(vi) Amortised cost and gross carrying amount

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

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

29.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits with banks and other highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

29.4 PLACEMENTS WITH BANKS AND THE NBC

Placements with banks are stated at amortised cost using the effective interest method less ECL.

29.5 LOANS AND ADVANCES

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

29.6 SHARE CAPITAL - ORDINARY SHARES

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

29.7 REGULATORY RESERVES

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

29.8 PROPERTY AND EQUIPMENT

(i) Recognition and measurement

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

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

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation periods are as follows:

Leasehold improvements	Shorter of economic life or contractual term
Furniture and fixture	60 months
Equipment	60 months
Computer and IT equipment	36 months
Motor vehicles	60 months

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

29.9 INTANGIBLE ASSETS

Intangible assets consisting of website and software are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

It is amortised on a straight-line on their cost to their residual values over their estimated useful lives for 36 months. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of the asset, the amortisation is revised prospectively to reflect the new expectations.

29.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

For the impairment testing, assets 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.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

Impairment losses are recognised in profit or loss. Impairment losses are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rate basis.

29.11 BORROWINGS AND DEPOSITS FROM CUSTOMERS

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

Borrowings are classified as current liabilities unless the Bank has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date

29.12 PROVISIONS

Provisions are recognised in the statement of financial position when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

29.13 EMPLOYEE BENEFITS

(i) Short-term employee benefits

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

(i) Other long-term employee benefits

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

29.14 INTEREST INCOME AND EXPENSE

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

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

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit- impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

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

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

29.15 FEE AND COMMISSION

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

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

29.16 LEASES

The Bank assesses whether a contract is or contains a lease, at inception of a contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under CIAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The estimated useful lives for the current period are as follows:

- Building and office branches 10 years and 5 years respectively

The right-of-use assets are presented as a separate line in the statement of financial position.

29.17 INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates items recognised in other comprehensive income.

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

29.18 RELATED PARTIES

Enterprises and individual that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Bank, including the holding companies, subsidiaries and fellow subsidiaries, are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the enterprise, key management personnel, including Directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.

B.I.C (Cambodia) Bank Plc.

No. 462, Preah Monivong Blvd (93),
Sangkat Tonle Bassak, Khan
Chomkarmon, Phnom Penh

023 901 338

www.bicbank.com.kh