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Cathay United Bank 國泰世華銀行

2019 Cathay United Bank (Cambodia) Annual Report

Happiness is Giving Happiness to Others

Create Value & Enrich Your Life

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Services


Cathay United Bank
4043 1712 3456
VISA
Grab free
New
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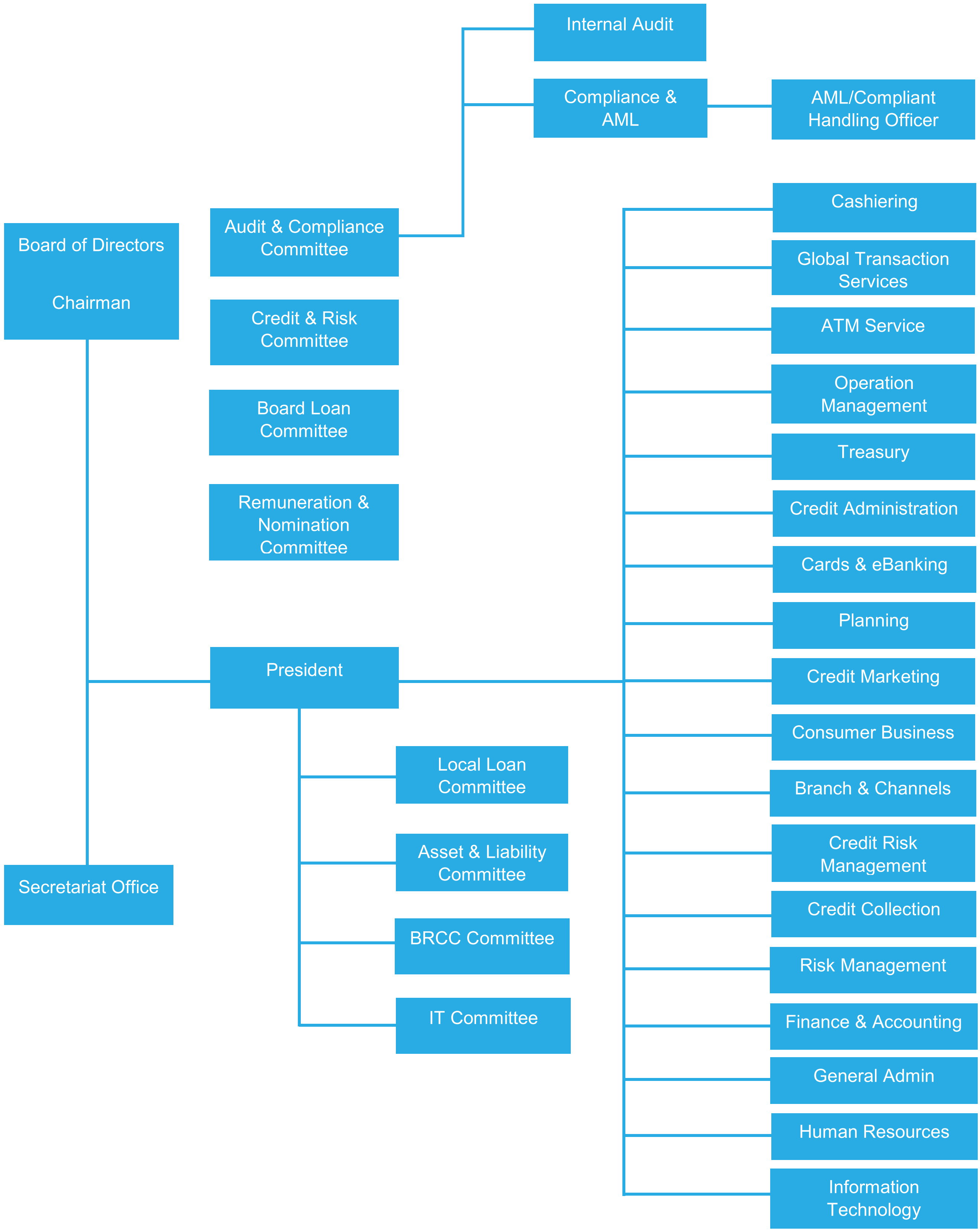
Existing
CUBC
6000
X3
4000
X2
LOGIN
Use fingerprint/face ID to login
FAST LOGIN
USERNAME & PASSWORD LOGIN
Contact Us
Location
Privacy & Security© 2018 Cathay United Bank. All Rights Reserved
Cathay United Bank
Platinum
Cathay United Bank
Cathay United Bank
Gold Card
5243 3001 2345 6789
PLATINUM
MasterCard
VISA
DEBIT

CORPORATE INFORMATION

Name	Cathay United Bank (Cambodia) Co., Ltd.
Board of Directors	Mr. Chung Yi Teng, Chairman Ms. Hsiu Chu Chuang, President/Director Mr. David Paul Sun, Director Mr. Yei Fong Jan, Director Mr. Hua Ben Miao, Director Mr. Chang Chuan Hsia, Independent Director Mr. Wu Shui Cheng, Independent Director
Executive Management	Mr. Chung Yi Teng, Daniel, Chairman Ms. Hsiu Chu Chuang, Alice, President Ms. Tseng Pi Chen, Becky, First Vice President
Auditors	Deloitte (Cambodia) Co.,Ltd. Vattanac Capital Tower Floor 8, Unit 8 #66, Preah Monivong Blvd, Sangkat Wat Phnom, Khan Duan Penh, Phnom Pen
Registered Office	No. 68, Samdech Pan Street (St. 214) Khan Daun Penh, Phnom Penh Kingdom of Cambodia

ORGANIZATION STRUCTURE



MESSAGE FROM THE CHAIRMAN

With the stability growth of Cambodia's political and economy, Cathay United Bank (Cambodia) Corp., Ltd has continuously developed the strong financial foundation, built on diversified products and services, and continued expanded business based on the long term strategic plan.

Under the long-term business objectives with persistent support from parent bank and holding group, as well as the leadership of National Bank of Cambodia and Government, the Bank keeps on its transformation process by upgrading talent pool quality, widening products range, broadening customer base, enhancing IT infrastructure and providing digital banking solutions in order to meet the market demand.

CUBC firmly committed to establish an effective business strategic plan to advocate government's initiatives and NBC Prakas, and achieve financial strength including expanding market share and generating income for the Shareholder through offering excellent and expertise products and services, hiring and retaining of qualified personnel, prudent corporate governance and risk management. In line with the strategy to further extend distribution network, we have opened another new branch in Saensokh area in April 2019.

We believe that the development in supervisory and regulatory framework may be one of the key element to influent the Bank business model and strategy; therefore, we have implemented and reached the regulatory requirement, continuously to closely monitored the regulatory ratio and maintain the position of Riel lending to meet 10% of total loan portfolios. Meanwhile, we fully adopt CIFRS and prepare our financial statements report accordingly.

Financial Summary

2019 was a good year overall. Building a healthy balance sheet on our sound financial standing enables us to accelerate growth for years to come. The significant changes to business performance in year 2019 are that the total loan compared to previous year has continuously enjoyed a steady growth approximately 17% with the annual outstanding of US$263 million while deposit remains in good position at US$239 million which is reflecting bank's effort and prudence on asset quality. Total Assets slightly decrease to US$389 million as well as total Equity of US$107 million at the end of year 2019. As of December 2019, total employees simultaneously increased to 489.

Net interest income surged by 17% to 18 million due to the combined effect of wider customer's support and the effort of marketing team. Administration Expenses increased slightly from USD10 million to US$11 million mainly for the combination effect of higher administration expenses and better staff compensation. Cost to Income Ratio is 48% to be in line with market. Accordingly, Net Income after tax increased to US$6.3 million which has shown a result of improvement in all main business areas with overall effort from bank's staff and management.

With regard to the liquidity management (an ability to meet short term debts), CUBC kept a better liquidity position of Liquidity Cover Ratio at 136% in 2019.

Outlook and Future Plan

In year 2020, CUBC will be focusing on bringing the most advanced digital solutions and provide our customers the best online banking experiences with the new upgraded functions in the personal and corporate online banking by following the plan of Cambodia government to transform the country into a digital economy by 2023. Our bank is eager to cooperate and invest on digital banking which is about the automation of every step of the banking relationship and allows the customers to have flexibility and control over their personal finance.

Bank will continue to extend distribution network and open more branches to expand our customer base to offer greater convenience and comfort to our existing customers to access banking services in their nearest location and attract new customers in business environment. As part of our renovation plan, we are going to open a new Head Office building which is set to launch in the second quarter of year 2020 to foster a positive work environment to our employees.

CUBC's long term objectives are to ensure successful development in the future hinges on the establishment of a solid foundation with good infrastructure, including new technology and human resource. These efforts are conducted on an on-going basis so as to increase our competitiveness and better delivering proper products and outstanding banking experiences to our customers and business partners. In summary, I am delighted to say that CUBC continues to be strong, stable and well positioned for future expansion, innovation and development.

On behalf of the Shareholder, Board of Directors, and Management, I would like to express my sincere appreciation to the customers and staff for the ongoing support and contribution to the great achievement of us. We have made good progress in the year and we are on track to deliver our objectives.

Thank you

BOARD OF DIRECTORS

Mr. Chung-Yi Teng, Daniel
Chairman

Mr. Chung-Yi Teng was appointed as Chairman of Cathay United (Cambodia) on June 19, 2017 and to the Loan Committee, Credit & Risk Committee and Remuneration & Nomination Committee as well.

Mr. Teng also sits on the Board of several companies in Taiwan, including Taiwan Star Telecom Co., Ltd. Currently, he is CEO of Corporate Banking in Cathay United Bank (Taiwan), as well as a Senior Executive Vice President of Cathay Financial Holdings, where he is involved in a variety of strategic planning and business development activities. Prior to joining Cathay Financial Holdings, from 1994 to 2013, Mr. Teng worked in the Cathay Life Insurance as a Senior Executive Vice President. Mr. Teng holds a Master degree from Massachusetts Institute of Technology, U.S.

Ms. Hsiu-Chu Chuang, Alice
President & Director

Ms. Chuang Hsiu Chu has been appointed as the President and Board of Director since May 2019. She is also a member of Loan Committee and Credit & Risk Committee. Prior to joining Cathay United Bank (Cambodia), Ms. Chuang had been with banking business for more than 15 years in Taiwan as Executive Vice President of Cathay United Bank (Taiwan). Presently, Ms. Chuang is responsible for the supervision of Bank's business and operation. Ms. Chuang holds Master of Business Administration from New York Institute of Technology, USA.

Mr. Chang-Chuan Hsia, Joseph
Independent Director

Chang-Chuan Hsia (AKA Joseph Hsia) is an independent director of the Bank. He is also the Chairman of the Credit & Risk Committee and a member of the Audit & Compliance Committee. Mr. Hsia had been with banking business for almost 30 years before he retired from Cathay United Bank in Taiwan as an Executive Vice President in 2006. During his banking career, he had been worked with Chase Manhattan Bank, City Bank of Taipei and Bank of Kaohsiung. Currently he is a board member and CEO of a Charity foundation in Taiwan. Mr. Hsia has graduated from Tamkang University in Taiwan and he also holds a Master of Arts degree from the University of Minnesota, USA.

Mr. Wu-Shui Cheng, Walter
Independent Director

Mr. Wu Shui Cheng is an Independent Director of the Bank. He is also a member of the Audit & Compliance Committee as well as the Remuneration & Nomination Committee. Mr. Cheng is a Certified Public Accountant in Taiwan and holds a Master of Business Administration degree from Chinese Culture University. In addition, he is a member of the Taipei Certified Public Accountant Association and also a member and a committee chair of the Taiwan Certified Public Accountant Association. He has vast experience and exposure in the field of accounting, finance, securities and consulting in various industries.

Mr. David P. Sun

Director

Mr. David P. Sun is a Senior Executive Vice President of Cathay Financial Holdings. In this capacity, Mr. Sun is responsible for a variety of business planning activities and strategic projects. Mr. Sun joined Cathay Financial Holdings in September 2003 as a Senior VP and led the Corporate Planning Division from 2009 to 2013 where he was involved in a variety of strategic planning and business development activities and M&A transactions.

Prior to joining Cathay Financial Holdings, from 1994 to 2003, Mr. Sun worked in the Investment Banking Division of Morgan Stanley based in New York where he was involved in the execution of a broad range of public and private financing and M&A transactions. Mr. Sun received an MBA from Harvard Business School, an MArch from Harvard Graduate School of Design and an AB from Harvard College.

Mr. Yei-Fong Jan, James

Director

Mr. Jan has experienced the banking and finance industry through holding various key management positions at Cathay United Bank (was known as United World Chinese Commercial Bank in Taiwan, R.O.C in 1984-2003) in Taiwan, Thailand and Malaysia for nearly 20 years before he was appointed as the General Director of Indovina Bank (a joint venture bank between Cathay United Bank (Taiwan) and Vietnam Joint Stock Commercial Bank for Industry and Trade) in Vietnam since 2003. He graduated from University of California, Santa Barbara CA, U.S.A – Master of Art in June 1983 and further received Master of International Management from American Graduate School of International Management, Arizona, U.S.A in May 1984.

Mr. Hua-Ben Miao, Benny

Director

Mr. Benny is a Board of Director of the Bank. Mr. Benny has over than 10 years of experience in the banking industry. During his banking career, he had been worked as a Director in China-ASEAN Fund and in Asia Pacific Investment Advisors Limited Hong Kong as a Senior Portfolio Manager. Presently, Mr. Benny works as Executive Vice President of Cathay United Bank, Taiwan. Mr. Benny received the MBA from Pennsylvania Sate, USA in year 2003.

ANNUAL STAFF PARTY

Chairman's welcome remarks to CUBC Annual Staff Party 2019

" It's a very special feeling
as I stand here today,
I am extremely grateful and proud of your
contributions as it makes our bank grow and
also supports the development of the country
in financial sector.
Please align with our bank's core values of
INTEGRITY, ACCOUNTABILITY
and
INNOVATION. "

Mr. Teng, Chung Yi

AUDIT & COMPLIANCE COMMITTEE

Committee Members	Designation in Committee	Designation in Bank
Wu, Shui Cheng	Chairman	Independent Director
Sun, David Paul	Member	Director
Hsia, Chang Chuan	Member	Independent Director

Purpose

The Audit and Compliance Committee shall provide assistance to the Board in fulfilling its Corporate Governance and oversight responsibilities in relation to the bank's financial reporting, internal accounting, internal controls, risk management systems, the internal and external audit functions, and legal compliance function of the bank.

Term of Reference

The functions of the Audit & Compliance Committee shall be to:

i. Monitor the integrity of the financial reporting process and systems of internal controls of the bank;
ii. Assess the appropriateness of the bank's accounting policies and principles and disclosures and any changes to them;
iii. Review effectiveness of the bank's legal compliance management and to review the bank's code of ethics and code practice;
iv. Approve and monitor the appropriateness of internal audit plan of the bank;
v. Evaluate the Audit and Compliance department's performance annually;
vi. Review and update internal audit policy annually;
vii. Review the scope and results of the internal audit procedures; and ensure that internal audit under take audit of the effectiveness and compliance with Anti-money laundering (AML) and Combating the Financing of Terrorism (CFT);
viii. Ensure adequacy of review procedures of the financial statements and other financial information released by the bank;
ix. Make recommendations to the Board about the appointment, re-appointment or replacement of the external auditor, the Head of Internal Auditor, Compliance Officer and complaint handling officer.
x. Ensure that the roles and job responsibilities of internal auditor are clearly defined and documented in accordance and at least include
   - testing the effectiveness of the policies, procedures and control for AML/CPT measures;
   - ensuring the effectiveness of AMI/CFT control mechanisms including staff training and awareness programs, employee screening mechanisms and AML/CFT internal manual; and
   - ensuring that measurement put in place is in line with current developments and change of the relevant AML/CFT requirement;
xi. Ensure the bank has, at the minimum, policies on AML/CFT procedures and controls which policies are in line with the risks associated with the nature of business, and complexity and volume of the transactions undertaken by the bank;
xii. Ensure the bank has an effective internal control system for AML/CFT compliant legal and regulatory requirements;
xiii. Assess the implementation of approved AML/CFT and other compliance policies via periodic reports;
xiv. Ensure effectiveness of Customer Complaint Handling Procedure including regular training to management and staff involve in customer complaint handling procedure;
xv. Reviews annually on the effectiveness and result of customer complaint handling procedure;
xvi. Other functions as may be agreed by the board of directors.

Member

The committee shall be comprised of members representing a balance of views, knowledge and experience and other attributes as determined by the Board and there shall be at least three (3) members. The chairperson and members of the committee shall be appointed by the Board. The committee shall be chaired by an independent board member and shall include at least an independent person with expertise in finance and accounting, and an independent person with expertise in legal issues and banking. The committee members must be able to read and understand financial statements and at least one member of the committee shall have financial expertise.

CREDIT & RISK COMMITTEE

Committee Members	Designation in Committee	Designation in Bank
Hsia, Chang Chuan	Chairman	Independent Director
Teng, Chung Yi	Member	Chairman
Chuang, Hsiu Chu	Member	President

Purpose

The committee shall monitor the management of bank wide risk and in so doing shall provide assistance to the Board in fulfilling the risk management component of its Corporate Governance responsibilities.

Term of Reference

The functions of the Credit & Risk Committee shall be to:

i. Review and endorse Risk Management Policy, including the risk management strategy, and significant variations to it;
ii. Responsible for monitoring the implementation of risk management policies as defined by the Board and the performance of Risk Management department and Credit Risk Management department;
iii. Review and endorse on risk appetite, risk tolerance and approach to conduct risk management in each material risk area, including market, liquidity, strategy, solvency, credit, legal, operational, and others;
iv. Review limit and policy and delegation of authority (other than those matters which require Board approval) breaches to the extent that there are implications for the Risk Management Policy;
v. Provide oversight of senior management's implementation of the risk management strategy, and constructively challenge senior management's proposals and decisions on risk management arising from the bank's activities;
vi. Review any other matters that may be delegated to the committee by the Board.

Member

The committee shall be comprised of members representing a balance of views, knowledge and experience and other attributes as determined by the Board and there shall be at least three (3) members. The chairperson and members of the committee shall be appointed by the Board. The Committee shall be chaired by a person with expertise in finance and risk management and that person shall be independent from day-to-day operations.

REMUNERATION & NOMINATION COMMITTEE

Committee Members	Designation in Committee	Designation in Bank
Cheng, Wu Shui	Chairman	Independent Director
Teng, Chung Yi	Member	Chairman
Sun, David Paul	Member	Director

Purpose

The Remuneration & Nomination Committee ("R&N Committee" or "Committee") shall remunerate fairly and responsibly by ensuring that the level and composition of remuneration and nomination are sufficient and reasonable.

Term of Reference

The functions of the Remuneration & Nomination Committee shall be to:

i. Oversee and review bank's policy/procedure/structure on remuneration, nomination, and performance valuation which is consistent with the long-term objectives and corporate values of the Bank;
ii. Assess and review bank's implementation on remuneration and performance valuation
iii. Review and recommend nominee, as member of the Board and all committees on Board level, to the Board;
iv. Review and recommend nominee, as management team, to the Board;
v. Perform other oversight functions as delegated and or requested by the Board.

Member

The Committee shall be comprised of members representing a balance of views, knowledge and experience and other attributes as determined by the Board and there shall be at least three (3) members. The members of the Committee shall meet the requirements of the NBC corporate governance rules and all other applicable laws, rules and regulations governing director independence, as determined by the Board and that the committee shall be chaired by an independent board member and it shall include at least one independent person with expertise in legal issues and banking. Members of the committee and the committee Chair shall be appointed by and may be removed by the Board. Membership period follows director's period if not additionally specified.

STAFF TRAINING ACTIVITIES

Employees are the biggest asset of our bank; therefore, employee training is the first thing to go.

STATEMENT ON INTERNAL CONTROL

Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control helps CUBC's board of directors and management safeguard the bank's resources, produce reliable financial reports, and comply with laws and regulations. The board must ensure that senior management regularly verifies the integrity of the bank's internal control.

At minimum with effective internal control will provides our bank with reasonable assurance that

- Operations are efficient and effective
- Recorded transactions are accurate
- Financial reporting is reliable
- Risk management systems are effective
- The bank complies with National Bank of Cambodia (hereinafter referred to as "NBC") banking laws and regulations, internal policies and internal procedures.

Management Oversight

1. Board of Directors

The hallmark of a positive control environment is the commitment by CUBC's board of directors.

The board of directors approves and reviews the business strategies and policies that govern the system. The board is also responsible for understanding risk limits and setting acceptable ones for CUBC's major business activities, establishing organizational control structure, and making sure senior management identifies measures, monitors, and control risks, as well as monitoring internal control effectiveness.

The board of director duties including:

- Discuss periodically the internal control system's effectiveness with management
- Review internal control evaluations conducted by management, auditors, and examiners in a timely manner
- Monitor management's actions on auditor and regulator's internal control recommendations and concerns
- Periodically review the bank's strategy and risk limits. The board of directors will also delegate some of these duties and responsibilities to the Audit Committee and Credit and Risk Committee

The board of directors must ensure that senior management properly considers the risks and control issues of emerging technologies and enhanced information system. These issues include more users with access to information systems; less segregated duties; a shift from paper to electronic audit trails; a lack of standards and controls for end-user systems; and, more complex contingency planning and recovery planning for information systems.

2. Senior Management

The senior management involves in overseas operation, provides leadership and direction for the communication, and monitors of control policies, practices and processes. The management will implement the board's strategies and policies by establishing effective internal controls and delegating or allocating control duties and responsibilities to appropriate staff. The management is also responsible for performing background checks on staff members before they are hired and ensuring that they are qualified, experienced, trained, and compensated to effectively conduct control activities.

Internal Control Structure and Process

BODs have established in reviewing the adequacy and effectiveness of internal control system include the following:

a. Establish 3 lines of defense:

Risk Taking Unit, operational management, should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown and inadequate process. Risk Management and Compliance Unit facilitates and monitors the implementation of effective risk management, but not limit to specific risks such as non-compliance with applicable law and regulations. Internal Auditors based on highest level of independence and objectivity within bank-wild to provide comprehensive assurance to Audit and Compliance Committee.

b. Written Policies and Standard Operating Procedures

Policies and standard operating procedure are updated regularly as to ensure of compliance with current regulations. The update and new bank policy and SOP have undergone Compliance check prior to their assurance and effective implementation.

c. Anti money laundering and Combating Financial Terrorism (AML/CFT)

Supplement to our bank demine to our standard of due diligence apply to in relation to KYC policy, CUBC consistently comply with requirement of legislation guideline.

Regular trainings are conducted to improve the qualification of our staff concerning financial monitoring efforts.

d. Compliance Control System

Compliance Unit has to assure the policies and procedure notably rely on clearly established including independence of controls, segregation of duties, adequate delegation and bring any observed breach or issue to the executive management and BODs attention in writing with corrective actions and recommendation.

Operational Risk Management, Credit Risk and Liquidity Risk Management

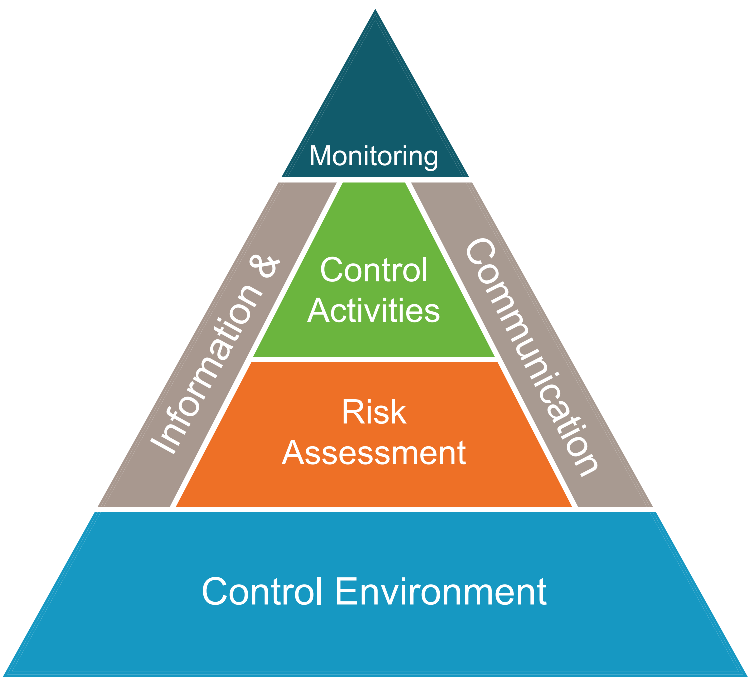
Operation Risk Management policy provides guidance on principles of risk management, approaches and methodologies to be used across the bank addressing the key processes and procedures on identifying, assessing, treating, monitoring and communicating risk on an on-going basis to endure that all significant risks that may cause a disruption to the bank's business objectives are managed to a defined risk appetite. This policy also describes the responsibilities of and requirements imposed upon the different functions of the bank to fulfill their operational risk management duties in order to maintain a safe and sound organization.

Credit policy established guidelines for business giving rise to a credit risk. This policy provides the management with a vehicle to communicate the bank's lending philosophy, risk tolerance as well as risk strategy. These guidelines are underpinned by a set of general principles that apply to all credit risk situations, as well as specific principles applicable to industrial backdrop to the development of the bank's business.

Liquidity risk management covers financial procedures that maintain the bank's liquidity, optimize net income and comply Basel III. The policy will provide guideline and procedures, asset/liability management. This policy is intended to manage liquidity risk in a manner consistent with the interagency policy statement on funding and liquidity risk management.

Code of Ethic

CUBC has adopted the policy of business ethics. The successful business operation and reputation of the bank is built upon the principle of fair dealing and ethical conduct of our employees. First duty to our bank customer and to the public is to act in all matters in a manner that merits public trust and confidence, that our employee plays an important role in maintaining high standards of excellence.



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors ("BOD" or "Directors") has submitted its report together with the audited consolidated financial statements of Cathay United Bank (Cambodia) Corporate Limited (the "Bank") and its subsidiary (together referred to as the "Group") and the separate financial statements of the Bank (collectively referred to as the "financial statements") for the year ended 31 December 2019.

THE GROUP

The Bank

The Bank is a commercial bank operating under the Cambodian Law on Commercial Enterprises and the supervision of the National Bank of Cambodia ("NBC"), pursuant to the Law on Banking and Financial Institutions and in accordance with Banking License No. 12 issued by the NBC. On 25 December 2009, the Bank was granted an indefinite banking license from the NBC.

The Bank is a wholly-owned subsidiary of Cathay United Bank Limited ("the parent company"), a commercial bank incorporated in Taiwan. Its ultimate parent company is Cathay Financial Holdings.

The Bank is principally engaged in the operation of core banking business and the provision of related financial services in the Kingdom of Cambodia, through the Bank's head office at Phnom Penh and its provincial branches.

The Subsidiary

CUBC Investment Co., Ltd ("the Subsidiary") was incorporated on 14 August 2012 by the Bank and Printemps Co., Ltd., a Cambodian company.

The principal activity of the Subsidiary, CUBC Investment Co., Ltd. is to hold parcels of land of the bank's use.

FINANCIAL PERFORMANCE

The financial performance of the Group and the Bank for the year ended 31 December 2019 is set out in the consolidated statement of profit or loss and other comprehensive income and separate statement of profit or loss and other comprehensive income on page 10 and 16, respectively.

DIVIDENDS

During the year, the Bank distributed cash dividend amounting to US$6,870,543 to the shareholder (2018: Nil).

SHARE CAPITAL

The share capital of the Bank as at 31 December 2019 is US$100,000,000 (2018: US$100,000,000).

RESERVES AND PROVISIONS

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

WRITTEN OFF OF AND ALLOWANCE FOR FINANCIAL ASSETS

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

WRITTEN OFF OF AND ALLOWANCE FOR FINANCIAL ASSETS

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

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

ASSETS

Before the financial statements of the Group and the Bank were prepared, the Directors took reasonable steps to ascertain that any assets, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Group and 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, which would render the values attributed to the assets in the financial statements of the Group and the Bank misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
(b) any contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary courses of banking business.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

The results of the operations of the Group and the Bank for the year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

EVENTS AFTER THE REPORTING DATE

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

THE BOARD OF DIRECTORS

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

Mr. Chung Yi Teng	**Chairman**
Mr. Wei Chih Chen	**Director (resigned on 30 May 2019)**
Ms. Hsiu Chu Chuang	**Director (appointed on 30 May 2019)**
Mr. David Paul Sun	**Director**
Mr. Kiok Han Quek	**Director (resigned on 06 May 2019)**
Mr. Hua Ben Miao	**Director (appointed on 25 October 2019)**
Mr. Yei Fong Jan	**Director**
Mr. Chang Chuan Hsia	**Independent Director**
Mr. Wu Shui Cheng	**Independent Director**

DIRECTORS' INTERESTS

No member of the Board of Directors has an interest in the shares of the Bank.

DIRECTORS' BENEFITS

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

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

BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2019, and their financial performance and their cash flows for the year then ended. In preparing these 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 Cambodian International Financial Reporting Standards (CIFRSs), or, if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
(iii) maintain adequate accounting records and an effective system of internal controls;
(iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and
(v) effectively control and direct the Group and the Bank in all material decisions affecting the operations and performance and ascertain that such have 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.

STATEMENT OF THE BOARD OF DIRECTORS

In the opinion of the Board of Directors, the accompanying financial statements presents fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2019, and their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRSs), and at the date of this statement, there are reasonable grounds to believe that the Group and the Bank will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

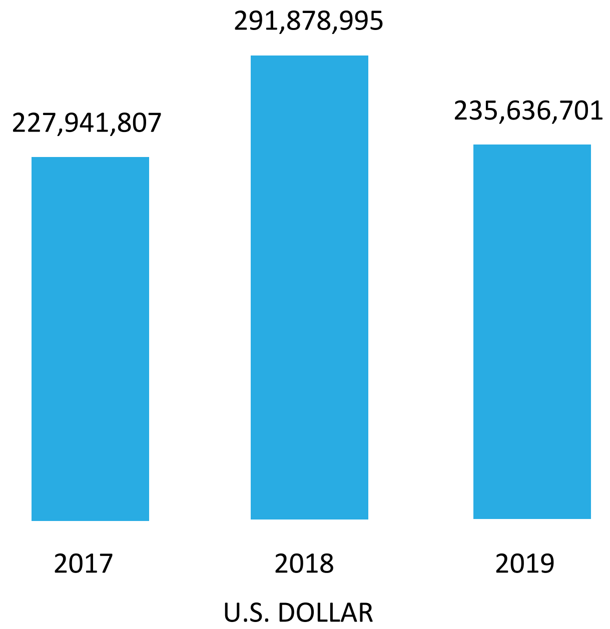
Chung Yi Teng
Chairman

Hsiu Chu Chuang
President

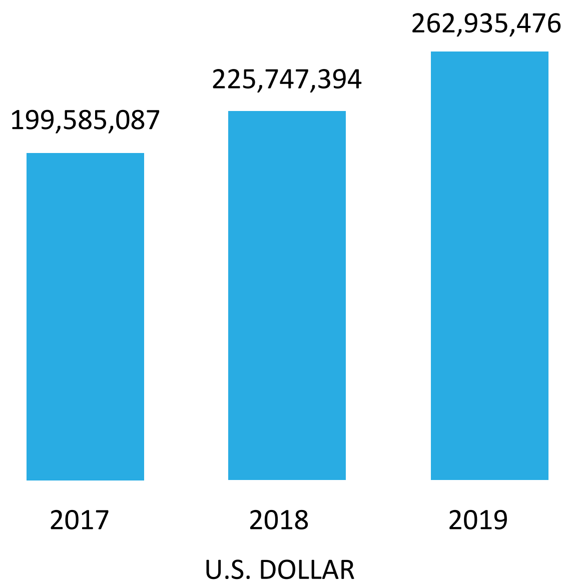
Phnom Penh, Kingdom of Cambodia
Date: 10 March 2020

FINANCIAL HIGHLIGHT

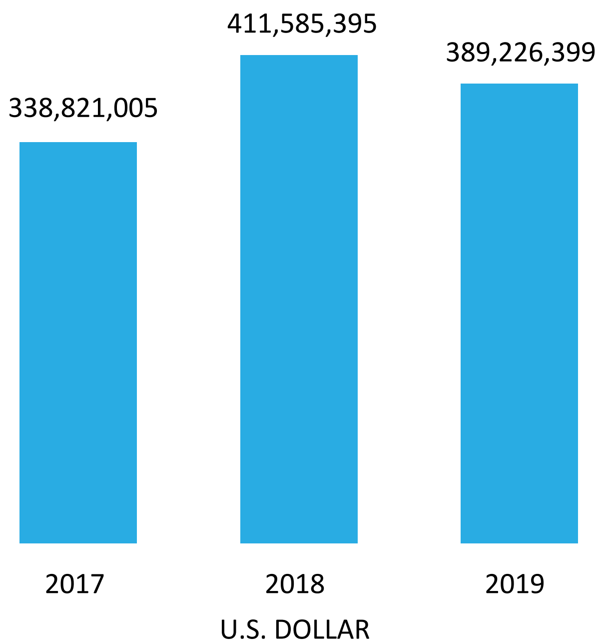
CUSTOMER DEPOSITS



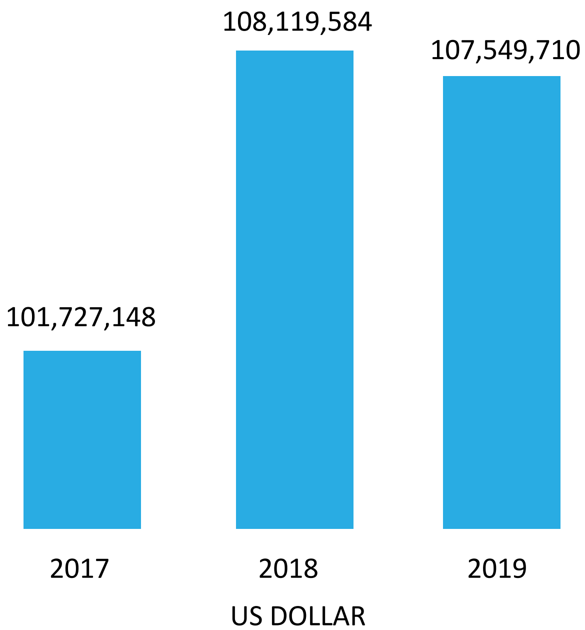
GROSS LOAN



TOTAL ASSETS



SHAREHOLDER'S EQUITY



INDEPENDENT AUDITOR'S REPORT

To the shareholder of Cathay United Bank (Cambodia) Corporation Limited

Opinion

We have audited the consolidated financial statements of Cathay United Bank (Cambodia) Corporation Limited (the "Bank") and its subsidiary (together referred to as the "Group") and the separate financial statements of the Bank (collectively referred to as the "financial statements"), which comprise the consolidated statement of financial position of the Group and the separate statement of financial position of the Bank as at 31 December 2019, and the consolidated and the separate statements of profit or loss and other comprehensive income, the consolidated and the separate statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 134.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2019, and their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRSs).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and 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 opinion.

Other Matter

The financial statements of the Group and the Bank for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia on 21 March 2019.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Report of the Board of Directors as set out on pages 1 to 4, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and the Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, wheth erdue 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 Group and 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’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Deloitte (Cambodia) Co., Ltd.

Deloitte (Cambodia) Co., Ltd.
KINGDOM OF CAMBODIA

Ung Kimsopheaktra
Director

Phnom Penh, Kingdom of Cambodia
Date: 10 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31 December 2019		31 December 2018		1 January 2018	
	Note	US$	KHR'000	US$	KHR'000	US$	KHR'000
ASSETS							
Cash on hand	6	18,757,064	76,435,036	18,685,835	75,079,685	18,667,630	75,361,222
Balances with the NBC	7	68,317,309	278,393,034	108,446,161	435,736,675	52,778,575	213,067,107
Balances with other banks	8	29,962,714	122,098,060	46,047,288	185,018,003	56,722,037	228,986,863
Loans to customers	9	257,991,913	1,051,317,045	224,638,639	902,598,052	197,220,358	796,178,585
Investment securities	10	25,588	104,271	25,588	102,813	25,588	103,299
Property and equipment	12	5,354,100	21,817,958	5,147,099	20,681,044	5,229,919	21,113,183
Right-of-use assets	13	3,774,486	15,381,030	3,105,044	12,476,067	3,187,720	12,868,826
Intangible assets	14	1,717,204	6,997,606	2,091,855	8,405,073	1,964,550	7,930,888
Deferred tax assets, net	15(a)	222,505	906,708	101,236	406,766	104,177	420,563
Other assets	16	3,103,516	12,646,828	3,296,650	13,245,940	2,920,451	11,789,861
TOTAL ASSETS		389,226,399	1,586,097,576	411,585,395	1,653,750,118	338,821,005	1,367,820,397
LIABILITIES							
Deposits from customers	17	239,432,723	975,688,346	295,788,451	1,188,477,996	230,217,329	929,387,357
Borrowings	18	33,765,144	137,592,962	-	-	-	-
Current tax liabilities	15(b)	1,601,870	6,527,620	1,565,510	6,290,219	934,456	3,772,399
Lease liabilities	19	3,802,938	15,496,972	3,043,130	12,227,296	3,078,820	12,429,196
Provisions	20	52,866	215,429	386,337	1,552,302	104,741	422,839
Other liabilities	21	3,021,148	12,311,180	2,682,383	10,777,818	2,758,511	11,136,110
TOTAL LIABILITIES		281,676,689	1,147,832,509	303,465,811	1,219,325,631	237,093,857	957,147,901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31 December 2019		31 December 2018		1 January 2018	
	Note	US$	KHR'000	US$	KHR'000	US$	KHR'000
EQUITY							
Share capital	22	100,000,000	407,500,000	100,000,000	401,800,000	100,000,000	403,700,000
Regulatory reserves		1,443,177	5,880,946	1,823,537	7,326,971	607,580	2,452,800
Retained earnings		6,106,533	24,586,708	6,296,047	25,484,991	1,119,568	4,519,696
Currency translation differences		-	297,413	-	(187,475)	-	-
TOTAL EQUITY		107,549,710	438,265,067	108,119,584	434,424,487	101,727,148	410,672,496
TOTAL LIABILITIES AND EQUITY		389,226,399	1,586,097,576	411,585,395	1,653,750,118	338,821,005	1,367,820,397

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019		Year ended 31 December 2018	
	Note	**US$**	**KHR'000**	**US$**	**KHR'000**
Interest income	23	21,660,162	87,831,957	19,137,270	77,391,120
Interest expense	23	(3,563,062)	(14,448,216)	(3,613,817)	(14,614,278)
Net interest income		18,097,100	73,383,741	15,523,453	62,776,842
Fee and commission income	24	4,101,222	16,630,455	3,888,311	15,724,330
Fee and commission expense	24	(959,586)	(3,891,121)	(1,115,626)	(4,511,592)
Net fee and commission income		3,141,636	12,739,334	2,772,685	11,212,738
Other income	25	1,908,023	7,737,033	479,159	1,937,715
Net impairment losses on financial instruments	26	(3,908,933)	(15,850,723)	(606,582)	(2,453,018)
Personnel expenses	27	(4,951,972)	(20,080,246)	(4,461,589)	(18,042,666)
Depreciation and amortisation	28	(2,027,270)	(8,220,580)	(1,844,305)	(7,458,368)
Other expenses	29	(4,196,963)	(17,018,686)	(3,690,599)	(14,924,781)
Profit before tax		8,061,621	32,689,873	8,172,222	33,048,462
Income tax expense	15(c)	(1,760,952)	(7,140,660)	(1,779,786)	(7,197,452)
Profit for the year		6,300,669	25,549,213	6,392,436	25,851,010
Other comprehensive income		-	484,888	-	(187,475)
Total comprehensive income for the year		6,300,669	26,034,101	6,392,436	25,663,535

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences	Total	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	KHR'000	US$	KHR'000
Year ended 31 December 2018									
At 1 January 2018	100,000,000	403,700,000	607,580	2,452,800	1,119,568	4,519,696	-	101,727,148	410,672,496
Profit for the year	-	-	-	-	6,392,436	25,851,010	-	6,392,436	25,851,010
Other comprehensive income – currency translation differences	-	-	-		-	-	(187,475)	-	(187,475)
Total comprehensive income	-	-	-	-	6,392,436	25,851,010	(187,475)	6,392,436	25,663,535
Transfers from retained earnings to regulatory reserves	-	-	1,215,957	4,885,715	(1,215,957)	(4,885,715)	-	-	-
Currency translation differences	-	(1,900,000)	-	(11,544)	-	-	-	-	(1,911,544)
At 31 December 2018	100,000,000	401,800,000	1,823,537	7,326,971	6,296,047	25,484,991	(187,475)	108,119,584	434,424,487
Year ended 31 December 2019									
At 1 January 2019	100,000,000	401,800,000	1,823,537	7,326,971	6,296,047	25,484,991	(187,475)	108,119,584	434,424,487
Profit for the year	-	-	-	-	6,300,669	25,549,213	-	6,300,669	25,549,213
Other comprehensive income – currency translation differences	-	-	-	-	-	-	484,888	-	484,888
Total comprehensive income	-	-	-	-	6,300,669	25,549,213	484,888	6,300,669	26,034,101
Transfers from regulatory reserves to retained earnings	-	-	(380,360)	(1,549,967)	380,360	1,549,967	-	-	-
Dividend distribution	-	-	-	-	(6,870,543)	(27,997,463)	-	(6,870,543)	(27,997,463)
Currency translation differences	-	5,700,000	-	103,942	-	-	-	-	5,803,942
At 31 December 2019	100,000,000	407,500,000	1,443,177	5,880,946	6,106,533	24,586,708	297,413	107,549,710	438,265,067

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000
Cash flows from operating activities					
Profit for the year		8,061,621	32,689,873	8,172,222	33,048,466
Adjustments for:					
Net interest income	23	(18,097,100)	(73,383,741)	(15,523,453)	(62,776,844)
Net impairment losses on financial instruments	26	3,908,933	15,850,723	606,582	2,453,018
Depreciation and amortisation	28	2,027,270	8,220,580	1,844,305	7,458,369
		(4,099,276)	(16,622,565)	(4,900,344)	(19,816,991)
Changes in:					
Balances with the NBC		(12,666,023)	(51,360,723)	(6,347,817)	(25,670,572)
Balances with other banks		6,437,495	26,104,042	4,062,505	16,428,770
Loans to customers		(37,365,955)	(151,518,948)	(27,456,354)	(111,033,496)
Other assets		199,890	810,554	(390,731)	(1,580,116)
Deposits from customers		(56,517,445)	(229,178,238)	65,412,198	264,526,929
Other liabilities		338,764	1,373,689	(76,126)	(307,853)
Cash (used in)/generated from operations		(103,672,550)	(420,392,189)	30,303,331	122,546,671
Interest received		21,346,318	86,559,319	18,845,058	76,209,415
Interest paid		(3,269,994)	(13,259,826)	(3,320,343)	(13,427,467)
Income tax paid	15(b)	(1,845,861)	(7,484,966)	(1,145,790)	(4,633,575)
Net cash (used in)/ from operating activities		(87,442,087)	(354,577,662)	44,682,256	180,695,044
Cash flows from investing activities					
Purchases of property and equipment		(991,076)	(4,018,813)	(803,903)	(3,250,984)
Purchases of intangible assets		(288,648)	(1,170,468)	(549,518)	(2,222,251)
Proceeds from disposals of property and equipment		14,642	59,373	15,380	62,197
Proceeds from disposals of intangible assets		2,347	9,517	-	-
Net cash used in investing activities		(1,262,735)	(5,120,391)	(1,338,041)	(5,411,038)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000
Cash flows from financing activities					
Proceeds from borrowings		33,765,144	136,917,659	-	-
Principal elements of lease payments		(637,869)	(2,586,559)	(638,313)	(2,581,338)
Dividends paid		(6,870,543)	(27,860,052)	-	-
Net cash from/(used in) financing activities		26,256,732	106,471,048	(638,313)	(2,581,338)
Net (decrease)/increase in cash and cash equivalents		(62,448,090)	(253,227,005)	42,705,902	172,702,668
Cash and cash equivalents at the beginning of the year		101,077,352	406,128,792	58,371,450	235,645,544
Currency translation differences		-	4,512,456	-	(2,219,420)
Cash and cash equivalents at the end of the year	30	38,629,262	157,414,243	101,077,352	406,128,792

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31 December 2019		31 December 2018		1 January 2018	
	Note	US$	KHR'000	US$	KHR'000	US$	KHR'000
ASSETS							
Cash on hand	6	18,757,064	76,435,036	18,685,835	75,079,685	18,667,630	75,361,222
Balances with the NBC	7	68,317,309	278,393,034	108,446,161	435,736,675	52,778,575	213,067,107
Balances with other banks	8	29,962,714	122,098,060	46,047,288	185,018,003	56,722,037	228,986,863
Loans to customers	9	257,991,913	1,051,317,045	224,638,639	902,598,052	197,220,358	796,178,585
Investment securities	10	25,588	104,271	25,588	102,813	25,588	103,299
Investment in subsidiary	11	1,548,400	6,309,730	1,548,400	6,221,471	1,548,400	6,250,891
Property and equipment	12	3,805,980	15,509,369	3,598,979	14,460,698	3,681,799	14,863,423
Right-of-use assets	13	4,811,291	19,606,011	4,165,412	16,736,625	4,271,652	17,244,659
Intangible assets	14	1,717,204	6,997,606	2,091,855	8,405,073	1,964,550	7,930,888
Deferred tax assets, net	15(a)	222,505	906,708	101,236	406,766	104,177	420,563
Other assets	16	3,102,887	12,644,265	3,296,231	13,244,256	2,920,451	11,789,861
TOTAL ASSETS		390,262,855	1,590,321,135	412,645,624	1,658,010,117	339,905,217	1,372,197,361
LIABILITIES							
Deposits from customers	17	239,617,305	976,440,518	295,949,004	1,189,123,098	230,345,591	929,905,151
Borrowings	18	33,765,144	137,592,962	-	-	-	-
Current tax liabilities	15(b)	1,601,421	6,525,791	1,563,616	6,282,609	933,089	3,766,880
Lease liabilities	19	4,872,520	19,855,519	4,120,052	16,554,369	4,162,752	16,805,030
Provisions	20	52,866	215,429	386,337	1,552,302	104,741	422,839
Other liabilities	21	3,015,712	12,289,028	2,675,972	10,752,057	2,752,183	11,110,564
TOTAL LIABILITIES		282,924,968	1,152,919,247	304,694,981	1,224,264,435	238,298,356	962,010,464

SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31 December 2019		31 December 2018		1 January 2018	
	Note	US$	KHR'000	US$	KHR'000	US$	KHR'000
EQUITY							
Share capital	22	100,000,000	407,500,000	100,000,000	401,800,000	100,000,000	403,700,000
Regulatory reserves		1,443,177	5,880,946	1,823,537	7,326,971	607,580	2,452,800
Retained earnings		5,894,710	23,730,466	6,127,106	24,802,636	999,281	4,034,097
Currency translation differences		-	290,476	-	(183,925)	-	-
TOTAL EQUITY		107,337,887	437,401,888	107,950,643	433,745,682	101,606,861	410,186,897
TOTAL LIABILITIES AND EQUITY		390,262,855	1,590,321,135	412,645,624	1,658,010,117	339,905,217	1,372,197,361

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 US$	Year ended 31 December 2019 KHR'000	Year ended 31 December 2018 US$	Year ended 31 December 2018 KHR'000
Interest income	23	21,660,162	87,831,957	19,137,270	77,391,120
Interest expense	23	(3,612,230)	(14,647,593)	(3,663,315)	(14,814,446)
Net interest income		18,047,932	73,184,364	15,473,955	62,576,674
Fee and commission income	24	4,101,222	16,630,455	3,888,311	15,724,330
Fee and commission expense	24	(959,586)	(3,891,121)	(1,115,626)	(4,511,592)
Net fee and commission income		3,141,636	12,739,334	2,772,685	11,212,738
Other income	25	1,908,059	7,737,179	479,196	1,937,869
Net impairment losses on financial assets	26	(3,908,933)	(15,850,723)	(606,582)	(2,453,018)
Personnel expenses	27	(4,951,972)	(20,080,246)	(4,461,589)	(18,042,666)
Depreciation and amortisation	28	(2,050,834)	(8,316,132)	(1,867,868)	(7,553,658)
Other expenses	29	(4,173,814)	(16,924,816)	(3,674,340)	(14,859,031)
Profit before tax		8,012,074	32,488,960	8,115,457	32,818,908
Income tax expense	15(c)	(1,754,287)	(7,113,634)	(1,771,675)	(7,164,654)
Profit for the year		6,257,787	25,375,326	6,343,782	25,654,254
Other comprehensive income		-	474,401	-	(183,925)
Total comprehensive income for the year		6,257,787	25,849,727	6,343,782	25,470,329

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences	Total	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	KHR'000	US$	KHR'000
Year ended 31 December 2018									
At 1 January 2018	100,000,000	403,700,000	607,580	2,452,800	999,281	4,034,097	-	101,606,861	410,186,897
Profit for the year	-	-	-	-	6,343,782	25,654,254	-	6,343,782	25,654,254
Other comprehensive income – currency translation differences	-	-	-	-	-	-	(183,925)	-	(183,925)
Total comprehensive income	-	-	-	-	6,343,782	25,654,254	(183,925)	6,343,782	25,470,329
Transfers from retained earnings to regulatory reserves	-	-	1,215,957	4,885,715	(1,215,957)	(4,885,715)	-	-	-
Currency translation differences	-	(1,900,000)	-	(11,544)	-	-	-	-	(1,911,544)
At 31 December 2018	100,000,000	401,800,000	1,823,537	7,326,971	6,127,106	24,802,636	(183,925)	107,950,643	433,745,682
Year ended 31 December 2019									
At 1 January 2019	100,000,000	401,800,000	1,823,537	7,326,971	6,127,106	24,802,636	(183,925)	107,950,643	433,745,682
Profit for the year	-	-	-	-	6,257,787	25,375,326	-	6,257,787	25,375,326
Other comprehensive income – currency translation differences	-	-	-	-	-	-	474,401	-	474,401
Total comprehensive income	-	-	-	-	6,257,787	25,375,326	474,401	6,257,787	25,849,727
Transfers from regulatory reserves to retained earnings	-	-	(380,360)	(1,549,967)	380,360	1,549,967	-	-	-
Dividend distribution	-	-	-	-	(6,870,543)	(27,997,463)	-	(6,870,543)	(27,997,463)
Currency translation differences	-	5,700,000	-	103,942	-	-	-	-	5,803,942
At 31 December 2019	100,000,000	407,500,000	1,443,177	5,880,946	5,894,710	23,730,466	290,476	107,337,887	437,401,888

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000
Cash flows from operating activities					
Profit for the year		8,012,074	32,488,960	8,115,457	32,818,908
Adjustments for:					
Net interest income	23	(18,047,932)	(73,184,364)	(15,473,955)	(62,576,674)
Net impairment losses on financial instruments	26	3,908,933	15,850,723	606,583	2,453,022
Depreciation and amortisation	28	2,050,834	8,316,132	1,867,868	7,553,658
		(4,076,091)	(16,528,549)	(4,884,047)	(19,751,086)
Changes in:					
Balances with the NBC		(12,666,023)	(51,360,723)	(6,347,817)	(25,670,572)
Balances with other banks		6,437,495	26,104,042	4,062,505	16,428,770
Loans to customers		(37,365,955)	(151,518,948)	(27,456,354)	(111,033,496)
Other assets		200,101	811,410	(390,312)	(1,578,422)
Deposits from customers		(56,493,416)	(229,080,802)	65,444,489	264,657,514
Other liabilities		339,737	1,377,635	(76,209)	(308,189)
Cash used in operations		(103,624,152)	(420,195,935)	30,352,255	122,744,519
Interest received		21,346,318	86,559,319	18,845,058	76,209,415
Interest paid		(3,269,994)	(13,259,826)	(3,320,343)	(13,427,467)
Income tax paid	15(b)	(1,837,751)	(7,452,080)	(1,138,207)	(4,602,909)
Net cash (used in)/from operating activities		(87,385,579)	(354,348,522)	44,738,763	180,923,558
Cash flows from investing activities					
Purchases of property and equipment		(991,076)	(4,018,813)	(803,903)	(3,250,984)
Purchases of intangible assets		(288,648)	(1,170,468)	(549,518)	(2,222,251)
Proceeds from disposals of property and equipment		14,642	59,373	15,380	62,197
Proceeds from disposals of intangible assets		2,347	9,517	-	-
Net cash used in investing activities		(1,262,735)	(5,120,391)	(1,338,041)	(5,411,038)

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000
Cash flows from financing activities					
Proceeds from borrowings		33,765,144	136,917,659	-	-
Principal elements of lease payments		(694,377)	(2,815,699)	(694,820)	(2,809,852)
Dividends paid		(6,870,543)	(27,860,052)	-	-
Net cash from/(used in) financing activities		26,200,224	106,241,908	(694,820)	(2,809,852)
Net (decrease)/increase in cash and cash equivalents		(62,448,090)	(253,227,005)	42,705,902	172,702,668
Cash and cash equivalents at the beginning of the year		101,077,352	406,128,792	58,371,450	235,645,544
Currency translation differences		-	4,512,456	-	(2,219,420)
Cash and cash equivalents at the end of the year	30	38,629,262	157,414,243	101,077,352	406,128,792

The accompanying notes from pages 20 to 134 form an integral part of these financial statements.

1. REPORTING ENTITY

The Bank is a commercial bank operating under the Cambodian Law on Commercial enterprises and the supervision of the National Bank of Cambodian ("NBC"), pursuant to the Law on Banking and Financial Institutions of Cambodia and in accordance with Banking Licence No.12 issued by NBC. On 25 December 2009, the Bank was granted an indefinite banking license from the NBC.

The Bank is wholly-owned subsidiary of Cathay United Bank Limited (the "parent company"), a commercial bank in Taiwan. Its ultimate parent company is Cathay Financial Holdings.

The Bank is principally engaged in the operation of core banking business and the provision of related financial services in the Kingdom of Cambodia, through the Bank's head office at Phnom Penh and its provincial branches.

The address of the Bank's registered office No. 68, Samdech Pan Street (St. 214), Phnom Penh, Kingdom of Cambodia.

CUBC Investment Co., Ltd. ("the Subsidiary") was incorporated on 14 August 2012 by the Bank and Pintemps Co., Ltd. ("PCL"), a Cambodian company. The principal activity of the Subsidiary is to hold parcels of land of the bank's use.

The financial statements were authorised for issue by the Board of Director on 10 March 2020.

2. ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group adopted the new financial reporting framework – Cambodian International Financial Reporting Standards ("CIFRSs") for the first time for financial year ended 31 December 2019 and CIFRS 1 First-time Adoption of Cambodia Financial Reporting Standards has been applied in the first set of CIFRS financial statements. CIFRS is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of CIFRSs, the Group has applied retrospectively, accounting policies based on each CIFRSs effective as at end of the first CIFRSs reporting period (31 December 2019), except for areas of exceptions and optional exemptions set out in CIFRS 1. In the first set of CIFRSs financial statements for the financial year ended 31 December 2019, an additional opening statement of financial position as at date of transition (1 January 2018) is presented, together with related notes. Reconciliation statements from previously reported amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2018) and as at end of last financial period (31 December 2018) under Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the NBC (previous GAAP), and for total comprehensive income and cash flows reported for the last financial period under previous GAAP (for the year ended 31 December 2018). Additional disclosures are made for specific transition adjustments if applicable.

CIFRSs introduce new accounting standards of which two new standards (CIFRS 9 and CIFRS 16) have a significant impact on the Group's financial statements. A number of other new standards are also applicable; however, they do not have a material effect on the Group's financial statements.

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.1 CIFRS 9 Financial instruments

CIFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The key changes to the Group's accounting policies resulting from its adoption of CIFRS 9 are summarised below.

Classification of financial assets and financial liabilities

CIFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). CIFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous GAAP categories of held-to-maturity, loans and receivables and available-for-sale.

CIFRS 9 largely retains the existing requirements for the classification of financial liabilities except for changes in the fair value of financial liabilities designated at FVTPL that are attributable to changes in the instrument's credit risk are presented in other comprehensive income.

Impairment of financial assets

CIFRS 9 replaces the 'incurred loss' model in previous GAAP with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments but not to equity investments. Under CIFRS 9, credit losses are recognised earlier than that under previous GAAP.

Transition

At the date of transition to CIFRSs (1 January 2018), the Group:

- Classify financial assets measured at amortised cost as the following conditions are met based on the facts and circumstances that exist at the date of transition:
  - o The assets are held within a business model whose objective is to hold assets to collect contractual cash flow; and
  - o The contractual terms of the financial asset give rise on specified date to cash flow that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.
- Classify investment in equity instruments at FVOCI as it is not held for trading.
- Classify financial liabilities measured at amortised cost as those liabilities do not fall into the FVTPL category.
- Apply effective interest rate retrospectively to financial assets and financial liabilities measured at amortised cost.

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.1 CIFRS 9 Financial instruments (continued)

Transition (continued)

- Apply impairment requirement retrospectively by using reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date the financial instrument was initially recognised (for loan commitments, the date the Group became a party to the irrevocable commitment) and comparing that with the credit risk at the date of transition to CIFRSs to assess whether there has been a significant increase in credit risk since initial recognition. In determining whether there has been a significant increase in credit risk since initial recognition, the Group applies (1) low credit risk exception, and (2) the rebuttable presumption for the contractual payments that are more than 30 days past due.

2.2 CIFRS 16 Leases

CIFRS 16 introduces new requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

The key changes to the Group’s accounting policies resulting from its adoption of CIFRS 16 are summarised below.

Accounting for leases

CIFRS 16 changes how the Group accounts for leases previously classified as operating leases under CAS 17, which were off-balance-sheet.
Applying CIFRS 16, the Group:

- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Under CIFRS 16, right-of-use assets are tested for impairment in accordance with CIAS 36 Impairment of Assets.

For leases of low-value assets (photocopy machines), the Group has opted to recognise a lease expense on a straight-line basis over the lease term as permitted by CIFRS 16. This expense is presented within other expenses in profit or loss.

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.2 CIFRS 16 Lease (continued)

Transition

At the date of transition to CIFRSs (1 January 2018), the Group has elected optional exemptions as follows:

- Reassess whether a contract is or contains a lease for contracts existing at the date of transition based on the facts and circumstances at that date.
- Measure the lease liabilities at the present value of the remaining lease payments, discounted using incremental borrowing rate available at the date of transition.
- Measure right-of-use assets at amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised in the statement of financial position immediately before the date of transition to CIFRSs.
- Apply CIAS 36 to the right-of-use assets at the date of transition to CIFRSs.
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Elect not to apply measurement requirements to leases for which the lease term ends within 12 months of the date of transition nor to the leases for which the underlying asset is of low value. Instead, the Group recognises the lease payments associated with those leases as an expense on the straight-line basis over the lease term.

Reconciliation between lease commitments and lease liabilities

The following table shows the operating lease commitments disclosed applying CAS 17 at 31 December 2017, discounted using incremental borrowing rate of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Group	US$	KHR'000
Operating lease commitments as at 1 January 2018	3,597,301	14,522,302
Short-term leases	(103,990)	(419,808)
Effect of discounting the above amounts	(414,491)	(1,673,298)
Lease liabilities recognised as at 1 January 2018	3,078,820	12,429,196

Bank	US$	KHR'000
Operating lease commitments as at 1 January 2018	6,196,669	25,015,951
Short-term leases	(103,990)	(419,808)
Effect of discounting the above amounts	(1,929,927)	(7,791,113)
Lease liabilities recognised as at 1 January 2018	4,162,752	16,805,030

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.3 Financial impact of first-time adoption of CIFRSs

The effects of transition to CIFRSs are presented and explained below.

(i) Impact on the Statement of Financial Position as at 1 January 2018 (date of transition to CIFRS)

	As previously reported under previous GAAP	Application of CIFRS 1	As adjusted under CIFRS	
Group	**US$**	**US$**	**US$**	**KHR'000**
Cash on hand	18,667,630	-	18,667,630	75,361,222
Balances with the NBC (a)	52,773,379	5,196	52,778,575	213,067,107
Balances with other banks (a)	56,454,525	267,512	56,722,037	228,986,863
Loans to customers (a)	197,378,603	(158,245)	197,220,358	796,178,585
Investment securities	25,588	-	25,588	103,299
Property and equipment	5,229,919	-	5,229,919	21,113,183
Right-of-use assets (b)	-	3,187,720	3,187,720	12,868,826
Intangible assets	1,964,550	-	1,964,550	7,930,888
Deferred tax assets, net (e)	-	104,177	104,177	420,563
Other assets (a, b)	3,310,027	(389,576)	2,920,451	11,789,861
Net impact on total assets		3,016,783		
Deposits from customers (c)	228,579,489	1,637,840	230,217,329	929,387,357
Current tax liabilities	934,456	-	934,456	3,772,399
Deferred tax liabilities (e)	322,193	(322,193)	-	-
Lease liabilities (b)	-	3,078,820	3,078,820	12,429,196
Provisions (d)	-	104,741	104,741	422,839
Other liabilities (c, d)	4,396,353	(1,637,842)	2,758,511	11,136,110
Net impact on total liabilities		2,861,366		
Share capital	100,000,000	-	100,000,000	403,700,000
Regulatory reserves (f)	-	607,580	607,580	2,452,800
Retained earnings (f)	1,571,731	(452,163)	1,119,568	4,519,696
Net impact on equity		155,417		
Net impact on total liabilities and equity		3,016,783		

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.3 Financial impact of first-time adoption of CIFRSs (continued)

(i) Impact on the Statement of Financial Position as at 1 January 2018 (date of transition to CIFRS)

	As previously reported under previous GAAP	Application of CIFRS 1	As adjusted under CIFRS	
Bank	**US$**	**US$**	**US$**	**KHR'000**
Cash on hand	18,667,630	-	18,667,630	75,361,222
Balances with the NBC (a)	52,773,379	5,196	52,778,575	213,067,107
Balances with other banks (a)	56,454,525	267,512	56,722,037	228,986,863
Loans to customers (a)	197,378,603	(158,245)	197,220,358	796,178,585
Investment securities	25,588	-	25,588	103,299
Investment in subsidiary	1,548,400	-	1,548,400	6,250,891
Property and equipment	3,681,799	-	3,681,799	14,863,423
Right-of-use assets (b)	-	4,271,652	4,271,652	17,244,659
Intangible assets	1,964,550	-	1,964,550	7,930,888
Deferred tax assets, net (e)	-	104,177	104,177	420,563
Other assets (a, b)	3,310,027	(389,576)	2,920,451	11,789,861
Net impact on total assets		4,100,716		
Deposits from customers (c)	228,707,751	1,637,840	230,345,591	929,905,151
Current tax liabilities	933,089	-	933,089	3,766,880
Deferred tax liabilities (e)	322,193	(322,193)	-	-
Lease liabilities (b)	-	4,162,752	4,162,752	16,805,030
Provisions (d)	-	104,741	104,741	422,839
Other liabilities (c, d)	4,390,025	(1,637,842)	2,752,183	11,110,564
Net impact on total liabilities		3,945,298		
Share capital	100,000,000	-	100,000,000	403,700,000
Regulatory reserves (f)	-	607,580	607,580	2,452,800
Retained earnings (f)	1,451,443	(452,162)	999,281	4,034,097
Net impact on equity		155,418		
Net impact on total liabilities and equity		4,100,716		

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.3 Financial impact of first-time adoption of CIFRSs (continued)

(ii) Impact on the Statement of Financial Position as at 31 December 2018 (end of last period reported under previous GAAP)

Group	As previously reported under previous GAAP	Application of CIFRS 1	As adjusted under CIFRS	
	US$	US$	US$	KHR'000
Cash on hand	18,685,835	-	18,685,835	75,079,685
Balances with the NBC (a)	108,443,930	2,231	108,446,161	435,736,675
Balances with other banks (a)	45,279,155	768,133	46,047,288	185,018,003
Loans to customers (a)	223,835,138	803,501	224,638,639	902,598,052
Investment securities	25,588	-	25,588	102,813
Property and equipment	5,147,099	-	5,147,099	20,681,044
Right-of-use assets (b)	-	3,105,044	3,105,044	12,476,067
Intangible assets	2,091,855	-	2,091,855	8,405,073
Deferred tax assets, net (e)	-	101,236	101,236	406,766
Other assets (a, b)	3,815,840	(519,190)	3,296,650	13,245,940
Net impact on total assets		4,260,955		
Deposits from customers (c)	294,309,534	1,478,917	295,788,451	1,188,477,996
Current tax liabilities	1,565,510	-	1,565,510	6,290,219
Deferred tax liabilities (e)	246,364	(246,364)	-	-
Lease liabilities (b)	-	3,043,130	3,043,130	12,227,296
Provisions (d)	-	386,337	386,337	1,552,302
Other liabilities (c, d)	4,180,101	(1,497,718)	2,682,383	10,777,818
Net impact on total liabilities		3,164,302		
Share capital	100,000,000	-	100,000,000	401,800,000
Regulatory reserves (f)	-	1,823,537	1,823,537	7,326,971
Retained earnings (f)	7,022,931	(726,884)	6,296,047	25,484,991
Currency translation differences	-	-	-	(187,475)
Net impact on equity		1,096,653		
Net impact on total liabilities and equity		4,260,955		

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.3 Financial impact of first-time adoption of CIFRSs (continued)

(ii) Impact on the Statement of Financial Position as at 31 December 2018 (end of last period reported under previous GAAP)

	As previously reported under previous GAAP	Application of CIFRS 1	As adjusted under CIFRS	
Bank	**US$**	**US$**	**US$**	**KHR'000**
Cash on hand	18,685,835	-	18,685,835	75,079,685
Balances with the NBC (a)	108,443,930	2,231	108,446,161	435,736,675
Balances with other banks (a)	45,279,155	768,133	46,047,288	185,018,003
Loans to customers (a)	223,835,138	803,501	224,638,639	902,598,052
Investment securities	25,588	-	25,588	102,813
Investment in subsidiary	1,548,400	-	1,548,400	6,221,471
Property and equipment	3,598,979	-	3,598,979	14,460,698
Right-of-use assets (b)	-	4,165,412	4,165,412	16,736,625
Intangible assets	2,091,855	-	2,091,855	8,405,073
Deferred tax assets, net (e)		101,236	101,236	406,766
Other assets (a, b)	3,815,421	(519,190)	3,296,231	13,244,256
Net impact on total assets		5,321,323		
Deposits from customers (c)	294,470,087	1,478,917	295,949,004	1,189,123,098
Current tax liabilities	1,563,616	-	1,563,616	6,282,609
Deferred tax liability (e)	246,364	(246,364)	-	-
Lease liabilities (b)	-	4,120,052	4,120,052	16,554,369
Provisions (d)	-	386,337	386,337	1,552,302
Other liabilities (c, d)	4,173,692	(1,497,720)	2,675,972	10,752,057
Net impact on total liabilities		4,241,222		
Share capital	100,000,000	-	100,000,000	401,800,000
Regulatory reserves (f)	-	1,823,537	1,823,537	7,326,971
Retained earnings (f)	6,870,542	(743,436)	6,127,106	24,802,636
Currency translation differences	-	-	-	(183,925)
Net impact on equity		1,080,101		
Net impact on total liabilities and equity		5,321,323		

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.3 Financial impact of first-time adoption of CIFRSs (continued)

(iii) Impact on Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018 (last financial year reported under previous GAAP)

	As previously reported under previous GAAP	Application of CIFRS 1	As adjusted under CIFRS	
Group	**US$**	**US$**	**US$**	**KHR'000**
Interest income (a)	19,115,426	21,844	19,137,270	77,391,120
Interest expense (b)	(3,479,267)	(134,550)	(3,613,817)	(14,614,278)
Fee and commission income (a)	4,226,003	(337,692)	3,888,311	15,724,330
Fee and commission expense	(1,115,626)	-	(1,115,626)	(4,511,592)
Other income (a)	460,857	18,302	479,159	1,937,715
Net impairment losses on financial assets (a, d)	(2,024,481)	1,417,899	(606,582)	(2,453,018)
Personnel expenses	(4,461,589)	-	(4,461,589)	(18,042,666)
Depreciation and amortisation (b)	(1,293,556)	(550,749)	(1,844,305)	(7,458,368)
Other expenses (b)	(4,275,551)	584,952	(3,690,599)	(14,924,781)
Net impact on profit before tax		1,020,006		
Income tax expense (e)	(1,701,015)	(78,771)	(1,779,786)	(7,197,452)
Net impact on profit for the year		941,235		
Bank				
Interest income (a)	19,115,426	21,844	19,137,270	77,391,120
Interest expense (b)	(3,479,267)	(184,048)	(3,663,315)	(14,814,446)
Fee and commission income (a)	4,226,003	(337,692)	3,888,311	15,724,330
Fee and commission expense	(1,115,626)	-	(1,115,626)	(4,511,592)
Other income (a)	460,857	18,339	479,196	1,937,869
Net impairment losses on financial assets (a, d)	(2,024,481)	1,417,899	(606,582)	(2,453,018)
Personnel expenses	(4,461,589)	-	(4,461,589)	(18,042,666)
Depreciation and amortisation (b)	(1,293,556)	(574,312)	(1,867,868)	(7,553,658)
Other expenses (b)	(4,315,763)	641,423	(3,674,340)	(14,859,031)
Net impact on profit before tax		1,003,453		
Income tax expense (e)	(1,692,905)	(78,770)	(1,771,675)	(7,164,654)
Net impact on profit for the year		924,683		

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.3 Financial impact of first-time adoption of CIFRSs (continued)

Notes to the reconciliations:

(a) CIFRS 9 resulted in recognition of financial assets measured at amortised cost. This resulted in decrease in other assets and impairment losses on financial assets. Loans to customers measured at amortised cost resulted in increase in interest income (loan fees which were fully recognised as fees and commission income under previous GAAP).

(b) The application of CIFRS 16 to leases previously classified as operating leases under CIAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation and amortisation expense and in interest expense.

(c) CIFRS 9 resulted in recognition of financial liabilities measured at amortised cost. This resulted in decrease in other liabilities.

(d) CIFRS 9 resulted in recognition of expected credit loss for loan commitments and financial guarantees. It resulted in decrease in impairment losses on financial assets.

(e) Application of CIAS 12 resulted in recognition of deferred tax assets and increase in income tax expense.

(f) According to NBC's Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning, excess amount of impairment calculated in accordance with regulatory provision compared to the impairment calculated under CIFRS has to be transferred from retained earnings to regulatory reserve of shareholder's equity. This requirement resulted in increase in reserve and decrease in retained earnings.

(iv) Impact on the Statement of Cash Flows for the year ended 31 December 2018 (last financial year reported under previous GAAP)

Under CIFRS 16, lessee shall present:

- Short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liabilities as part of operating activities;
- Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by CIAS 7 (the Group has opted to include the interest paid as part of operating activities); and
- Cash payments for the principal portion for leases liability, as part of financing activities.

2 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (continued)

2.3 Financial impact of first-time adoption of CIFRSs (continued)

(iv) Impact on the Statement of Cash Flows for the year ended 31 December 2018 (last financial year reported under previous GAAP) (continued)

Under CAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash used in operating activities has decreased by US$638,313 and net cash generated in financing activities decreased by the same amount.

The adoption of CIFRSs did not have an impact on net cash flows.

3 NEW AND REVISED STANDARDS ISSUE BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the Group has not applied the following new and revised CIFRS standards that have been issued but not yet effective.

Amendments to CIFRS 3	Definition of a business
Amendment to CIAS 1 and CIAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Frame work in CIFRS standards

Managements do not expect that the adoption of standards listed above will have a material impact on the financial statements of the Group.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

Basis of preparation

This is the first set of financial statements prepared by the Group in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") published by the Ministry of Economy and Finance (Prakas No. 068-MEF-Pr dated 8 January 2009) and the National Accounting Council of Cambodia (letter dated 24 March 2016).

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

Basis of preparation (continued)

When one is available, the Group 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 Group 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.

Functional and presentation currency

The Group transacts its business and maintain its accounting records in two main currencies, Khmer Riel ("KHR") and United States Dollars ("US$"). Management have determined the US$ to be the Group's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Group.

Transactions in currencies other than US$ are translated into US$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US$ at the reporting date are translated into US$ at the rates of exchange ruling at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on translation are recognised in profit or loss.

Presentation in Khmer Riel

The translation of the US$ amounts into Khmer Riel ("KHR") is presented in the financial statements to comply with the Law on Accounting and Auditing dated 11 April 2016 using the closing and average rates for the period, as announced by the National Bank of Cambodia.

Assets and liabilities for each statement of financial position presented are translated at the closing rate ruling at each reporting date whereas income and expense items for each statement of profit or loss and other comprehensive income and cash flow items presented are translated at the average rate for the period then ended. All resulting exchange differences are recognised in other comprehensive income ("OCI").
The financial statements presented in KHR are based on the following applicable exchange rates per US$1:

	Closing rate	Average rate
31 December 2019	4,075	4,055
31 December 2018	4,018	4,044
1 January 2018	4,037	N/A

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of accounting (continued)

Basis of aggregation

The Group's financial statements comprise the financial statements of the head office and its branches. All inter-branch balances and transactions have been eliminated.

Rounding of amounts

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

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and an entity controlled by the Bank (its subsidiaries) made up to 31 December each year. Control is achieved when the Bank:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

4.3 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time-frame established by the market concerned, and are initially measured at fair value, plus transaction costs. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

Classification and subsequent measurement

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

Impairment of financial assets

The Group recognises loss allowances for ECLs on the following financial instruments:

- Balances with other banks;
- Loans to customers;
- Loan commitments issued;
- Financial guarantee contracts issued.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

No impairment loss is recognised on equity investments.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in Note (33.1).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down.
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECL is provided in Note (33.1), including details on how instruments are grouped when they are assessed on a collective basis.

Credit impaired financial assets

A financial assets 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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider; or
- The disappearance of an active market for a security because of financial difficulties

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

Credit impaired financial assets (continued)

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the assets is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. Please see below for definition of default.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 33.1).

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

This definition of default is used by the Group for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 33.1. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. See Note 33.1 for more details about forward-looking information.

Forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from International Monetary funds and the World Bank other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL (please refer to Note 33.1).

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

More information about significant increase in credit risk is provided in Note 33.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing terms of contract of an existing loan would constitute a modification even if these new or adjusted terms of contract do not yet affect the cash flows immediately but may affect the cash flows depending on whether the term of contracts is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to terms of contracts.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the Group notes a substantial difference based on the type of financial assets, it will be derecognised. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit-impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account in 'Losses on modification of financial assets'. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Write-off

Loans and debt securities are written off in full when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- for loan commitments and financial guarantee contracts: as a provision

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

Financial liabilities, including deposits from customers, borrowings and lease liabilities, are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

Modification and derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.4 Leases

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements 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 Group 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 assets are consumed.

Lease liability

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 its incremental borrowing rate which is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

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

- fixed lease payments, less any lease incentives;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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 Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Leases

Right-of-use assets

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

4.5 Property and equipment

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

Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

Subsequent expenditure is capitalised only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Land is not depreciated. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of significant items of property and equipment are as follows:

	Useful lives
Buildings	**20 years**
Building improvement	**8 years**
Furniture and fittings	**8 years**
Equipment	**5 - 8 years**
Motor vehicles	**3 - 5 years**

Work in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Fully depreciated items of property and equipment are retained in the statements of financial position until disposed of or written off.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

4.6 Intangible assets

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

Subsequent expenditure on software and licenses is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software and licenses are amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets (other than deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of 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 groups of assets (the "cash-generating unit").

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

An impairment loss is recognised if the carrying amount of an asset (or its cash-generating) unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit and loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.9 Reserves

Regulatory provisions and regulatory reserves

On 1 December 2017, NBC issued a Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning for ensuring appropriate recognition, measurement, provisioning and reporting of impaired facilities of the institutions.

Facilities under this Prakas is defined as all loans and other financial products, whether reported on balance sheet or off-balance sheet, provided by an Institution to a counterparty, which give rise to credit risk exposure on the Institution.

According to the Prakas, the Group is required to calculate the allowance for impaired facilities in accordance with the regulatory provision simultaneously with the calculation in accordance with CIFRSs. The provision calculated in accordance with CIFRSs is to be recognised and recorded. Excess amount of provision calculated in accordance with regulatory provision compared to the provision calculated under CIFRSs has to be transferred from retained earnings to regulatory reserve of shareholder’s equity.

On 16 February 2018, NBC issued Circular No. B7-018-001 clarifying on Implementation of Prakas on Credit Risk Grading and Impairment Provisioning. According to the Circular, the Group is required to calculate the allowance for impaired facilities in accordance with regulatory provision of which facilities are classified into five classes with provision rates as follows:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Reserves (continued)

Regulatory provisions and regulatory reserves (continued)

Classifications	Number of days past due	Allowance
General allowance		
Short-term facilities (one year or less):		
Normal	0-15 days	1%
Long-term facilities (more than one year):		
Normal	0-30 days	1%
Specific allowance		
Short-term facilities (one year or less):		
Special mention	15-30 days	3%
Sub-standard	31-60 days	20%
Doubtful	61-90 days	50%
Loss	91 days & above	100%
Long-term facilities (more than one year):		
Special mention	30-89 days	3%
Sub-standard	90-179 days	20%
Doubtful	180-359 days	50%
Loss	360 days & above	100%

For facility with repayment as quarterly, semi-annually or longer, such facility shall be classified as substandard if their repayments are past due from five working days.

The allowance is calculated as a percentage of the facility amount outstanding at the time the facility is classified, excluding accrued interest.

Reversal of regulatory reserves

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under the CIFRSs, the regulatory reserve is reversed at the amount that does not exceed the amount that would have been determined had no regulatory reserve been recognised in prior years.

4.10 Net interest income

Interest income and expense for financial instruments are recognised in "Net interest income" as " Interest income" and "Interest expense" in the profit or loss account using effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Net interest income (continued)

The calculation of EIR include all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premium or discounts.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For the credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

4.11 Net fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR (Please refer to Note 4.10).

Fee and commission income, including referral fees, renewal fees, commitment fees, remittance fees, service charges, other fees and commissions on loans, and other fee income are recognised as the related services are performed.

Fee and commission expense relates mainly to transaction and service fees, and are accounted as the services received.

4.12 Short-term and other long-term employee benefits

Short-term employee benefits are recognised in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. A liability is recognised for the amount expected to be paid if the Group 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.

Long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of the service provided by the employee up to the reporting date.

The Ministry of Labour and Vocational Training ("MoLVT") issued a Prakas No. 443 on Seniority Payments dated 21 September 2018 and Directive No. 042/19 on the Back Pay of Seniority Payment Before 2019 for the Enterprise and Institution Beside Textile, Garment and Footwear Sector dated 22 March 2019, requiring the Group to pay past seniority payments to employees with undetermined duration contracts. All employees who have been working before 1 January 2019 and continue to work are entitled to a compensation of fifteen (15) days of their average wages of each year of service, totalling not exceeding 6 months, and shall be paid every year starting from December 2021 as follows:

- 3 days shall be made in June; and
- 3 days shall be made in December of each year.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Short-term and other long-term employee benefits (continued)

Employees are not entitled to the remaining past seniority payment upon resignation.

The past seniority payment is recognised in full during the year 2018.

For employees with determined duration contract, they are entitled to the severance pay at least 5% of their wages paid during the length of the contract.

4.13 Income tax

Income tax expense comprises current and deferred tax.

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

Current tax

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

Deferred tax

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

4.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with the NBC and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in fair value.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

5.1 Critical judgments in applying the accounting policies

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements included the followings:

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see Note 4.3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

5.1 Critical judgments in applying the accounting policies (continued)

Significant increase of credit risk

As explained in Note 33.1., ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

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

Determination of life of revolving credit facilities

The Group measures ECL considering the risk of default over the maximum contractual period. However, for financial instruments such as credit cards and overdraft facilities that include both a loan and an undrawn commitment component, the Group’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group’s exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

5.2 Key sources of estimation uncertainty

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

Forward-looking information

Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario: when measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Taxes

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Often, different interpretations exist among the numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create potential tax exposures for the Group. Directors believe that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

6. CASH ON HAND

Group and Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Cash on hand	16,315,675	66,486,376	13,564,118	54,500,626	14,490,037	58,496,279
Cash in ATM	1,506,331	6,138,299	1,909,792	7,673,544	2,036,080	8,219,655
Unpresented cheques	935,058	3,810,361	3,211,925	12,905,515	2,141,513	8,645,288
	18,757,064	76,435,036	18,685,835	75,079,685	18,667,630	75,361,222

7. BALANCES WITH THE NBC

Group and Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Statutory deposits:						
Reserve requirement	31,828,681	129,701,875	36,769,350	147,739,248	29,249,771	118,081,326
Capital guarantee	10,000,000	40,750,000	10,000,000	40,180,000	10,000,000	40,370,000
Current accounts	7,181,689	29,265,383	60,112,360	241,531,463	10,749,294	43,394,900
Negotiable Certificate of Deposit (NCD)	19,306,939	78,675,776	1,564,451	6,285,964	2,779,510	11,220,881
	68,317,309	278,393,034	108,446,161	435,736,675	52,778,575	213,067,107

(a) Reserve requirement

Reserve requirement represents the reserve which is required to maintain at the NBC at the minimum at 8% and 12.5% of daily average balances of deposits from non-bank customers in KHR and other currencies, respectively.

(b) Capital guarantee

Under the NBC Prakas No. B7-01-136, dated 15 October 2001, banks are required to maintain a capital guarantee deposit of 10% of paid-up capital. This deposit is refundable should the Group voluntarily cease its operations in Cambodia and it is not available for use in the Group's day-to-day operations. The capital guarantee deposits earn interest at 1/4 of six-month LIBOR rate.

8. BALANCES WITH OTHER BANKS

Balances with other banks are measured at amortised cost because these instruments meet

Group and Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Balances with other banks at amortised cost	29,965,643	122,109,996	46,053,604	185,043,381	56,729,796	229,018,186
Impairment loss allowance	(2,929)	(11,936)	(6,316)	(25,378)	(7,759)	(31,323)
	29,962,714	122,098,060	46,047,288	185,018,003	56,722,037	228,986,863

The above amounts are analysed as follows:

As at 31 December 2019

Group and Bank	Gross carrying amount US$	ECL allowance US$	Carrying amount US$	Carrying amount KHR'000
Current accounts	12,690,506	(560)	12,689,946	51,711,530
Term deposits	17,275,137	(2,369)	17,272,768	70,386,530
	29,965,643	(2,929)	29,962,714	122,098,060

As at 31 December 2018

Group and Bank	Gross carrying amount US$	ECL allowance US$	Carrying amount US$	Carrying amount KHR'000
Current accounts	6,716,650	(921)	6,715,729	26,983,799
Term deposits	39,336,954	(5,395)	39,331,559	158,034,204
	46,053,604	(6,316)	46,047,288	185,018,003

8. BALANCES WITH OTHER BANKS (continued)

As at 1 January 2018

Group and Bank	Gross carrying amount US$	ECL allowance US$	Carrying amount US$	Carrying amount KHR'000
Current accounts	4,954,525	(659)	4,953,866	19,998,757
Term deposits	51,775,271	(7,100)	51,768,171	208,988,106
	56,729,796	(7,759)	56,722,037	228,986,863

9. LOANS TO CUSTOMERS

Group and Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Loans to customers at amortised cost	263,088,926	1,072,087,373	225,659,698	906,700,667	199,583,251	805,717,584
Impairment loss allowance	(5,097,013)	(20,770,328)	(1,021,059)	(4,102,615)	(2,362,893)	(9,538,999)
	257,991,913	1,051,317,045	224,638,639	902,598,052	197,220,358	796,178,585

The above amounts are analysed as follows:

As at 31 December 2019

Group and Bank	Gross carrying amount US$	ECL allowance US$	Carrying amount US$	Carrying amount KHR'000
Term loans	147,909,567	(4,901,303)	143,008,264	582,758,676
Housing loans	75,492,855	(79,012)	75,413,843	307,311,410
Overdrafts	34,078,567	(63,253)	34,015,314	138,612,405
Staff loans	3,638,243	(3,568)	3,634,675	14,811,301
Credit card facilities	1,969,694	(49,877)	1,919,817	7,823,253
	263,088,926	(5,097,013)	257,991,913	1,051,317,045

9. LOANS TO CUSTOMERS (continued)

As at 31 December 2018

Group and Bank	Gross carrying amount	ECL allowance	Carrying amount	
	US$	US$	US$	KHR'000
Term loans	124,423,938	(799,470)	123,624,468	496,723,112
Housing loans	52,112,692	(71,336)	52,041,356	209,102,168
Overdrafts	44,293,229	(89,564)	44,203,665	177,610,326
Staff loans	2,535,090	(2,877)	2,532,213	10,174,432
Credit card facilities	2,294,749	(57,812)	2,236,937	8,988,014
	225,659,698	(1,021,059)	224,638,639	902,598,052

As at 1 January 2018

Group and Bank	Gross carrying amount	ECL allowance	Carrying amount	
	US$	US$	US$	KHR'000
Term loans	97,091,220	(1,515,954)	95,575,266	385,837,349
Housing loans	29,862,711	(150,124)	29,712,587	119,949,714
Overdrafts	68,032,127	(584,706)	67,447,421	272,285,239
Staff loans	2,246,734	(11,921)	2,234,813	9,021,940
Credit card facilities	2,350,459	(100,188)	2,250,271	9,084,343
	199,583,251	(2,362,893)	197,220,358	796,178,585

10. INVESTMENT SECURITIES

The Group has designated investment in CBC Investment as equity instrument at FVTOCI as the Group holds this investment in the long term. The table below shows this investment as well as the dividends income recognised from this investment.

Fair value

	31 December 2019		31 December 2018		1 January 2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Investment in CBC	25,588	104,271	25,588	102,813	25,588	103,299

Dividend income

	2019		2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**
Investment in CBC	19,632	80,000	15,811	63,529

11. INVESTMENT IN SUBSIDIARY

This represents the Bank's 49% equity interest in CUBC Investment Co., Ltd.. The Bank controls the operations of its subsidiary through a proxy agreement with other major shareholder and the right to appoint members of its board of directors.

The financial information of the Subsidiary is as follows:

	31 December 2019		31 December 2018		1 January 2018	
	US$	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Total assets	1,733,331	7,063,324	1,709,092	6,867,132	1,676,382	6,767,554
Total liabilities	5,885	23,981	8,303	33,361	7,695	31,065
Net profit for the year	26,658	108,631	32,102	128,986	29,656	119,721

12. PROPERTY AND EQUIPMENT

	Group								
	Freehold Land	Buildings	Building improvements	Furniture and fittings	Motor vehicles	Equipment	Work in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000
Cost									
At 1 January 2019	1,548,120	931,880	1,246,457	166,928	838,180	7,070,408	37,667	11,839,640	47,571,674
Additions	-	-	4,370	4,695	125,000	120,600	798,167	1,052,832	4,290,290
Transfer	-	-	105,650	19,550	-	68,433	(193,633)	-	-
Disposals and write-offs	-	-	(41,709)	(2,874)	(25,104)	(102,666)	-	(172,353)	(702,337)
Currency translation differences	-	-	-	-	-	-	-	-	674,859
At 31 December 2019	1,548,120	931,880	1,314,768	188,299	938,076	7,156,775	642,201	12,720,119	51,834,486
Less: **Accumulated depreciation**									
At 1 January 2019	-	623,809	509,949	61,668	481,375	5,015,740	-	6,692,541	26,890,630
Depreciation	-	33,985	144,881	21,298	91,061	554,606	-	845,831	3,429,845
Disposals and write-offs	-	-	(41,709)	(2,874)	(25,104)	(102,666)	-	(172,353)	(702,337)
Currency translation differences	-	-	-	-	-	-	-		398,390
At 31 December 2019	-	657,794	613,121	80,092	547,332	5,467,680	-	7,366,019	30,016,528
Carrying amount									
At 31 December 2019	1,548,120	274,086	701,647	108,207	390,744	1,689,095	642,201	5,354,100	21,817,958

12. PROPERTY AND EQUIPMENT (continued)

	Group								
	Freehold Land	Buildings	Building improvements	Furniture and fittings	Motor vehicles	Equipment	Work in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	US$	KHR'000
Cost									
At 1 January 2018	1,548,120	931,880	1,269,317	142,872	801,690	6,661,670	18,873	11,374,422	45,918,542
Additions	-	-	83,646	31,011	97,490	510,484	81,272	803,903	3,230,082
Transfer	-	-	18,845	-	-	43,633	(62,478)	-	-
Disposals and write-offs	-	-	(125,351)	(6,955)	(61,000)	(145,379)	-	(338,685)	(1,360,836)
Currency translation differences	-	-	-	-	-	-	-	-	(216,113)
At 31 December 2018	1,548,120	931,880	1,246,457	166,928	838,180	7,070,408	37,667	11,839,640	47,571,675
Less: **Accumulated depreciation**									
At 1 January 2018	-	589,824	505,257	50,299	447,799	4,551,324	-	6,144,503	24,805,359
Depreciation	-	33,985	130,043	18,324	80,881	608,110	-	871,343	3,523,711
Disposals and write-offs	-	-	(125,351)	(6,955)	(47,305)	(143,694)	-	(323,305)	(1,299,039)
Currency translation differences	-	-	-	-	-	-	-	-	(139,400)
At 31 December 2018	-	623,809	509,949	61,668	481,375	5,015,740	-	6,692,541	26,890,631
Carrying amount									
At 31 December 2018	1,548,120	308,071	736,508	105,260	356,805	2,054,668	37,667	5,147,099	20,681,044

12. PROPERTY AND EQUIPMENT (continued)

	Bank							
	Buildings	Building improvements	Furniture and fittings	Motor vehicles	Equipment	Work in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000
Cost								
At 1 January 2019	931,880	1,246,457	166,928	838,180	7,070,408	37,667	10,291,520	41,351,327
Additions	-	4,370	4,695	125,000	120,600	798,167	1,052,832	4,290,290
Disposals and write-offs	-	105,650	19,550		68,433	(193,633)	-	-
Transfer	-	(41,709)	(2,874)	(25,104)	(102,666)	-	(172,353)	(702,337)
Currency translation differences	-	-	-	-	-	-	-	586,617
At 31 December 2019	931,880	1,314,768	188,299	938,076	7,156,775	642,201	11,171,999	45,525,897
Less: **Accumulated depreciation**								
At 1 January 2019	623,809	509,949	61,668	481,375	5,015,740	-	6,692,541	26,890,630
Depreciation	33,985	144,881	21,298	91,061	554,606	-	845,831	3,429,845
Disposals and write-offs	-	(41,709)	(2,874)	(25,104)	(102,666)	-	(172,353)	(702,337)
Currency translation differences	-	-	-	-	-	-		398,390
At 31 December 2019	657,794	613,121	80,092	547,332	5,467,680	-	7,366,019	30,016,528
Carrying amount								
At 31 December 2019	274,086	701,647	108,207	390,744	1,689,095	642,201	3,805,980	15,509,369

12. PROPERTY AND EQUIPMENT (continued)

	Buildings	Building improvements	Furniture and fittings	Bank Motor vehicles	Equipment	Work in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000
Cost								
At 1 January 2018	931,880	1,269,317	142,872	801,690	6,661,670	18,873	9,826,302	39,668,781
Additions	-	83,646	31,011	97,490	510,484	81,272	803,903	3,230,082
Disposals and write-offs	-	18,845	-	-	43,633	(62,478)	-	-
Transfer	-	(125,351)	(6,955)	(61,000)	(145,379)	-	(338,685)	(1,360,835)
Currency translation differences	-	-	-	-	-	-	-	(186,700)
At 31 December 2018	931,880	1,269,317	142,872	801,690	6,661,670	37,667	10,291,520	41,351,328
Less: **Accumulated depreciation**								
At 1 January 2018	589,824	505,257	50,299	447,799	4,551,324	-	6,144,503	24,805,359
Depreciation	33,985	130,043	18,324	80,881	608,110	-	871,343	3,523,711
Disposals and write-offs	-	(125,351)	(6,955)	(47,305)	(143,694)	-	(323,305)	(1,299,039)
Currency translation differences	-	-	-	-	-	-	-	(139,400)
At 31 December 2018	623,809	509,949	61,668	481,375	5,015,740	-	6,692,541	26,890,630
Carrying amount								
At 31 December 2018	308,071	736,508	105,260	356,805	2,054,668	37,667	3,598,979	14,460,698

13. RIGHT-OF-USE-ASSETS

The Group leases its headquarters, branch offices and motor vehicles.

	Group			
	Buildings	Motor vehicles	Total	
	US$	US$	US$	KHR'000
Cost				
At 1 January 2019	3,584,137	71,655	3,655,792	14,688,973
Additions	1,266,326	-	1,266,326	5,160,278
Write off (advanced termination)	-	(52,566)	(52,566)	(214,206)
Currency translation differences	-	-	-	208,380
At 31 December 2019	4,850,463	19,089	4,869,552	19,843,425
Less: **Accumulated amortisation**				
At 1 January 2019	510,809	39,939	550,748	2,212,906
Amortisation	566,695	30,189	596,884	2,420,365
Write off (advanced termination)	-	(52,566)	(52,566)	(214,206)
Currency translation differences	-	-	-	43,330
At 31 December 2019	1,077,504	17,562	1,095,066	4,462,395
Carrying amount				
At 31 December 2019	3,772,959	1,527	3,774,486	15,381,030
Cost				
At 1 January 2018	3,135,154	52,566	3,187,720	12,868,826
Additions	448,983	19,089	468,072	1,880,715
Currency translation differences	-	-	-	(60,568)
At 31 December 2018	3,584,137	71,655	3,655,792	14,688,973
Less: **Accumulated amortisation**				
At 1 January 2018	-	-	-	-
Amortisation	510,809	39,939	550,748	2,227,224
Currency translation differences	-	-	-	(14,318)
At 31 December 2018	510,809	39,939	550,748	2,212,906
Carrying amount				
At 31 December 2018	3,073,328	31,716	3,105,044	12,476,067

13. RIGHT-OF-USE-ASSETS (continued)

	Bank			
	Buildings	Motor vehicles	Total	
	US$	US$	US$	KHR'000
Cost				
At 1 January 2019	4,668,069	71,655	4,739,724	19,044,211
Additions	1,266,327	-	1,266,327	5,160,283
Write off (advanced termination)	-	(52,566)	(52,566)	(214,206)
Currency translation differences	-	-	-	270,164
At 30 December 2019	5,934,396	19,089	5,953,485	24,260,452
Less: **Accumulated amortisation**				
At 1 January 2019	534,373	39,939	574,312	2,307,586
Amortisation	590,259	30,189	620,448	2,515,917
Write off (advanced termination)	-	(52,566)	(52,566)	(214,206)
Currency translation differences	-	-	-	45,144
At 31 December 2019	1,124,632	17,562	1,142,194	4,654,441
Carrying amount				
At 31 December 2019	4,809,764	1,527	4,811,291	19,606,011
Cost				
At 1 January 2018	4,219,086	52,566	4,271,652	17,244,659
Additions	448,983	19,089	468,072	1,880,713
Currency translation differences	-	-	-	(81,161)
At 31 December 2018	4,668,069	71,655	4,739,724	19,044,211
Less: **Accumulated amortisation**				
At 1 January 2018	-	-	-	-
Amortisation	534,373	39,939	574,312	2,322,518
Currency translation differences	-	-	-	(14,932)
At 31 December 2018	534,373	39,939	574,312	2,307,586
Carrying amount				
At 31 December 2018	4,133,696	31,716	4,165,412	16,736,625

14. INTANGIBLE ASSETS

Group and Bank	Software and licenses US$	Work in progress US$	Total US$	Total KHR'000
Cost				
At 1 January 2019	3,182,274	759,484	3,941,758	15,837,984
Additions:	201,163	125,581	326,744	1,331,483
Transfers	885,065	(885,065)	-	-
Disposals and write-offs	(601,007)	-	(601,007)	(2,449,102)
Currency translation differences	-	-	-	224,680
At 31 December 2019	3,667,496	-	3,667,496	14,945,045
Less: **Accumulated amortisation**				
At 1 January 2019	1,849,902	-	1,849,902	7,432,906
Amortisation:	584,553	-	584,553	2,370,362
Disposals and write-offs	(484,163)	-	(484,163)	(1,972,964)
Currency translation differences	-	-	-	117,135
At 31 December 2019	1,950,292	-	1,950,292	7,947,439
Carrying amount				
At 31 December 2019	1,717,204	-	1,717,204	6,997,606
Cost				
At 1 January 2018	2,677,124	715,116	3,392,240	13,694,471
Additions	505,150	44,368	549,518	2,207,964
Currency translation differences	-	-	-	(64,455)
At 31 December 2018	3,182,274	759,484	3,941,758	15,837,980
Less: **Accumulated amortisation**				
At 1 January 2018	1,427,689	-	1,427,689	5,763,580
Amortisation	422,213	-	422,213	1,707,429
Currency translation differences				(38,102)
At 31 December 2018	1,849,902	-	1,849,902	7,432,907
Carrying amount				
At 31 December 2018	1,332,372	759,484	2,091,855	8,405,073

15. INCOME TAX

(a) Deferred tax assets, net

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The offset amounts were as follows:

	31 December 2019		31 December 2018		1 January 2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Deferred tax assets	700,181	2,853,238	601,690	2,417,590	623,870	2,518,564
Deferred tax liabilities	(477,676)	(1,946,530)	(500,454)	(2,010,824)	(519,693)	(2,098,001)
Net deferred tax assets	222,505	906,708	101,236	406,766	104,177	420,563

The movement of net deferred tax assets was as follows:

	2019		2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**
At beginning of the year	101,236	406,767	104,177	420,563
Credited/(charged) to income statement	121,269	491,746	(2,941)	(11,893)
Currency translation differences	-	8,195	-	(1,904)
At end of the year	222,505	906,708	101,236	406,766

Deferred tax assets/(liabilities) are attributable to the following:

	31 December 2019		31 December 2018		1 January 2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Accrued bonus	112,069	456,681	74,972	301,237	67,127	270,992
Deferred fees	258,368	1,052,850	233,510	938,243	169,640	684,837
Loss allowance	262,337	1,069,023	219,075	880,243	362,293	1,462,577
Provision for long-term service incentive	-	-	7,487	30,083	24,810	100,158
Provision for seniority indemnity	67,407	274,684	66,646	267,784	-	-
Property and equipment	(365,924)	(1,491,140)	(439,724)	(1,766,811)	(435,443)	(1,757,883)
Unrealized foreign exchange gain	(526)	(2,144)	(25,518)	(102,531)	(53,407)	(215,605)
Interest in suspense	(111,226)	(453,246)	(35,212)	(141,482)	(30,843)	(124,513)
Net deferred tax assets	222,505	906,708	101,236	406,766	104,177	420,563

15. INCOME TAX (continued)

(b) Current tax liabilities

Group	2019 US$	2019 KHR'000	2018 US$	2018 KHR'000
At beginning of the year	1,565,510	6,290,219	934,456	3,772,399
Current income tax expense	1,882,221	7,632,406	1,776,844	7,185,557
Income tax paid	(1,845,861)	(7,484,966)	(1,145,790)	(4,633,575)
Currency translation differences	-	89,961	-	(34,162)
At end of the year	1,601,870	6,527,620	1,565,510	6,290,219

Bank	2019 US$	2019 KHR'000	2018 US$	2018 KHR'000
At beginning of the year	1,563,616	6,282,609	933,089	3,766,880
Current income tax expense	1,875,556	7,605,380	1,768,734	7,152,760
Income tax paid	(1,837,751)	(7,452,080)	(1,138,207)	(4,602,909)
Currency translation differences	-	89,882	-	(34,122)
At end of the year	1,601,421	6,525,791	1,563,616	6,282,609

(c) Income tax expense

Group	2019 US$	2019 KHR'000	2018 US$	2018 KHR'000
Current income tax	1,882,221	7,632,406	1,776,844	7,185,557
Deferred tax	(121,269)	(491,746)	2,942	11,895
Income tax expense	1,760,952	7,140,660	1,779,786	7,197,452

Bank	2019 US$	2019 KHR'000	2018 US$	2018 KHR'000
Current income tax	1,875,556	7,605,380	1,768,734	7,152,760
Deferred tax	(121,269)	(491,746)	2,941	11,893
Income tax expense	1,754,287	7,113,634	1,771,675	7,164,653

The reconciliation of income tax expense computed at the statutory tax rate of 20% to the income tax expense shown in the income statement is as follows:

15. INCOME TAX (continued)

	2019		2018	
Group	**US$**	**KHR'000**	**US$**	**KHR'000**
Profit before tax	8,061,621	32,689,873	8,172,222	33,048,462
Income tax using statutory rate 20%	1,612,324	6,537,974	1,634,444	6,609,692
Non-deductible expenses	148,628	602,686	145,342	587,760
Income tax expense	1,760,952	7,140,660	1,779,786	7,197,452

	2019		2018	
Bank	**US$**	**KHR'000**	**US$**	**KHR'000**
Profit before tax	6,257,787	25,375,326	6,343,782	25,654,254
Income tax using statutory rate 20%	1,251,557	5,075,065	1,268,756	5,130,851
Non-deductible expenses	502,730	2,038,569	502,919	2,033,803
Income tax expense	1,754,287	7,113,634	1,771,675	7,164,654

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

16. OTHER ASSETS

	31 December 2019		31 December 2018		1 January 2018	
Group	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Credit card receivables	1,140,346	4,646,910	1,243,789	4,997,544	953,402	3,848,884
Deposits	1,071,051	4,364,533	959,223	3,854,158	979,548	3,954,435
Other receivables	364,649	1,485,945	565,410	2,271,817	499,845	2,017,874
Prepayment	517,125	2,107,284	515,728	2,072,195	441,622	1,782,828
Others	10,345	42,156	12,500	50,226	46,034	185,840
	3,103,516	12,646,828	3,296,650	13,245,940	2,920,451	11,789,861

	31 December 2019		31 December 2018		1 January 2018	
Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Credit card receivables	1,140,346	4,646,910	1,243,789	4,997,544	953,402	3,848,884
Deposits	1,071,051	4,364,533	959,223	3,854,158	979,548	3,954,435
Other receivables	364,649	1,485,945	565,410	2,271,817	499,845	2,017,874
Prepayment	517,125	2,107,284	515,728	2,072,195	441,622	1,782,828
Others	9,716	39,593	12,081	48,542	46,034	185,840
	3,102,887	12,644,265	3,296,231	13,244,256	2,920,451	11,789,861

17. DEPOSITS FROM CUSTOMERS

	31 December 2019		31 December 2018		1 January 2018	
Group	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Deposit from other banks	2,294,240	9,349,028	2,269,986	9,120,804	509,421	2,056,531
Demand deposit	56,252,454	229,228,750	99,823,086	401,089,160	36,292,701	146,513,634
Saving deposit	99,407,981	405,087,523	109,587,270	440,321,651	105,520,748	425,987,260
Term deposits	81,092,408	330,451,563	83,444,869	335,281,484	86,761,720	350,257,064
Margin deposits	385,640	1,571,482	663,240	2,664,897	1,132,739	4,572,868
	239,432,723	975,688,346	295,788,451	1,188,477,996	230,217,329	929,387,357

	31 December 2019		31 December 2018		1 January 2018	
Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Deposit from other banks	2,478,822	10,101,200	2,430,539	9,765,906	637,682	2,574,322
Demand deposit	56,252,454	229,228,750	99,823,086	401,089,160	36,292,701	146,513,634
Saving deposit	99,407,981	405,087,523	109,587,270	440,321,651	105,520,748	425,987,260
Term deposits	81,092,408	330,451,563	83,444,869	335,281,484	86,761,720	350,257,064
Margin deposits	385,640	1,571,482	663,240	2,664,897	1,132,740	4,572,871
	239,617,305	976,440,518	295,949,004	1,189,123,098	230,345,591	929,905,151

18. BORROWINGS

	31 December 2019		31 December 2018		1 January 2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
National Bank of Cambodia (LPCO)	13,763,866	56,087,754	-	-	-	-
Cathay United Bank Limited (CUB) (Note 31(b))	20,001,278	81,505,208	-	-	-	-
	33,765,144	137,592,962	-	-	-	-

The Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the year.

19. LEASE LIABILITIES

Group	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
No later than 1 year	785,950	3,202,746	636,919	2,559,141	507,114	2,047,219
Later than 1 year and no later than 5 years	3,024,723	12,325,746	2,074,274	8,334,433	1,766,806	7,132,596
Later than 5 years	523,440	2,133,018	790,049	3,174,417	889,156	3,589,523
	4,334,113	17,661,510	3,501,242	14,067,991	3,163,076	12,769,338
Less: unearned interest	(531,175)	(2,164,538)	(458,112)	(1,840,695)	(84,256)	(340,142)
	3,802,938	15,496,972	3,043,130	12,227,296	3,078,820	12,429,196

Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
No later than 1 year	842,458	3,433,016	693,427	2,786,190	563,622	2,275,342
Later than 1 year and no later than 5 years	3,250,755	13,246,827	2,300,306	9,242,630	1,992,838	8,045,087
Later than 5 years	2,727,252	11,113,552	3,050,369	12,256,383	3,205,984	12,942,557
	6,820,465	27,793,395	6,044,102	24,285,203	5,762,444	23,262,986
Less: unearned interest	(1,947,945)	(7,937,876)	(1,924,050)	(7,730,834)	(1,599,692)	(6,457,956)
	4,872,520	19,855,519	4,120,052	16,554,369	4,162,752	16,805,030

20. PROVISIONS

Group and Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Loan commitments and guarantees	52,866	215,429	386,337	1,552,302	104,741	422,839

21. OTHER LIABILITIES

Group	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Accounts payables and other accruals	1,823,758	7,431,814	1,536,187	6,172,401	2,089,546	8,435,498
Accrued Bonus	560,580	2,284,364	424,875	1,707,148	385,823	1,557,567
Provision for Seniority Indemnity	337,037	1,373,426	333,228	1,338,911	-	-
Others	299,773	1,221,576	388,093	1,559,358	283,142	1,143,045
	3,021,148	12,311,180	2,682,383	10,777,818	2,758,511	11,136,110

Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Accounts payables and other accruals	1,819,344	7,413,827	1,529,776	6,146,640	2,083,218	8,409,952
Accrued Bonus	560,580	2,284,364	424,875	1,707,148	385,823	1,557,567
Provision for Seniority Indemnity	337,037	1,373,426	333,228	1,338,911	-	-
Others	298,751	1,217,411	388,093	1,559,358	283,142	1,143,045
	3,015,712	12,289,028	2,675,972	10,752,057	2,752,183	11,110,564

22. SHARE CAPITAL

Group and Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Registered, issued and fully paid ordinary share of US$1 each	100,000,000	407,500,000	100,000,000	401,800,000	100,000,000	403,700,000

23. NET INTEREST INCOME

	Group				Bank			
	2019		2018		2019		2018	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000
Interest income								
Balances with the NBC	66,959	271,519	89,908	363,588	66,959	271,519	89,908	363,588
Balances with other banks	1,568,784	6,361,419	1,752,512	7,087,159	1,568,784	6,361,419	1,752,512	7,087,159
Loans to customers	20,024,419	81,199,019	17,294,850	69,940,373	20,024,419	81,199,019	17,294,850	69,940,373
	21,660,162	87,831,957	19,137,270	77,391,120	21,660,162	87,831,957	19,137,270	77,391,120
Interest expense								
Deposits from customers	3,238,853	13,133,549	3,472,221	14,041,663	3,238,853	13,133,549	3,472,221	14,041,662
Borrowings	192,859	782,043	7,046	28,495	192,859	782,044	7,046	28,494
Lease liabilities	131,350	532,624	134,550	544,120	180,518	732,000	184,048	744,290
	3,563,062	14,448,216	3,613,817	14,614,278	3,612,230	14,647,593	3,663,315	14,814,446
Net interest income	18,097,100	73,383,741	15,523,453	62,776,842	18,047,932	73,184,364	15,473,955	62,576,674

The amounts reported above are interest income and interest expense calculated using the effective interest method that related to financial assets and financial liabilities measured at amortised cost.

24. NET FEE AND COMMISSION INCOME

	2019		2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**
Fee and commission income				
Loan and trade finance	1,639,438	6,647,921	1,507,661	6,096,981
Credit Card	838,315	3,399,367	1,162,404	4,700,762
Remittance	1,005,686	4,078,057	865,473	3,499,973
Service charges and fees	617,783	2,505,110	352,773	1,426,614
	4,101,222	16,630,455	3,888,311	15,724,330
Fee and commission expense				
ATM and Credit Card	805,956	3,268,152	910,610	3,682,507
Swift charges	25,276	102,494	73,541	297,400
Bank charges	81,357	329,903	73,222	296,110
Others	46,997	190,572	58,253	235,575
	959,586	3,891,121	1,115,626	4,511,592
Net fee and commission income	3,141,636	12,739,334	2,772,685	11,212,738

25. OTHER INCOME

	Group				Bank			
	2019		2018		2019		2018	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000
Recovery of loans previously written off	1,891,999	7,672,056	209,367	846,679	1,891,999	7,672,056	209,367	846,680
Foreign exchange gains	(53,693)	(217,725)	122,393	494,956	(53,693)	(217,725)	122,393	494,957
Others	69,717	282,702	147,399	596,080	69,753	282,848	147,436	596,232
	1,908,023	7,737,033	479,159	1,937,715	1,908,059	7,737,179	479,196	1,937,869

26. NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS

Group and Bank	2019 US$	2019 KHR'000	2018 US$	2018 KHR'000
Balances with other banks	(3,387)	(13,734)	(1,443)	(5,835)
Loans to customers	4,252,547	17,244,078	311,898	1,261,316
Loan commitments and guarantees	(333,471)	(1,352,225)	281,596	1,138,774
Others	(6,756)	(27,396)	14,531	58,763
	3,908,933	15,850,723	606,582	2,453,018

27. PERSONNEL EXPENSES

Group and Bank	2019 US$	2019 KHR'000	2018 US$	2018 KHR'000
Salaries and bonuses	4,448,327	18,037,966	3,883,036	15,702,998
Seniority payments	152,420	618,063	333,228	1,347,574
Other personnel expenses	351,225	1,424,217	245,325	992,094
	4,951,972	20,080,246	4,461,589	18,042,666

28. DEPRECIATION AND AMORTISATION

	Group				Bank			
	2019		2018		2019		2018	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000
Property and equipment	845,832	3,429,849	871,343	3,523,710	845,832	3,429,849	871,343	3,523,711
Right-of-use assets	596,885	2,420,369	550,749	2,227,229	620,449	2,515,921	574,312	2,322,518
Intangible assets	584,553	2,370,362	422,213	1,707,429	584,553	2,370,362	422,213	1,707,429
	2,027,270	8,220,580	1,844,305	7,458,368	2,050,834	8,316,132	1,867,868	7,553,658

29. OTHER EXPENSES

	Group				Bank			
	2019		2018		2019		2018	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000
Repairs and maintenance	398,226	1,614,806	284,539	1,150,676	398,226	1,614,806	284,539	1,150,676
Utilities	224,756	911,386	211,332	854,627	224,756	911,386	211,332	854,627
Security	144,927	587,679	119,618	483,735	144,927	587,679	119,618	483,735
Communication	305,444	1,238,575	284,316	1,149,774	305,444	1,238,575	284,316	1,149,774
License fee, patent and other taxes	802,189	3,252,876	424,222	1,715,554	802,189	3,252,876	424,222	1,715,554
Office supplies and non-capitalised purchases	150,009	608,286	360,892	1,459,447	150,009	608,286	360,892	1,459,447
Marketing and advertising	246,008	997,562	280,076	1,132,627	246,008	997,562	280,076	1,132,627
Leases and rental	187,506	760,337	217,198	878,349	187,506	760,337	217,198	878,349
Professional services	687,463	2,787,664	521,032	2,107,052	664,314	2,693,794	504,773	2,041,302
Others	1,050,435	4,259,515	987,374	3,992,940	1,050,435	4,259,515	987,374	3,992,940
	4,196,963	17,018,686	3,690,599	14,924,781	4,173,814	16,924,816	3,674,340	14,859,031

30. NOTES TO THE CASH FLOW STATEMENTS

Cash and cash equivalents

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

Group and Bank	31 December 2019 US$	31 December 2019 KHR'000	31 December 2018 US$	31 December 2018 KHR'000	1 January 2018 US$	1 January 2018 KHR'000
Cash on hand	18,757,064	76,435,036	18,685,835	75,079,685	18,667,630	75,361,221
Balances with the NBC	7,181,689	29,265,383	60,112,360	241,531,462	10,749,295	43,394,904
Balances with other banks	12,690,506	51,713,812	22,279,155	89,517,645	28,954,525	116,889,417
	38,629,259	157,414,231	101,077,350	406,128,792	58,371,450	235,645,544

Changes in liabilities arising from financing activities

The table below details change in the Group and the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Bank's consolidated cash flow statement as cash flow from financing activities.

	1 January 2018	Financing cash flow (i)	Non-cash changes		31 December 2018
			New leases	Other changes (ii)	
	US$	US$	US$	US$	US$
Group					
Lease liabilities	3,078,820	(638,313)	468,072	134,551	3,043,130

	1 January 2019	Financing cash flow (i)	Non-cash changes		31 December 2019
			New leases	Other changes (ii)	
	US$	US$	US$	US$	US$
Group					
Lease liabilities	3,043,130	(637,869)	1,266,327	131,350	3,802,938
Borrowings	-	33,765,144	-	-	33,765,144

30. NOTES TO THE CASH FLOW STATEMENTS (continued)

	1 January 2018	Financing cash flow (i)	Non-cash changes: New leases	Non-cash changes: Other changes (ii)	31 December 2018
	US$	US$	US$	US$	US$
Bank					
Lease liabilities	4,162,752	(694,820)	468,072	184,048	4,120,052

	1 January 2019	Financing cash flow (i)	Non-cash changes: New leases	Non-cash changes: Other changes (ii)	31 December 2019
	US$	US$	US$	US$	US$
Bank					
Lease liabilities	4,120,052	(694,377)	1,266,327	180,518	4,872,520
Borrowings	-	33,765,144	-	-	33,765,144

(i) The cash flow from financial liabilities makes up the net amount of proceeds from borrowing and repayment from borrowing in the cash flow statements

(ii) Other changes include interest accrual and repayment of interest

31. RELATED PARTIES

(a) Related parties and relationships

The related parties of and their relationships with the Group and the Bank are as follows

Related parties	Relationship
Cathay United Bank Limited (CUB)	Ultimate and immediate parent company
CUBC Investment Co., Ltd.	Subsidiary of the Bank
Board of Directors	The Board of Directors are those person overseeing the activities of the Group.
Key management personnel	The key management personnel are those participating in the administration, direction, management or the design and implementation of the internal controls of the Group and the Bank. The key management personnel of the Group and the Bank include all EXCOM members appointed by the Board of Directors.

31. RELATED PARTIES (continued)

(b) Related party balances

	31 December 2019		31 December 2018		1 January 2018	
	US$	KHR'000	US$	KHR'000	US$	KHR'000
Group and Bank						
Cathay United Bank Limited (CUB)						
Deposits with CUB	346,720	1,412,884	8,650,247	34,756,692	22,442,910	90,602,028
Deposits from CUB	2,029,941	8,272,010	2,029,941	8,156,303	372,182	1,502,499
Borrowings from CUB	20,001,278	81,505,208	-	-	-	-
Bank						
CUBC Investment Co., Ltd.						
Deposit from CUBC Investment Co., Ltd.	184,582	752,172	160,553	645,102	128,262	517,794
Lease liabilities	1,069,582	4,358,547	1,076,922	4,327,073	1,083,932	4,375,833

(c) Related party transactions

	2019		2018	
	US$	KHR'000	US$	KHR'000
Group and Bank				
Cathay United Bank Limited (CUB)				
Interest income	191,409	776,163	736,320	2,977,678
Interest expense	145,960	591,868	7,046	28,494
Bank				
CUBC Investment Co., Ltd.				
Repayment of lease liabilities	56,508	229,140	113,016	457,037

31. RELATED PARTIES (continued)

(d) Shareholders, directors, and key management personnel remuneration

	2019		2018	
	US$	KHR'000	US$	KHR'000
Group and Bank				
Remuneration and benefits of key management	112,000	456,400	162,400	652,523

32. LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS

	31 December 2019		31 December 2018		1 January 2018	
Group and Bank	US$	KHR'000	US$	KHR'000	US$	KHR'000
Unused portion of overdraft	16,214,057	66,072,282	21,403,559	85,999,500	21,690,474	87,564,444
Unused portion of credit card	9,329,721	38,018,613	11,071,543	44,485,460	6,294,282	25,410,016
Bank guarantees	785,640	3,201,483	2,543,240	10,218,738	2,032,739	8,206,167
	26,329,418	107,292,378	35,018,342	140,703,698	30,017,495	121,180,627

33. FINANCIAL RISK MANAGEMENT

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities.

The policies and procedures adopted by the Group to manage the risks that arise in the conduct of their business activities are as follows:

33.1 Credit risk

Credit risk refers to risk of financial loss to the Group if a counterparty to a financial instrument fail to meet its obligations in accordance with the agreed terms and arises from deposits with other banks and loans to customers (including commitment to lend such loans). The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk, product risk and business type risk for risk management purposes.

33.1.1 Credit risk management

The Group's credit committee is responsible for managing the Group's credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, CIFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.1 Credit risk management (continued)

- Developing and maintaining the Group's risk grading to categorise exposures accor ding to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

33.1.2 Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit risk management (continued)

	31 December 2019				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Balances with other banks:					
Normal	29,965,643	-	-	29,965,643	122,109,996
Loss allowance	(2,929)	-	-	(2,929)	(11,936)
Carrying amount	29,962,714	-	-	29,962,714	122,098,060
Loans to customers:					
Normal	249,368,565	-	-	249,368,565	1,016,176,902
Special mention	-	1,426,206	-	1,426,206	5,811,789
Substandard	-	-	7,621,131	7,621,131	31,056,109
Doubtful	-	-	4,645,630	4,645,630	18,930,942
Loss	-	-	27,394	27,394	111,631
Loss allowance	(359,845)	(5,917)	(4,731,251)	(5,097,013)	(20,770,328)
Carrying amount	249,008,720	1,420,289	7,562,904	257,991,913	1,051,317,045
Loan commitments:					
Normal	16,214,057	-	-	16,214,057	66,072,282
Loss allowance	(13,565)	-	-	(13,565)	(55,277)
Carrying amount	16,200,492	-	-	16,200,492	66,017,005

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit risk management (continued)

	31 December 2019				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Guarantees:					
Normal	785,640	-	-	785,640	3,201,483
Loss allowance	(1,383)	-		(1,383)	(5,636)
Carrying amount	784,257	-	-	784,257	3,195,847
Unused portion of credit card:					
Normal	9,275,380	-	-	9,275,380	37,797,174
Special mention	-	36,944	-	36,944	150,547
Substandard	-	-	1,163	1,163	4,739
Doubtful	-	-	1,877	1,877	7,649
Loss	-	-	14,357	14,357	58,505
Loss allowance	(28,727)	(492)	(8,699)	(37,918)	(154,514)
Carrying amount	9,246,653	36,452	8,698	9,291,803	37,864,100

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit risk management (continued)

	31 December 2018				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Balances with other banks:					
Normal	46,053,604	-	-	46,053,604	185,043,381
Loss allowance	(6,316)	-	-	(6,316)	(25,378)
Carrying amount	46,047,288	-	-	46,047,288	185,018,003
Loans to customers:					
Normal	212,572,510	-	-	212,572,510	854,116,345
Special mention	-	11,691,506	-	11,691,506	46,976,471
Substandard	-	-	1,209,150	1,209,150	4,858,365
Doubtful	-	-	111,500	111,500	448,007
Loss	-	-	75,032	75,032	301,479
Loss allowance	(541,686)	(28,640)	(450,733)	(1,021,059)	(4,102,615)
Carrying amount	212,030,824	11,662,866	944,949	224,638,639	902,598,052
Loan commitments:					
Normal	20,730,597	-	-	20,730,597	83,295,539
Loss	-	-	672,962	672,962	2,703,961
Loss allowance	(19,925)	-	(251,454)	(271,379)	(1,090,401)
Carrying amount	20,710,672	-	421,508	21,132,180	84,909,099

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit risk management (continued)

	31 December 2018				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	US$	US$	US$	US$	KHR'000
Guarantees:					
Normal	2,543,240	-	-	2,543,240	10,218,738
Loss allowance	(4,929)	-	-	(4,929)	(19,805)
Carrying amount	2,538,311	-	-	2,538,311	10,198,933
Unused portion of credit card:					
Normal	10,799,663	-	-	10,799,663	43,393,046
Special mention	-	168,569	-	168,569	677,310
Substandard	-	-	30,967	30,967	124,425
Doubtful	-	-	29,707	29,707	119,363
Loss	-	-	42,638	42,638	171,319
Loss allowance	(59,755)	(2,336)	(47,938)	(110,029)	(442,097)
Carrying amount	10,739,908	166,233	55,374	10,961,515	44,043,366

33.1 Credit risk (continued)

33.1.2 Credit risk management (continued)

	1 January 2018				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Balances with other banks:					
Normal	56,729,796	-	-	56,729,796	229,018,186
Loss allowance	(7,759)	-	-	(7,759)	(31,323)
Carrying amount	56,722,037	-	-	56,722,037	228,986,863
Loans to customers:					
Normal	185,609,726	-	-	185,609,726	749,306,464
Special mention	-	12,479,100	-	12,479,100	50,378,126
Substandard	-	-	356,440	356,440	1,438,948
Doubtful	-	-	1,003,726	1,003,726	4,052,042
Loss	-	-	134,259	134,259	542,004
Loss allowance	(834,142)	(35,697)	(1,493,054)	(2,362,893)	(9,538,999)
Carrying amount	184,775,584	12,443,403	1,371	197,220,358	796,178,585
Loan commitments:					
Normal	21,680,253	-	-	21,680,253	87,523,181
Special mention	-	9,457	-	9,457	38,178
Substandard	-	-	109	109	440
Doubtful	-	-	655	655	2,644
Loss allowance	(23,936)	(10)	(382)	(24,328)	(98,212)
Carrying amount	21,656,317	9,447	382	21,666,146	87,466,231

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit risk management (continued)

	1 January 2018				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	US$	US$	US$	US$	KHR'000
Guarantees:					
Normal	2,032,739	-	-	2,032,739	8,206,167
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Loss allowance	(1,004)			(1,004)	(4,053)
Carrying amount	2,031,735	-	-	2,031,735	8,202,114
Unused portion of credit card:					
Normal	5,877,398	-	-	5,877,398	23,727,056
Special mention	-	327,932	-	327,932	1,323,861
Substandard	-	-	39,657	39,657	160,095
Doubtful	-	-	30,550	30,550	123,330
Loss	-	-	18,745	18,745	75,674
Loss allowance	(33,123)	(3,422)	(42,863)	(79,408)	(320,570)
Carrying amount	5,844,275	324,510	46,089	6,214,874	25,089,446

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

The below table sets out information about the overdue status of loans to customers in Stage 1, 2 and 3.

	31 December 2019				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	US$	US$	US$	US$	KHR'000
Loans to customers:					
Overdue ≤ 30 days	249,368,565	1,329,843	10,902,274	261,600,682	1,066,022,779
Overdue > 30 days	-	96,363	1,391,881	1,488,244	6,064,594
Total	249,368,565	1,426,206	12,294,155	263,088,926	1,072,087,373

	31 December 2018				
	Stage 1	Stage 2	Stage 3	Total	
Group and Bank	US$	US$	US$	US$	KHR'000
Loans to customers:					
Overdue ≤ 30 days	212,572,510	11,636,119	1,196,878	225,405,507	905,679,327
Overdue > 30 days	-	55,387	198,804	254,191	1,021,340
Total	212,572,510	11,691,506	1,395,682	225,659,698	906,700,667

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

	1 January 2018				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Loans to customers:					
Overdue $\leq$ 30 days	185,609,726	2,589,362	-	188,199,088	759,759,718
Overdue > 30 days	-	9,889,739	1,494,424	11,384,163	45,957,866
Total	185,609,726	12,479,101	1,494,424	199,583,251	805,717,584

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

The table below summarises the loss allowance as of the year end by class of exposure.

	31 December 2019		31 December 2018		1 January 2018	
Group and Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Loans to customers at amortised cost	5,097,013	20,770,328	1,021,059	4,102,615	2,362,893	9,538,999
Loan commitments and financial guarantee contracts	52,866	215,429	386,337	1,552,302	104,741	422,839
Balances with other banks at amortised cost	2,929	11,936	6,316	25,378	7,759	31,323
Others	13,181	53,713	19,938	80,111	5,406	21,824
	5,165,989	21,051,406	1,433,650	5,760,406	2,480,799	10,014,985

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

The tables below analyse the movement of the loss allowance during the year per class of assets.

Loss allowance – Loans and advances to customers at amortised cost:

	31 December 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Loss allowance as at 1 January 2019	541,686	28,640	450,733	1,021,059	4,102,615
Changes in the loss allowance					
Transfer to stage 1	26,930	(1,316)	(25,614)	-	-
Transfer to stage 2	(3,870)	19,286	(15,416)	-	-
Transfer to stage 3	(4,422)	(10,945)	15,367	-	-
Net remeasurement of loss allowances(*)	(231,988)	(14,152)	2,312,214	2,066,074	8,377,930
New financial assets originated	173,380	391	2,292,294	2,466,065	9,999,894
Financial asset that has been derecognised	(141,871)	(15,987)	(121,733)	(279,591)	(1,133,742)
Write-offs	-	-	(176,594)	(176,594)	(716,089)
Currency translation difference	-	-	-	-	139,720
Loss allowance as at 31 December 2019	359,845	5,917	4,731,251	5,097,013	20,770,328

(*) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volume and in the credit quality of existing loans.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

Loss allowance – Loans and advances to customers at amortised cost (continued):

	31 December 2018				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Loss allowance as at 1 January 2018	834,142	35,697	1,493,054	2,362,893	9,538,999
Change in loss allowance					
Transfer to stage 1	30,236	(3,201)	(27,035)	-	-
Transfer to stage 2	(3,112)	4,693	(1,581)	-	-
Transfer to stage 3	(4,707)	(6,184)	10,891	-	-
Net remeasurement of loss allowances(*)	(1,825,096)	(103,313)	1,556,608	(371,801)	(1,503,563)
New financial assets originated	1,797,764	125,860	93,631	2,017,255	8,157,779
Financial assets that have been derecognised	(287,541)	(24,912)	(1,021,103)	(1,333,556)	(5,392,900)
Write-offs	-	-	(1,653,732)	(1,653,732)	(6,687,692)
Currency translation difference	-	-	-	-	(10,008)
Loss allowance as at 31 December 2018	541,686	28,640	450,733	1,021,059	4,102,615

(*) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volume and in the credit quality of existing loans.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

Loss allowance – Loan commitments and financial guarantee contracts:

	31 December 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Loss allowances as at 1 January 2019	84,609	2,336	299,392	386,337	1,552,302
Changes in the loss allowance					
Transfer to stage 1	14,032	(1,376)	(12,656)	-	-
Transfer to stage 2	(40)	40	-	-	-
Transfer to stage 3	(43)	(8)	51	-	-
Net remeasurement of loss allowances	(78,329)	59	3,977	(74,293)	(301,258)
New financial assets originated	32,952	335	4,722	38,009	154,126
Financial assets that have been derecognised	(9,506)	(894)	(286,787)	(297,187)	(1,205,093)
Currency translation differences	-	-	-	-	15,352
Loss allowances as at 31 December 2019	43,675	492	8,699	52,866	215,429

	31 December 2018				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Loss allowances as at 1 January 2018	58,062	3,433	43,246	104,741	422,839
Changes in the loss allowance					
Transfer to stage 1	4,221	(1,062)	(3,159)	-	-
Transfer to stage 2	(234)	1,182	(948)	-	-
Transfer to stage 3	(160)	(90)	250	-	-
Net remeasurement of loss allowances	284,316	22,204	1,253,211	1,559,731	6,307,552
New financial assets originated	21,807	1,285	24,549	47,641	192,660
Financial asset that has been derecognised	(283,403)	(24,616)	(1,017,757)	(1,325,776)	(5,361,438)
Currency translation difference	-	-	-	-	(9,311)
Loss allowances as at 31 December 2018	84,609	2,336	299,392	386,337	1,552,302

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance, is provided at the table below:

Loans to customers at amortised cost

	31 December 2019				
Group and Bank	**Stage 1 12-month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**	
	US$	**US$**	**US$**	**US$**	**KHR'000**
Gross carrying amounts as at 1 January 2019	212,572,510	11,691,507	1,395,681	225,659,698	906,700,667
Change in gross carrying amount					
Transfer to stage 1	27,935	(26,337)	(1,598)	-	-
Transfer to stage 2	(91,679)	91,679	-	-	-
Transfer to stage 3	(18,548)	(4,531)	23,079	-	-
New financial assets originated	143,442,733	14,665	5,979,892	149,437,290	605,968,211
Payments and financial assets that have been derecognised	(106,564,386)	(10,340,776)	5,073,691	(111,831,471)	(453,476,615)
Write-offs	-	-	(176,591)	(176,591)	(716,077)
Currency translation difference	-	-	-	-	13,611,187
Gross carrying amount as at 31 December 2019	249,368,565	1,426,207	12,294,154	263,088,926	1,072,087,373
Loss allowance as at 31 December 2019	(359,845)	(5,917)	(4,731,251)	(5,097,013)	(20,770,328)

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.2 Credit quality analysis (continued)

Group and Bank	31 December 2018 Stage 1 12-month US$	Stage 2 Lifetime US$	Stage 3 Lifetime US$	Total US$	Total KHR'000
Gross carrying amounts as at 1 January 2018	185,609,726	12,479,100	1,494,425	199,583,251	805,717,584
Changes in the gross carrying amount					
Transfer to stage 1	285,406	(238,824)	(46,582)	-	-
Transfer to stage 2	(592,361)	594,161	(1,800)	-	-
Transfer to stage 3	(840,624)	(529,664)	1,370,288	-	-
New financial assets originated	143,827,536	11,292,192	252,457	155,372,185	628,325,116
Payments and financial assets that have been derecognised	(115,717,173)	(11,905,458)	(19,373)	(127,642,004)	(516,184,264)
Write-offs	-	-	(1,653,734)	(1,653,734)	(6,687,700)
Currency translation difference	-	-	-	-	(4,470,069)
Gross carrying amount as at 31 December 2018	212,572,510	11,691,507	1,395,681	225,659,698	906,700,667
Loss allowance as at 31 December 2018	(541,686)	(28,640)	(450,733)	(1,021,059)	(4,129,165)

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.3 Collateral held

Small and Medium Entity (SME) Retail Loans and Mortgage Loans (secured loans)
The Group holds properties as collaterals for majority of loans, and the collaterals include Fixed deposits issued by the Bank, Commercial real estate, Residential real estate, Industrial real estate, and land. The Group sets Loan-To-Collateral Value (LTV) 60% against properties holding Hard Title Deed (plus additional 10% if customer and collateral rating is not lower than B/B grade based on internal rating tools) and 50% against properties holding Transferring Letter as the maximum eligible ratio for loan disbursement to customers

33.1.4 Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- balances with other banks,
- financial assets that are debt instruments; and
- loan commitments.

No impairment loss is recognised on equity investments.

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

- balances with the NBC that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group does not apply the low credit risk exemption to any other financial instruments.

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

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

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.4 Amounts arising from ECL (continued)

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a long-term loan that is overdue more than 90 days and 30 days for short-term loans per CIFRS rebuttable assumption is considered credit-impaired even when the regulatory definition of default is different.

Credit-impaired loans to customers are graded as substandard, doubtful and loss in the Group's internal credit risk grading system.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on the prudential definition of NBC which applies the number of days past due as the grading criteria. The grades are:

1. Standard
2. Special mention
3. Substandard
4. Doubtful
5. Loss

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves the use of following data.

- Past repayment history;
- Financial conditions of counterparty;
- Business prospective and cash projection;
- Ability and willingness to pay;
- Economic environment; and
- Quality of documentation.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.4 Amounts arising from ECL (continued)

(i) Significant increase in credit risk

The Group considers the significant increase in credit risk into two stages as below:

Significant increases in credit risk in Stage 2

The change in levels of credit risk over the expected life of a financial instrument is assessed by comparing credit risk at each reporting date with the associated instrument's credit risk at initial recognition. The qualitative and quantitative measures to determine whether a significant increase in credit risk has occurred are outlined below.

- 30 days past due (DPD) for long-term loans and 15 days past due for short-term loans as backstop
- Use of other qualitative indicators

The Group uses 30 DPD or 15 DPD as a backstop and applies the rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 DPD or 15 DPD. Moreover, loans which are restructured and classified as special mention will be changed from Stage 1 to Stage 2.

Significant increases in credit risk in Stage 3

A financial instrument that has been credit-impaired since origination or purchase is automatically classified as a Stage 3 financial instrument. Evidence that a financial asset is credit-impaired includes observable data related to the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the financial asset because of financial difficulties for example debtor's business status, debtor during litigation process, frequency of entering debt restructuring etc.
- Fraudulent debtors
- Partially NPL sales or partially write off
- Deceased
- Trouble debt restructuring (DTR) unsuccessful.

The Group also applies 90 DPD for long-term loans and 30 DPD for short-term loans as a backstop in moving a facility from Stage 2 to Stage 3 and consider a facility as credit-impaired. Moreover, loans which are restructured and classified as substandard, doubtful or loss will be changed from Stage 2 to Stage 3.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.4 Amounts arising from ECL (continued)

(ii) Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held);
- the borrower is on any material credit obligation to the Group; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

(iii) Incorporation of forward-looking information

The Group analysed forward-looking information by using the statistical regression model for assessment to see whether the credit risk of an instrument has increased significantly to the measurement of ECL.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as International Monetary Fund.

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

(iv) Modified financial assets

The Group renegotiates loans to customers in financial difficulties (referred to as restructure activities) to maximise collection opportunities and minimise the risk of default. Under the Group's restructure policy, loan is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

For financial assets modified as part of the Group's restructure policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.4 Amounts arising from ECL (continued)

(iv) Modified financial assets (continued)

Generally, restructure is a qualitative indicator of a significant increase in credit risk and an expectation of restructure may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

(v) Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Undrawn loan commitments: a credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down.

There are two methodologies defined for ECL Computation.

- Sophisticated: PD/LGD approach. For each year throughout the financial instrument's life, a forward-looking PD, LGD and EAD are estimated. The estimates are multiplied with each other to estimate the losses for each of the years. Then the estimates are discounted back to the reporting date using the EIR or proxy rates as the discount rates.
- Simplified: ECL percentage approach. There could be exceptions in case of some portfolios such as deposits and placement. Considering the expected life, counterparty's credit quality of these assets, the ECL percentage approach would be used.

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.5 Concentration of credit risk (continued)

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans to customers and loan commitments is shown below.

	31 December 2019				
	Balances with other banks	Loans to customers	Loan commitments and financial guarantee contracts	Total	
Group and Bank	US$	US$	US$	US$	KHR'000
Carrying amount	29,962,714	257,991,913	(52,866)	287,901,761	1,173,199,676
Amount committed	-	-	26,329,418	26,329,418	107,292,378
Concentration by sector:					
External customers					
Retail Trade	-	79,900,356	16,214,057	96,114,413	391,666,233
Construction	-	29,383,323	-	29,383,323	119,737,041
Personal Lending	-	10,379,950	9,329,721	19,709,671	80,316,909
Other Lending	-	7,993,256	-	7,993,256	32,572,518
Mortgages	-	75,413,843	-	75,413,843	307,311,410
Manufacturing	-	2,056,817	-	2,056,817	8,381,529
Agriculture	-	1,791,642	-	1,791,642	7,300,941
Real Estate Activities	-	5,995,331	-	5,995,331	24,430,974
Depository Institutions	29,962,714	26,847,523	-	56,810,237	231,501,716
Import/Export	-	661,229	785,640	1,446,869	5,895,991
Credit card loan	-	1,919,817	-	1,919,817	7,823,254
Others	-	12,014,151	-	12,014,151	48,957,665
Staff loans	-	3,634,675	-	3,634,675	14,811,301
	29,962,714	257,991,913	26,329,418	314,284,045	1,280,707,482

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.5 Concentration of credit risk (continued)

	31 December 2018				
	Balances with other banks	Loans to customers	Loan commitments and financial guarantee contracts	Total	
Group and Bank	**US$**	**US$**	**US$**	**US$**	**KHR'000**
Carrying amount	46,047,288	224,638,639	(386,337)	270,299,590	1,086,063,753
Amount committed			35,018,342	35,018,342	140,703,698
Concentration by sector:					
External customers					
Retail Trade	-	93,786,588	21,403,559	115,190,147	462,834,011
Construction	-	34,902,951	-	34,902,951	140,240,057
Personal Lending	-	12,880,357	11,071,543	23,951,900	96,238,734
Other Lending	-	5,429,125	-	5,429,125	21,814,224
Mortgages	-	52,041,356	-	52,041,356	209,102,168
Manufacturing	-	2,862,521	-	2,862,521	11,501,609
Agriculture	-	1,877,818	-	1,877,818	7,545,073
Real Estate Activities	-	4,501,507	-	4,501,507	18,087,055
Depository Institutions	46,047,288	10,615,328	-	56,662,616	227,670,391
Import/Export	-	971,938	2,543,240	3,515,178	14,123,985
Credit card loan	-	2,236,937	-	2,236,937	8,988,013
Staff loans	-	2,532,213	-	2,532,213	10,174,432
	46,047,288	224,638,639	35,018,342	305,704,269	1,228,319,752

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Credit risk (continued)

33.1.5 Concentration of credit risk (continued)

	1 January 2018				
	Balances with other banks	Loans to customers	Loan commitments and financial guarantee contracts	Total	
Group and Bank	US$	US$	US$	US$	KHR'000
Carrying amount	56,722,037	197,220,358	(104,741)	253,837,654	1,024,742,609
Amount committed	- -	-	30,017,495	30,017,495	121,180,627
Concentration by sector:					
External customers					
Retail Trade	-	99,558,949	21,690,474	121,249,423	489,483,921
Construction	-	25,562,721	-	25,562,721	103,196,705
Personal Lending	-	15,378,671	6,294,282	21,672,953	87,493,711
Other Lending	-	2,597,015	-	2,597,015	10,484,150
Mortgages	-	29,712,586	-	29,712,586	119,949,710
Manufacturing	-	3,008,152	-	3,008,152	12,143,910
Agriculture	-	373,977	-	373,977	1,509,745
Real Estate Activities	-	3,591,240	-	3,591,240	14,497,836
Depository Institutions	56,722,037	12,951,962	-	69,673,999	281,273,934
Import/Export	-	-	2,032,739	2,032,739	8,206,167
Credit card loan	-	2,250,271	-	2,250,271	9,084,344
Staff loans	-	2,234,813	-	2,234,813	9,021,940
	56,722,037	197,220,357	30,017,495	283,959,889	1,146,346,073

33. FINANCIAL RISK MANAGEMENT (continued)

33.1 Liquidity risk

Liquidity risk refer to risk which the institution cannot meet the obligation or cannot settle debt obligation or settle position in the specific economic and financial situation and market situation. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's operations and investments.

33.2.1 Liquidity risk management

The Group established a comprehensive policy and control framework for managing liquidity risk. The Group's Asset and Liability Management Committee (ALCO) is responsible for managing the Group's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. In order to effectively manage liquidity risk the Group:

- maintains a portfolio of highly liquid assets, in a variety of currencies and tenors;
- ensures that there is diversity in its funding base;
- monitors the behavioural characteristics of financial assets and liabilities;
- monitors liquidity reports analysing the expected maturity profile of assets and liabilities;
- establishes early warning indicators of potential liquidity stress events and ensures that there are assets available to be used as collateral if needed;
- performs regular stress tests; and
- maintains a contingency funding plan designed to provide a framework where a liquidity stress could be effectively managed.

The Group Treasury function executes the Group's liquidity and funding strategy in co-operation with other business units of the Group. The Group's liquidity and funding strategy is determined in accordance with relevant local regulatory requirements. The Group's foreign operations determine a local liquidity strategy which needs to be in line with both local regulatory framework and the Group's central policy.

There are daily controls in place to define and monitor compliance with the Group's liquidity risk appetite. The principal metric used is the result of the Group's liquidity stress testing, supplemented by the results of key regulatory ratios including the Liquidity Coverage Ratio (which measures the ratio of high quality liquid assets to outflows in an extreme 30 days stress scenario) and the Net Stable Funding Ratio (which seeks to promote a sustainable maturity structure of funding balances).

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Group-specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes). Moreover, stress scenarios may be based on past events (historical scenario) observed within the own institution, or more commonly, on crisis situations witnessed by other institutions of similar size, business model and regional footprint. Often, the Group also combines crisis elements from various historical situations to develop a hypothetical but plausible crisis scenario that might be more relevant to their current business model and exposure profile.

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.2 Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is Liquidity Risk Coverage Ratio. This ratio reflects the available cash inflows (including loans to be collected and balances with other banks); cash outflows matured within 30 days (including amount to be paid to lenders, deposits from financial institutions and corporates); and adjusted retail saving deposit as well as stock of eligible liquid assets (cash on hand, all current accounts and reserve requirements with the NBC).

	Group		**Bank**	
	2019	**2018**	**2019**	**2018**
At end of the year	136%	302%	136%	302%
Average for the year	328%	397%	328%	397%
Maximum for the year	848%	486%	848%	486%
Minimum for the year	130%	302%	130%	302%

33.2.3 Maturity analysis for financial liabilities and financial assets)

The following tables set out the remaining contractual maturities of the Group's financial liabilities and financial assets.

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Group							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2019								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	239,432,723	(239,432,723)	(165,942,221)	(18,040,869)	(55,449,633)	-	-	-
Borrowings	33,765,144	(33,765,144)	(20,001,278)	(10,817,807)	(2,946,059)	-	-	-
Lease liabilities	3,802,938	(4,955,388)	(86,667)	(190,934)	(727,206)	(3,334,065)	(616,516)	-
Other liabilities	2,091,838	(2,091,838)	(2,091,838)	-	-	-	-	-
	279,092,643	(280,245,093)	(188,122,004)	(29,049,610)	(59,122,898)	(3,334,065)	(616,516)	-
Loan commitments and guarantees	-	(26,329,418)	(25,543,778)	-	(785,640)	-	-	-
In US$ equivalents	279,092,643	(306,574,511)	(213,665,782)	(29,049,610)	(59,908,538)	(3,334,065)	(616,516)	-
In KHR'000 equivalents	1,137,302,520	(1,249,291,132)	(870,688,062)	(118,377,161)	(244,127,292)	(13,586,315)	(2,512,302)	-

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Group							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2019								
Financial assets by type								
Non-derivative assets								
Cash on hand	18,757,064	18,757,064	18,757,064	-	-	-	-	-
Balances with the NBC	68,317,309	68,317,309	11,982,675	11,305,532	3,200,421	-	-	41,828,681
Balances with other banks	29,962,714	29,965,643	24,903,794	5,061,849		-	-	-
Loans to customers	257,991,913	265,672,607	6,141,001	7,732,891	44,872,824	90,768,350	116,157,541	-
Investment securities	25,588	25,588	-	-	-	-	-	25,588
Other assets	1,212,963	1,212,963	1,212,963	-	-	-	-	-
	376,267,551	383,951,174	62,997,497	24,100,272	48,073,245	90,768,350	116,157,541	41,854,269
In US$ equivalents	376,267,551	383,951,174	62,997,497	24,100,272	48,073,245	90,768,350	116,157,541	41,854,269
In KHR'000 equivalents	1,533,290,270	1,564,601,034	256,714,800	98,208,609	195,898,473	369,881,026	473,341,980	170,556,146

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Bank							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2019								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	239,617,305	(239,617,305)	(166,126,803)	(18,040,869)	(55,449,633)	-	-	-
Borrowings	33,765,144	(33,765,144)	(20,001,278)	(10,817,807)	(2,946,059)	-	-	-
Lease liabilities	4,872,520	(7,441,741)	(91,486)	(200,572)	(770,572)	(3,565,354)	(2,813,757)	-
Other liabilities	2,087,893	(2,087,893)	(2,087,893)	-	-	-	-	-
	280,342,862	(282,912,083)	(188,307,460)	(29,059,248)	(59,166,264)	(3,565,354)	(2,813,757)	-
Loan commitments and guarantees	-	(26,329,418)	(25,543,778)	-	(785,640)	-	-	-
In US$ equivalents	280,342,862	(309,241,501)	(213,851,238)	(29,059,248)	(59,951,904)	(3,565,354)	(2,813,757)	-
In KHR’000 equivalents	1,142,397,163	(1,260,159,117)	(871,443,794)	(118,416,436)	(244,304,009)	(14,528,818)	(11,466,060)	-

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Bank							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
31 Dec 2019								
Financial assets by type								
Non-derivative assets								
Cash on hand	18,757,064	18,757,064	18,757,064	-	-	-	-	-
Balances with the NBC	68,317,309	68,317,309	11,982,675	11,305,532	3,200,421	-	-	41,828,681
Balances with other banks	29,962,714	29,965,643	24,903,794	5,061,849	-	-	-	-
Loans to customers	257,991,913	265,672,607	6,141,001	7,732,891	44,872,824	90,768,350	116,157,541	-
Investment securities	25,588	25,588	-	-	-	-	-	25,588
Investment in subsidiary	1,548,400	1,548,400	-	-	-	-	-	1,548,400
Other assets	1,212,963	1,212,963	1,212,963	-	-	-	-	-
	377,815,951	385,499,574	62,997,497	24,100,272	48,073,245	90,768,350	116,157,541	43,402,669
In US$ equivalents	377,815,951	385,499,574	62,997,497	24,100,272	48,073,245	90,768,350	116,157,541	43,402,669
In KHR'000 equivalents	1,539,600,000	1,570,910,764	256,714,800	98,208,608	195,898,473	369,881,026	473,341,980	176,865,877

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Group							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2018								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	295,788,451	(295,788,451)	(222,024,707)	(26,608,726)	(47,155,018)	-	-	-
Lease liabilities	3,043,130	(3,479,424)	(50,261)	(102,469)	(462,371)	(2,074,274)	(790,049)	-
Other liabilities	1,959,570	(1,959,570)	(1,959,570)	-	-	-	-	-
	300,791,151	(301,227,445)	(224,034,538)	(26,711,195)	(47,617,389)	(2,074,274)	(790,049)	
Loan commitments and guarantees	-	(35,018,342)	(32,475,102)	-	(2,543,240)	-	-	-
In US$ equivalents	300,791,151	(336,245,787)	(256,509,640)	(26,711,195)	(50,160,629)	(2,074,274)	(790,049)	-
In KHR'000 equivalents	1,208,578,845	(1,351,035,572)	(1,030,655,734)	(107,325,582)	(201,545,407)	(8,334,433)	(3,174,416)	-

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Group							
	Carrying amount	**Gross nominal inflow/ (outflow)**	**Up to 1 month**	**> 1 – 3 months**	**> 3 – 12 months**	**> 1 – 5 years**	**Over 5 years**	**No maturity**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
31 December 2018								
Financial assets by type								
Non-derivative assets								
Cash on hand	18,685,835	18,685,835	18,685,835	-	-	-	-	
Balances with the NBC	108,446,161	108,446,160	61,676,810	-	-	-	-	46,769,350
Balances with other banks	46,047,288	46,053,604	28,842,193	17,211,411	-	-	-	
Loans to customers	224,638,639	226,827,250	9,493,218	5,745,762	50,530,132	73,992,739	87,065,399	
Investment securities	25,588	25,588	-	-	-	-	-	25,588
Other assets	1,809,200	1,809,200	1,809,200	-	-	-	-	-
	399,652,711	401,847,637	120,507,256	22,957,173	50,530,132	73,992,739	87,065,399	46,794,938
In US$ equivalents	399,652,711	401,847,637	120,507,256	22,957,173	50,530,132	73,992,739	87,065,399	46,794,938
In KHR'000 equivalents	1,605,804,593	1,614,623,805	484,198,155	92,241,921	203,030,070	297,302,825	349,828,773	188,022,061

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Bank								
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2018								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	295,949,004	(295,949,004)	(222,185,260)	(26,608,726)	(47,155,018)	-	-	-
Lease liabilities	4,120,052	(6,044,103)	(57,697)	(117,342)	(518,389)	(2,300,306)	(3,050,369)	-
Other liabilities	1,954,651	(1,954,651)	(1,954,651)	-	-	-	-	-
	302,023,707	(303,947,758)	(224,197,608)	(26,726,068)	(47,673,407)	(2,300,306)	(3,050,369)	
Loan commitments and guarantees	-	(35,018,342)	(32,475,102)	-	(2,543,240)	-	-	-
In US$ equivalents	302,023,707	(338,966,100)	(256,672,710)	(26,726,068)	(50,216,647)	(2,300,306)	(3,050,369)	-
In KHR'000 equivalents	1,213,531,255	(1,361,965,790)	(1,031,310,949)	(107,385,341)	(201,770,488)	(9,242,630)	(12,256,382)	-

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Bank

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2018								
Financial assets by type								
Non-derivative assets								
Cash on hand	18,685,835	18,685,835	18,685,835	-	-	-	-	-
Balances with the NBC	108,446,161	108,446,160	61,676,810	-	-	-	-	46,769,350
Balances with other banks	46,047,288	46,053,604	28,842,193	17,211,411	-	-	-	-
Loans to customers	224,638,639	226,827,250	9,493,218	5,745,762	50,530,132	73,992,739	87,065,399	-
Investment securities	25,588	25,588	-	-	-	-	-	25,588
Investment in subsidiary	1,548,400	1,548,400	-	-	-	-	-	1,548,400
Other assets	1,809,200	1,809,200	1,809,200	-	-	-	-	-
	401,201,111	403,396,037	120,507,256	22,957,173	50,530,132	73,992,739	87,065,399	48,343,338
In US$ equivalents	401,201,111	403,396,037	120,507,256	22,957,173	50,530,132	73,992,739	87,065,399	48,343,338
In KHR'000 equivalents	1,612,026,064	1,620,845,277	484,198,155	92,241,921	203,030,070	297,302,825	349,828,773	194,243,533

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Group							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
1 January 2018								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	230,217,329	(230,217,330)	(154,568,807)	(22,102,313)	(53,546,210)	-	-	-
Lease liabilities	3,078,820	(3,108,531)	(39,290)	(78,777)	(356,320)	(1,744,988)	(889,156)	-
Other liabilities	2,473,541	(2,473,541)	(2,473,541)	-	-	-	-	-
	235,769,690	(235,799,402)	(157,081,638)	(22,181,090)	(53,902,530)	(1,744,988)	(889,156)	-
Loan commitments and guarantees	-	(30,017,495)	(27,984,756)	-	(2,032,739)	-	-	-
In US$ equivalents	235,769,690	(265,816,897)	(185,066,394)	(22,181,090)	(55,935,269)	(1,744,988)	(889,156)	-
In KHR'000 equivalents	951,802,238	(1,073,102,812)	(747,113,031)	(89,545,060)	(225,810,681)	(7,044,517)	(3,589,523)	-

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Group							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
1 January 2018								
Financial assets by type								
Non-derivative assets								
Cash on hand	18,667,630	18,667,630	18,667,630					
Balances with the NBC	52,778,575	52,778,575	13,528,804					39,249,771
Balances with other banks	56,722,037	56,729,795	34,571,796	16,156,520	6,001,479			
Loans to customers	197,220,358	200,431,449	6,761,457	18,106,312	67,045,099	56,230,281	52,288,300	
Investment securities	25,588	25,588	-	-	-	-	-	25,588
Other assets	1,453,247	1,453,247	1,453,247					
	326,867,435	330,086,284	74,982,934	34,262,832	73,046,578	56,230,281	52,288,300	39,275,359
In US$ equivalents	326,867,435	330,086,284	74,982,934	34,262,832	73,046,578	56,230,281	52,288,300	39,275,359
In KHR'000 equivalents	1,319,563,835	1,332,558,329	302,706,105	138,319,053	294,889,035	227,001,644	211,087,867	158,554,625

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Bank	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
1 January 2018								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	230,345,591	(230,345,591)	(154,697,068)	(22,102,313)	(53,546,210)	-	-	-
Lease liabilities	4,162,752	(5,762,444)	(46,726)	(93,650)	(423,246)	(1,992,838)	(3,205,984)	-
Other liabilities	2,469,041	(2,469,041)	(2,469,041)	-	-	-	-	-
	238,977,384	(238,577,076)	(157,212,835)	(22,195,963)	(53,969,456)	(1,992,838)	(3,205,984)	-
Loan commitments and guarantees	-	(30,017,495)	(27,984,756)	-	(2,032,739)	-	-	-
In US$ equivalents	236,977,384	(268,594,571)	(185,197,591)	(22,195,963)	(56,002,195)	(1,992,838)	(3,205,984)	-
In KHR'000 equivalents	956,677,699	(1,084,316,283)	(747,642,675)	(89,605,103)	(226,080,861)	(8,045,087)	(12,942,557)	-

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	Bank							
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US$	US$	US$	US$	US$	US$	US$	US$
1 January 2018								
Financial assets by type								
Non-derivative assets								
Cash on hand	18,667,630	18,667,630	18,667,630	-	-	-	-	-
Balances with the NBC	52,778,575	52,778,575	13,528,804	-	-	-	-	39,249,771
Balances with other banks	56,722,037	56,729,795	34,571,796	16,156,520	6,001,479	-	-	-
Loans to customers	197,220,358	200,431,449	6,761,457	18,106,312	67,045,099	56,230,281	52,288,300	-
Investment securities	25,588	25,588	-	-	-	-	-	25,588
Investment in subsidiary	1,548,400	1,548,400	-	-	-	-	-	1,548,400
Other assets	1,453,247	1,453,247	1,453,247	-	-	-	-	-
	328,415,835	331,634,684	74,982,934	34,262,832	73,046,578	56,230,281	52,288,300	40,823,759
In US$ equivalents	328,415,835	331,634,684	74,982,934	34,262,832	73,046,578	56,230,281	52,288,300	40,823,759
In KHR'000 equivalents	1,325,814,726	1,338,809,219	302,706,105	138,319,053	294,889,035	227,001,644	211,087,867	164,805,515

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Loan commitments	Earliest possible contractual maturity

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, which can be readily to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks.

The following table sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled less than 12 months after the reporting date.

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	31 December 2019		31 December 2018		1 January 2018	
Group	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Financial assets						
Cash on hand	18,757,064	76,435,036	18,685,835	75,079,685	18,667,630	75,361,222
Balances with the NBC	26,488,628	107,941,159	61,676,810	247,817,423	13,528,804	54,615,782
Balances with other banks	29,965,643	122,109,995	46,053,604	185,043,381	56,729,795	229,018,182
Loans to customers	58,746,716	239,392,868	65,769,112	264,260,292	91,912,868	371,052,248
Other assets	1,212,963	4,942,824	1,809,200	7,269,366	1,453,247	5,866,758
	135,171,014	550,821,882	193,994,561	779,470,147	182,292,344	735,914,192
Financial liabilities						
Deposits from customers	239,432,723	975,688,346	295,788,451	1,188,477,996	230,217,329	929,387,357
Borrowings	33,765,144	137,592,962	-	-		-
Lease liabilities	785,951	3,202,750	615,101	2,471,476	474,387	1,915,100
Other liabilities	2,091,838	8,524,240	1,959,570	7,873,552	2,473,541	9,985,685
	276,075,656	1,125,008,298	298,363,122	1,198,823,024	233,165,257	941,288,142
Loan commitments and guarantees	26,329,418	107,292,378	29,931,862	120,266,222	30,017,495	121,180,627
	302,405,074	1,232,300,676	328,294,984	1,319,089,246	263,182,752	1,062,468,769

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.3 Maturity analysis for financial liabilities and financial assets (continued)

	31 December 2019		31 December 2018		1 January 2018	
Bank	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
Financial assets						
Cash on hand	18,757,064	76,435,036	18,685,835	75,079,685	18,667,630	75,361,222
Balances with the NBC	26,488,628	107,941,159	61,676,810	247,817,423	13,528,804	54,615,782
Balances with other banks	29,965,643	122,109,995	46,053,604	185,043,381	56,729,795	229,018,182
Loans to customers	58,746,716	239,392,868	65,769,112	264,260,292	91,912,868	371,052,248
Other assets	1,212,963	4,942,824	1,809,200	7,269,366	1,453,247	5,866,758
	135,171,014	550,821,882	193,994,561	779,470,147	182,292,344	735,914,192
Financial liabilities						
Deposits from customers	239,617,305	976,440,518	295,949,004	1,189,123,098	230,345,591	929,905,151
Borrowings	33,765,144	137,592,962	-	-		-
Lease liabilities	842,459	3,433,020	693,428	2,786,194	563,622	2,275,342
Other liabilities	2,087,893	8,508,164	1,954,651	7,853,789	2,469,041	9,967,519
	276,312,801	1,125,974,664	298,597,083	1,199,763,081	233,378,254	942,148,012
Loan commitments and guarantees	26,329,418	107,292,378	29,931,862	120,266,222	30,017,495	121,180,627
	302,642,219	1,233,267,042	328,528,945	1,320,029,303	263,395,749	1,063,328,639

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.4 Liquidity reserves

The following table sets out the components of the Group's liquidity reserves.

	31 December 2019		31 December 2018		1 January 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Group	US$	US$	US$	US$	US$	US$
Financial assets						
Cash on hand	18,757,064	18,757,064	18,685,835	18,685,835	18,667,630	18,667,630
Balances with the NBC	7,181,689	7,181,689	60,112,360	60,112,360	10,749,295	10,749,295
Balances with other banks	29,962,714	29,962,714	46,047,288	46,047,288	56,722,037	56,722,037
Total liquidity reserves	55,901,467	55,901,467	124,845,483	124,845,483	86,138,962	86,138,962
In KHR'000 equivalents	227,798,478	227,798,478	501,629,151	501,629,151	347,742,990	347,742,990

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.4 Liquidity reserves

Bank	31 December 2019 Carrying amount US$	31 December 2019 Fair value US$	31 December 2018 Carrying amount US$	31 December 2018 Fair value US$	1 January 2018 Carrying amount US$	1 January 2018 Fair value US$
Financial assets						
Cash on hand	18,757,064	18,757,064	18,685,835	18,685,835	18,667,630	18,667,630
Balances with the NBC	7,181,689	7,181,689	60,112,360	60,112,360	10,749,295	10,749,295
Balances with other banks	29,962,714	29,962,714	46,047,288	46,047,288	56,722,037	56,722,037
Total liquidity reserves	55,901,467	55,901,467	124,845,483	124,845,483	86,138,962	86,138,962
In KHR'000 equivalents	227,798,478	227,798,478	501,629,151	501,629,151	347,742,990	347,742,990

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.5 Financial assets available to support future funding

The following table sets out the availability of the Group's financial assets to support future funding.

	Group					
	Encumbered		Unencumbered		Total	
	Pledged as collateral	Other*	Available as collateral	Other**		
	US$	US$	US$	US$	US$	KHR'000
31 December 2019						
Cash on hand	-	-	-	18,757,064	18,757,064	76,435,036
Balances with the NBC	19,306,939	41,828,681	-	7,181,689	68,317,309	278,393,034
Balances with other banks	-	-	-	29,962,714	29,962,714	122,098,060
Loans to customers	-	-	-	257,991,913	257,991,913	1,051,317,045
Investment securities	-	-	-	25,588	25,588	104,271
Other assets	-	-	-	1,212,963	1,212,963	4,942,824
	19,306,939	41,828,681	-	315,131,931	376,267,551	1,533,290,270
31 December 2018						
Cash on hand	-	-	-	18,685,835	18,685,835	75,079,685
Balances with the NBC	1,564,450	46,769,350	-	60,112,360	108,446,160	435,736,671
Balances with other banks	-	-	-	46,047,288	46,047,288	185,018,003
Loans to customers	-	-	-	224,638,639	224,638,639	902,598,052
Investment securities	-	-	-	25,588	25,588	102,813
Other assets	-	-	-	1,809,200	1,809,200	7,269,366
	1,564,450	46,769,350	-	351,318,910	399,652,710	1,605,804,589

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.5 Financial assets available to support future funding (continued)

	Group					
	Encumbered		Unencumbered		Total	
	Pledged as collateral	Other*	Available as collateral	Other**		
	US$	US$	US$	US$	US$	KHR'000
1 January 2018						
Cash on hand	-	-	-	18,667,630	18,667,630	75,361,222
Balances with the NBC	2,779,509	39,249,771		10,749,295	52,778,575	213,067,107
Balances with other banks	-	-	-	56,722,037	56,722,037	228,986,863
Loans to customers	-	-	-	197,220,358	197,220,358	796,178,585
Investment securities	-	-	-	25,588	25,588	103,299
Other assets	-	-	-	1,453,247	1,453,247	5,866,758
	2,779,509	39,249,771	-	284,838,155	326,867,435	1,319,563,835

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.5 Financial assets available to support future funding (continued)

Bank

	Encumbered		Unencumbered		Total	
	Pledged as collateral	Other*	Available as collateral	Other**		
	US$	US$	US$	US$	US$	KHR'000
31 December 2019						
Cash on hand	-	-	-	18,757,064	18,757,064	76,435,036
Balances with the NBC	19,306,939	41,828,681	-	7,181,689	68,317,309	278,393,034
Balances with other banks	-	-	-	29,962,714	29,962,714	122,098,060
Loans to customers	-	-	-	257,991,913	257,991,913	1,051,317,045
Investment securities	-	-	-	25,588	25,588	104,271
Investment in subsidiary	-	-	-	1,548,400	1,548,400	6,309,730
Other assets	-	-	-	1,212,963	1,212,963	4,942,824
	19,306,939	41,828,681	-	316,680,331	377,815,951	1,539,600,000
31 December 2018						
Cash on hand	-	-	-	18,685,835	18,685,835	75,361,222
Balances with the NBC	1,564,450	46,769,350	-	60,112,360	108,446,160	213,067,107
Balances with other banks	-	-	-	46,047,288	46,047,288	228,986,863
Loans to customers	-	-	-	224,638,639	224,638,639	796,178,585
Investment securities	-	-	-	25,588	25,588	103,299
Investment in subsidiary	-	-	-	1,548,400	1,548,400	5,866,758
Other assets	-	-	-	1,809,200	1,809,200	1,319,563,835
	1,564,450	46,769,350	-	352,867,310	401,201,110	

33. FINANCIAL RISK MANAGEMENT (continued)

33.2 Liquidity risk (continued)

33.2.5 Financial assets available to support future funding (continued)

	Bank					
	Encumbered		Unencumbered		Total	
	Pledged as collateral	Other*	Available as collateral	Other**		
	US$	US$	US$	US$	US$	KHR'000
1 January 2018						
Cash on hand	-	-	-	18,667,630	18,667,630	75,361,222
Balances with the NBC	2,779,509	39,249,771		10,749,295	52,778,575	213,067,107
Balances with other banks	-	-	-	56,722,037	56,722,037	228,986,863
Loans to customers	-	-	-	197,220,358	197,220,358	796,178,585
Investment securities	-	-	-	25,588	25,588	103,299
Investment in subsidiary	-	-	-	1,548,400	1,548,400	6,250,891
Other assets	-	-	-	1,453,247	1,453,247	5,866,758
	2,779,509	39,249,771	-	286,386,555	328,415,834	1,325,814,722

* Represents assets that are not pledged but that the Company believes it is restricted from using to secure funding, for legal or other reasons.

** Represents assets that are not restricted for use as collateral, but that the Group would not consider readily available to secure funding in the normal course of business.

33. FINANCIAL RISK MANAGEMENT (continued)

33.3 Market risk

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

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

(i) Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments or economic value of equity of the Group because of a change in market interest rates.

The following is a summary of the Group's interest rate gap position. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Group's balance sheet based on the maturity date.

33. FINANCIAL RISK MANAGEMENT (continued)

33.3 Market risk (continued)

(i) Interest rate risk (continued)

Group	Carrying amount	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US$	US$	US$	US$	US$	US$	US$
31 December 2019							
Financial assets							
Cash on hand	18,757,064	-	-	-	-	-	18,757,064
Balances with the NBC	68,317,309	4,800,986	11,305,532	3,200,421	-	-	49,010,370
Balances with other banks	29,962,714	12,213,288	5,061,849	-	-	-	12,687,577
Loans to customers	257,991,913	6,062,941	7,704,984	42,594,187	87,496,069	114,133,732	-
Investment securities	25,588	-	-	-	-	-	25,588
Other assets	1,212,963	848,315	-	-	-	-	364,648
	376,267,551	23,925,530	24,072,365	45,794,608	87,496,069	114,133,732	80,845,247
Financial liabilities							
Deposits from customers	239,432,723	107,009,886	18,040,869	55,449,633	-	-	58,932,335
Borrowings	33,765,144	20,001,278	10,817,807	2,946,059	-	-	-
Lease liabilities	3,802,938	-	-	-	-	-	3,802,938
Other liabilities	2,091,838	-	-	-	-	-	2,091,838
	279,092,643	127,011,164	28,858,676	58,395,692	-	-	64,827,111
Total	97,174,908	(103,085,634)	(4,786,311)	(12,601,084)	87,496,069	114,133,732	16,018,136
In KHR'000 equivalents	395,987,750	(420,073,959)	(19,504,217)	(51,349,417)	356,546,481	465,094,958	65,273,904

(i) Interest rate risk (continued)

Group	Carrying amount	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US$	US$	US$	US$	US$	US$	US$
31 December 2018							
Financial assets							
Cash on hand	18,685,835	-	-	-	-	-	18,685,835
Balances with the NBC	108,446,161	1,564,450	-	-	-	-	106,881,711
Balances with other banks	46,047,288	22,125,543	17,211,411	-	-	-	6,710,334
Loans to customers	224,638,639	9,398,377	5,729,923	50,419,336	73,076,724	86,014,279	-
Investment securities	25,588	-	-	-	-	-	25,588
Other assets	1,809,200	1,243,790	-	-	-	-	565,410
	399,652,711	34,332,160	22,941,334	50,419,336	73,076,724	86,014,279	132,868,878
Financial liabilities							
Deposits from customers	295,788,451	119,268,395	26,608,726	47,155,018	-	-	102,756,312
Lease liabilities	3,043,130	-	-	-	-	-	3,043,130
Other liabilities	1,959,570	-	-	-	-	-	1,959,570
	300,791,151	119,268,395	26,608,726	47,155,018	-	-	107,759,012
Total	98,861,560	(84,936,235)	(3,667,392)	3,264,318	73,076,724	86,014,279	25,109,866
In KHR'000 equivalents	397,225,748	(341,273,792)	(14,735,581)	13,116,030	293,622,277	345,605,373	100,891,442

33. FINANCIAL RISK MANAGEMENT (continued)

33.3 Market risk (continued)

(i) Interest rate risk (continued)

Group	Carrying amount US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	Non-interest sensitive US$
1 January 2018							
Financial assets							
Cash on hand	18,667,630	-	-	-	-	-	18,667,630
Balances with the NBC	52,778,575	2,779,509	-	-	-	-	49,999,066
Balances with other banks	56,722,037	29,617,272	16,156,520	6,001,479	-	-	4,946,766
Loans to customers	197,220,358	6,300,653	17,970,335	66,783,962	55,131,989	51,033,419	-
Investment securities	25,588	-	-	-	-	-	25,588
Other assets	1,453,247	953,402	-	-	-	-	499,845
	326,867,435	39,650,836	34,126,855	72,785,441	55,131,989	51,033,419	74,138,895
Financial liabilities							
Deposits from customers	230,217,329	116,633,946	22,102,313	53,546,210	-	-	37,934,860
Lease liabilities	3,078,820	-	-	-	-	-	3,078,820
Other liabilities	2,473,541	-	-	-	-	-	2,473,541
	235,769,690	116,633,946	22,102,313	53,546,210	-	-	43,487,221
Total	91,097,745	(76,983,110)	12,024,542	19,239,231	55,131,989	51,033,419	30,651,674
In KHR'000 equivalents	367,761,597	(310,780,815)	48,543,076	77,668,776	222,567,840	206,021,913	123,740,808

33. FINANCIAL RISK MANAGEMENT (continued)

33.3 Market risk (continued)

(i) Interest rate risk (continued)

Bank	Carrying amount	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US$	US$	US$	US$	US$	US$	US$
31 December 2019							
Financial assets							
Cash on hand	18,757,064	-	-	-	-	-	18,757,064
Balances with the NBC	68,317,309	4,800,986	11,305,532	3,200,421	-	-	49,010,370
Balances with other banks	29,962,714	12,213,288	5,061,849	-	-	-	12,687,577
Loans to customers	257,991,913	6,062,941	7,704,984	42,594,187	87,496,069	114,133,732	-
Investment securities	25,588	-	-	-	-	-	25,588
Investment in subsidiary	1,548,400	-	-	-	-	-	1,548,400
Other assets	1,212,963	848,315	-	-	-	-	364,648
	377,815,951	23,925,530	24,072,365	45,794,608	87,496,069	114,133,732	82,393,647
Financial liabilities							
Deposits from customers	239,617,305	107,009,886	18,040,869	55,449,633	-	-	59,116,917
Borrowings	33,765,144	20,001,278	10,817,807	2,946,059	-	-	-
Lease liabilities	4,872,520	-	-	-	-	-	4,872,520
Other liabilities	2,087,893	-	-	-	-	-	2,087,893
	280,342,862	127,011,164	28,858,676	58,395,692	-	-	66,077,330
Total	97,473,089	(103,085,634)	(4,786,311)	(12,601,084)	87,496,069	114,133,732	16,316,317
In KHR'000 equivalents	397,202,838	(420,073,959)	(19,504,217)	(51,349,417)	356,546,481	465,094,958	66,488,992

33. FINANCIAL RISK MANAGEMENT (continued)

33.3 Market risk (continued)

(i) Interest rate risk (continued)

Bank	Carrying amount	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US$	US$	US$	US$	US$	US$	US$
31 December 2018							
Financial assets							
Cash on hand	18,685,835	-	-	-	-	-	18,685,835
Balances with the NBC	108,446,161	1,564,450	-	-	-	-	106,881,711
Balances with other banks	46,047,288	22,125,543	17,211,411	-	-	-	6,710,334
Loans to customers	224,638,639	9,398,377	5,729,923	50,419,336	73,076,724	86,014,279	-
Investment securities	25,588	-	-	-	-	-	25,588
Investment in subsidiary	1,548,400	-	-	-	-	-	1,548,400
Other assets	1,809,200	1,243,789	-	-	-	-	565,411
	401,201,111	34,332,159	22,941,334	50,419,336	73,076,724	86,014,279	134,417,279
Financial liabilities							
Deposits from customers	295,949,004	119,268,395	26,608,726	47,155,018	-	-	102,916,865
Lease liabilities	4,120,052	-	-	-	-	-	4,120,052
Other liabilities	1,954,651	-	-	-	-	-	1,954,651
	302,023,707	119,268,395	26,608,726	47,155,018	-	-	108,991,568
Total	99,177,404	(84,936,236)	(3,667,392)	3,264,318	73,076,724	86,014,279	25,425,711
In KHR'000 equivalents	398,494,809	(341,273,796)	(14,735,581)	13,116,030	293,622,277	345,605,373	102,160,506

33. FINANCIAL RISK MANAGEMENT (continued)

33.3 Market risk (continued)

(i) Interest rate risk (continued)

Bank	Carrying amount	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US$	US$	US$	US$	US$	US$	US$
1 January 2018							
Financial assets							
Cash on hand	18,667,630	-	-	-	-	-	18,667,630
Balances with the NBC	52,778,575	2,779,509	-	-	-	-	49,999,066
Balances with other banks	56,722,037	29,617,272	16,156,520	6,001,479	-	-	4,946,766
Loans to customers	197,220,358	6,300,653	17,970,335	66,783,962	55,131,989	51,033,419	-
Investment securities	25,588	-	-	-	-	-	25,588
Investment in subsidiary	1,548,400	-	-	-	-	-	1,548,400
Other assets	1,453,247	953,402	-	-	-	-	499,845
	328,415,835	39,650,836	34,126,855	72,785,441	55,131,989	51,033,419	75,687,295
Financial liabilities							
Deposits from customers	230,345,591	116,633,946	22,102,313	53,546,210	-	-	38,063,122
Lease liabilities	4,162,752	-	-	-	-	-	4,162,752
Other liabilities	2,469,041	-	-	-	-	-	2,469,041
	236,977,384	116,633,946	22,102,313	53,546,210	-	-	44,694,915
Total	91,438,451	(76,983,110)	12,024,542	19,239,231	55,131,989	51,033,419	30,992,380
In KHR'000 equivalents	369,137,027	(310,780,815)	48,543,076	77,668,776	222,567,840	206,021,913	125,116,237

33. FINANCIAL RISK MANAGEMENT (continued)

33.3 Market risk (continued)

(ii) Foreign exchange risk

The Group operates in the Kingdom of Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel, Taiwanese dollar, Chinese Yuan, Euro, and Singapore dollar.

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

As at 31 December 2019, balances in monetary assets and liabilities denominated in currencies other than US$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

33.3 Market risk (continued)

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. In all cases, the Group's policy requires compliance with all applicable legal and regulatory requirements.

Operational risk is defined as the risk of loss resulting from inadequate, failed or poor internal control/ processes, people, systems and/or external events. This definition includes legal risk, but excludes strategic and reputational risk:

To effectively manage operational risk, the Group adopts the following operational risk management tools as key complementary:

- Risk Control Self Assessments (RCSAs) - are used to identify the key risk that pose a threat to achieving the predefined business objective and assess the effective control used by management and mitigate these risks.
- Key Risk Indicators (KRIs) - are used to help warn management of changes in previously identifies key risk. KRI serve as a monitoring function for the business.
- Operational Risk Event Report - is a record of all type of losses events that have affected the business. All type of losses events are to be used to enhance the ongoing risk monitoring and operational risk.
- Standard Operating Procedures (SOPs) - are used to ensure the process, policy, guideline, and memo are smooth, bank's staff can implement well and ensure risks are identified and managed.
- Business Continuity Plan (BCP) - is a plan that covers a range of situations, crisis events that threaten to shut down business operations for an extended period of time, and any other financial situation or unexpected event that threatens to destroy or injure our bank.
- Other: Another risk that we can observe or received from another way.

33. FINANCIAL RISK MANAGEMENT (continued)

33.5 Capital risk

Capital risk is the risk that the Group has insufficient capital resources to meet the minimum regulatory requirements to support its credit rating and to support its growth and strategic options.

The Group's strategy 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 shareholder' return is also recognised and the Group recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Group's lead regulator, the NBC, sets and monitors capital requirements for the Group as a whole.

Capital risk management

As with liquidity and market risks, ARBC and ALRMC is responsible for ensuring the effective management of capital risk throughout the Group.

Capital risk is measured and monitored using limits set calculated in accordance with NBC's requirements.

On 22 February 2018, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, the institution shall comply with the provisions related to the capital conservation buffer at least 50% of the conservation buffer by 1 January 2019 and fully comply by 1 January 2020.

On 7 March 2018, the NBC issued a circular on the implementation of Prakas on Capital Buffer in Banking and Financial Institutions, which determines the countercyclical capital buffer at a level of 0% until a new announcement is released.

The Group has complied with all externally imposed capital requirements throughout the year.

34 CURRENT AND NON-CURRENT

Management presents the financial statements based on liquidity. Information about short-term and long-term of financial assets and financial liabilities are disclosed in the financial risk management section. Property and equipment, right-of-use assets, intangible assets and deferred tax assets are non-current assets. Provisions are non-current liability.

35. COMPARATIVE INFORMATION

Certain corresponding figures have been reclassified to conform to the current year's presentation and disclosure.

36. EVENTS AFTER THE REPORTING PERIOD

With the Covid-19 outbreak and a potential partial suspension of everything but arms (EBA) tax relief by the European Union, the management has assessed the impact on the financial statements of the Bank and concluded that these are non-adjusting events and there is minimal impact to the Group's financial statements given the size of the related portfolios at the year end.

INTERNATIONAL CORRESPONDENTS

- **Singapore**

  United Overseas Bank,
  Singapore

- **Taiwan**

  Cathay United Bank,
  Taipei

- **United States**

  Bank of New York Mellon,
  New York

- **United States**

  Standard Charted Bank,
  New York

- **United States**

  Wells Fargo Bank,
  New York

SERVICE & FINANCIAL PRODUCTS

CORPORATE & COMMERCIAL

Asset Products
Collateral Loan
Investment Loan
Structured Finance
Syndicated Loan
Small Business Loan
Working Capital Loan

Liabilities Products
Demand Deposit (KHR & USD)
Time Deposits (USD)

Agency Services
Escrow Account

Trade Finance & Services
Bank Guarantee
Export Financing Scheme
Import Financing Scheme
Import Trade Finance Operations
Issuance L/C & Amendment
Refinancing Working Capital
Trade Financing

CONSUMER

Asset Products
Personal Loan
Home Loan
Syndicated Loan
Small Business Loan
Working Capital Loan

Liability Products
Demand Deposit (KHR & USD)
Saving Account (USD)
Time Deposit (USD)

Forex Transaction
Foreign Exchange

Other Services
Credit Card Bill Payment
Clearing
Collection
Foreign Exchange
Payroll Package
Remittance
SMS Banking
Western Union Money Transfer

TREASURY & INTERNATIONAL

Card Products
ATM
Debit Card (Visa)
Credit Card (Master Card & Visa)

Trust Services
Escrow Agent
Paying Agent
Trustee Services

Forex Transaction
Foreign Exchange

Other Services
Bank Reference
Financial Advisory

Head Office

No.68 Samdach Pan St. (St.214)
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Fax: (855) 23 - 21 21 21
Swift: (CSBCKHPP)

Branches:

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Fax: (855) 23 - 88 50 55

Toul Tum Poung II Branch

No. 232, St. 271
Sangkat Toul Tom Poung II,
Khan Chamkarmom,
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Chaom Chau Branch

No. 8C, 9C (Eo+E1),
Russia Blvd Corner New Road,
Sangkat Kakab, Khan Doung Kor,
Phnom Penh, Cambodia
Tel: (855) 23 - 89 03 99
Fax: (855) 23 - 89 06 13

Phsar Hengly Branch

No.2 (Eo+E1+E2), St. 271,
Corner of St. 2002,
Sangkat Tek Thlar, Khan Sen Sok,
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(855) 23 - 88 06 6 5

Strueng Mean Chey Branch

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(855) 23 - 42 46 62

Stat Chas Branch

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Sangkat Srah Chok, Khan Daun Penh,
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(855) 23 - 90 16 09

Siem Reap Branch

No. 17A & 18A, Sivutha Blvd,
Siem Reap, Cambodia
Tel: (855) 63 - 96 38 38
Fax: (855) 63 - 96 39 39

Battambang Provincial Branch

No. 034-035, Mohatep Village,
Sangkat Svay Pao, Battambang City
Battambang Province, Cambodia
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Fax: (855) 53 - 95 33 43

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No.586 & 587A, National Road No.1
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(855) 23 - 72 01 82

Saen Sokh Branch

Lot No. 1212, Roung Chark 1 Village,
Sangkat Kouk Khleang, Khan Saensokh,
Phnom Penh, Cambodia
Tel: (855) 23 - 99 06 88

Kampong Cham Provincial Branch

National Road No. 7, Village 6,
Sangkat Veal Vong,
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Sihanoukville Branch

No. 255, Ekareach St.
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Krong Bavet Branch

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Sangkat Bavet, Bavet City
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ធនាគារ កាថេ យូណៃធីត
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