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Cathay United Bank 國泰世華銀行

ANNUAL REPORT 2023

Cathay United Bank (Cambodia) Corporation Limited

Sustainable Finance and Work Together for the Commom Good

ធនាគារ កាថេ យូ៉ណៃធីត

Cathay United Bank 國泰世華銀行

Enrich Your Life

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CORPORATE INFORMATION

Name	Cathay United Bank (Cambodia) Corporation Limited	
Registered Office	00005929	
Registered Office	Building No. 48, Samdach Pan Street (St. 214), Sangkat Boeng Reang, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia	
Shareholders	Cathay United Bank Co., Ltd. (Incorporated in Taiwan)	
Board of Directors	Mr. Teng, Chung-Yi	Chairman
	Mr. Yeh, Chan-Hao	Director and President (appointed on 16 June 2023)
	Ms. Chuang, Hsiu-Chu	Director and President (ended term on 15 June 2023)
	Mr. Sun, David Paul	Director
	Mr. Miao, Hua-Ben	Director
	Mr. Wang, Chih-Fong	Director
	Mr. Hsia, Chang-Chuan	Independent Director
	Mr. Hsieh, Po-Tsang	Independent Director
Executive Management	Mr. Teng, Chung-Yi, Daniel, Chairman Mr. Yeh, Chan-Hao, Kevin, President Ms. Tseng, Pi-Chen, Becky, First Vice President	
Auditors	Ernst & Young (Cambodia) Ltd.	

INTEGRITY

To build up the trust with customers, supervisors and peers

ACCOUNTABILITY

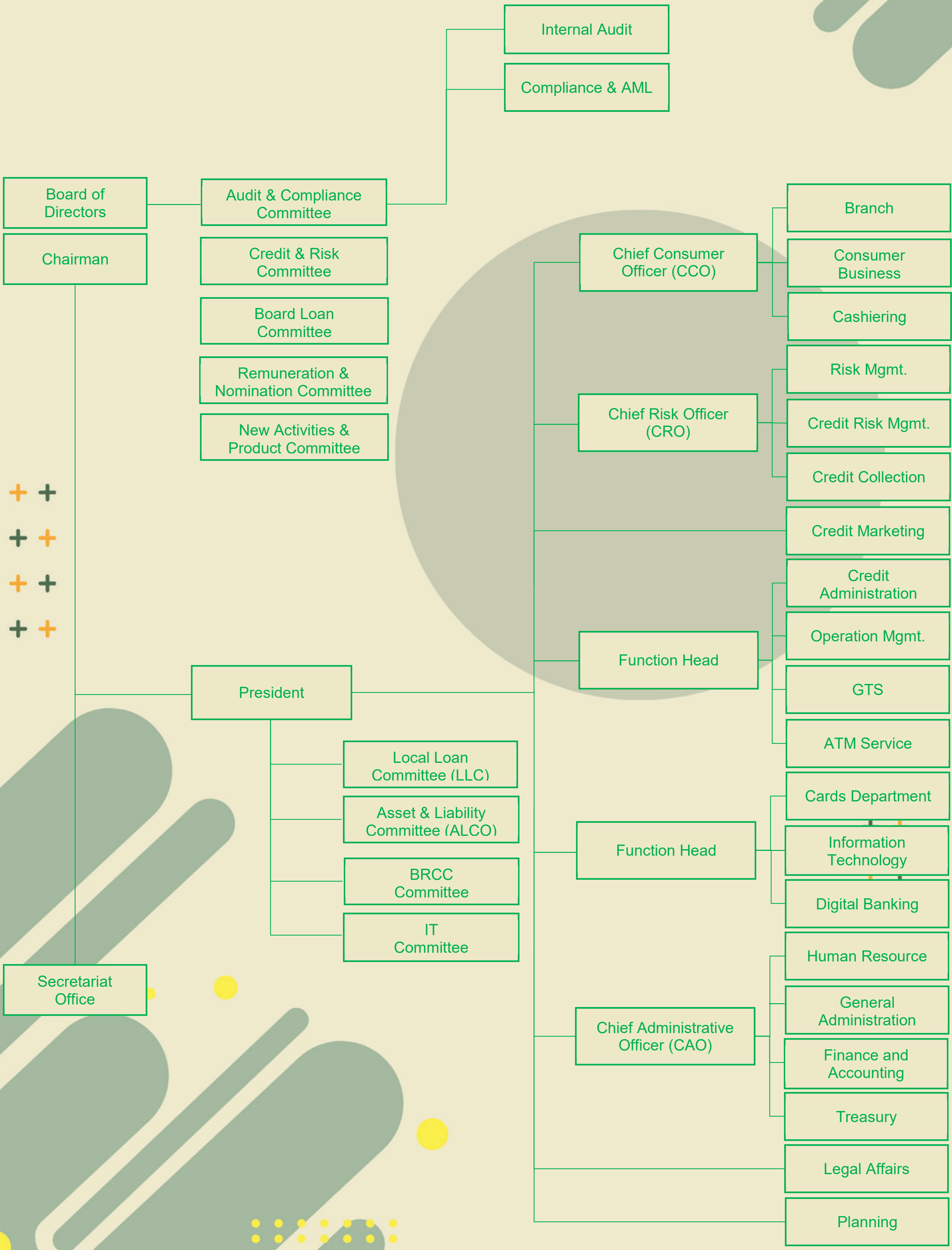
OWNERSHIP

To pursue more and better

INNOVATION

To enhance the status quo for the better, faster and efficient

ORGANIZATION STRUCTURE



MESSAGE FROM THE CHAIRMAN

On behalf of the Shareholder and Board of Directors of Cathay United Bank (Cambodia) Corporation Limited (CUBC), it is my pleasure to share the Annual Report of 2023. In reflecting on the past few years, we recognize the formidable challenges Cambodia's economy has encountered amidst global crises and both individuals and private sectors severely faced earnings recession. Ongoing challenges such as the pandemic outbreak, the conflict between Russia and Ukraine and elevated international interest rates have continued to impede the nation's economic progression, notably affecting industry growth, real estate demand, and the borrowing capacities of financial institutions and the private sector throughout 2023.

Despite these uncertainties, CUBC had managed to provide the best financial services to our esteemed local customers and across the region. Meanwhile, CUBC truly contributed all effort in developing business strategies and successfully transitioned towards a digitally-driven banking future with the unwavering support from the National Bank of Cambodia (NBC) in establishing the digital payment system such as Bakong which allow the users to conduct transactions more conveniently and accessibly. Furthermore, in alignment with the recent Prakas issued by NBC pertaining to Credit Risk for Capital Adequacy Ratios in Deposit-Taking Banks and Financial Institutions, we believe that our Bank is committed to increase our risk management framework to comprehensively address and mitigate operational risk. By doing so, we aim to strengthen our risk management practices including credit risk, operational risk and market risk, thereby ensuring the continuous stability and resilience of our operations.

Financial Summary

Throughout the 12 months of 2023, CUBC demonstrated notable progress in business performance despite the challenges posed by tightening financial conditions. By December 2023, our Bank witnessed significant growth across key metrics, showcasing resilience in navigating through the prevailing economic uncertainties. As of December 2023, total loan increased by 15.17% over the previous year, reaching a total of USD504M while the total of customers' deposit surged by approximately 14.27% amounting to USD354M which these figures show CUBC's robust financial standing and its ability to attract and retain deposits even amidst challenging market conditions. The equity balance was slightly rose at USD118M whilst the total asset stood in favorable position by USD653M equivalent to 14.77% increment. Besides, the Bank's net profit stood at USD930K decreased from USD4.97M in 2022. Despite of economic slowdown and in such challenging time, non-performance loan (NPL) ratio rose to 3.46% as of December 2023 while the bank has closely monitored each case and pay attention to our risk control.

Following the regulator's provision which required all banks and financial institutions to provide lending at least 10% of KHR currency, CUBC has actively promote Khmer Riel in both lending and deposit and fully implemented pursuance to the regulator's requirement by achieved 10.20% ratio of total loan as of December 2023. Along with good internal control, CUBC kept the liquidity coverage ratio remained in strong position with 140% ratio higher than requirement set by regulator. These year-end ratios resulted from the willingness of the Bank to fulfill and completely comply with the regulator that prudentially managed the Bank's capital to sustain the operation and enables us to grow our business in a steady way.

Business Achievements and Future Plans

In February 2023, CUBC achieved a significant milestone in digital development by officially becoming the member of Bakong system. With this membership, our valued customers gained access to seamless transactions among Bakong members, thereby enhancing their banking experience. The Bakong system facilitates various functions including bank transfer and making payments in both within Bakong accounts and Bank accounts. Another notable achievement occurred in March 2023 with the

Business Achievements and Future Plans (continued)

successful launch of our new CUBC mobile banking application following the Bakong project. The new app has accelerated us to grow more customers in term of digitalization and technology adoption. Through this platform, our customers can enjoy a multitude of services, including expedited payments through the KHQR function, Bakong transactions, and the ability to digitally open Bank accounts. Since the success of new Mbanking app, CUBC has committed to promote our latest version of application in order to fulfill customers' desired outcomes with the convenient way and as the result, CUBC has achieved a remarkable milestone of more than 5,000 digital accounts by December 2023. This achievement underscores our dedication to providing convenient and innovative solutions that align with our customers' expectations and preferences. Moreover, we are committed to strengthen our Mbanking function to reach the digital driven banking in the near future. By July 2023, CUBC has successfully granted approval from NBC on Bancassurance business service between the Bank and Fortune Life Insurance Plc, thus, we hope to gain more recognition and customers' satisfaction as well as to serve the local industry's need from the project.

In addition to our recent achievements, CUBC plans to expand the Bank's business scope by operating the Escrow service duly regulated by the Trust Regulator of Cambodia. This service aims to facilitate real estate transactions between buyers and sellers, with our bank acting as the trusted Escrow agent responsible for securely retaining funds during the property transaction process. We anticipate that this service offering will attract local individuals and investors in the real estate sector, thereby enhancing our business profitability and, importantly, bolstering our deposit portfolio.

Last but not least, I would like to express my gratitude, on behalf of CUBC's Shareholder and Board of Directors, to our esteemed customers for their unwavering trust, confidence, continued support of our banking services over the years. We deeply value the relationships we have cultivated and remain committed to delivering excellence in order to meet our customers' financial needs. At most, we would like to extend our appreciation to the government, especially NBC, for their steadfast support and advice. Finally, we would like to acknowledge and deeply thanks to all of our dedicated team for tireless efforts and unwavering commitment in making all accomplishments and successes happened. CUBC continues to uphold its core values and continuously serve the customers' need. As we look ahead, CUBC remains consistent in our commitment to serving our customers with integrity, accountability, and innovation. We are confident that with the continued support of our Shareholder and the dedication of our team, we will navigate the challenges ahead and continue to strengthen our position in the banking industry.

Yours sincerely,

Mr. Teng, Chung-Yi, Daniel

Chairman of Board of Directors

BOARD OF DIRECTORS

Mr. Teng, Chung-Yi, Daniel
Chairman

Mr. Teng, Chung-Yi was appointed as Chairman of Cathay United (Cambodia) Corporation Limited on June 19, 2017 and a member to Remuneration & Nomination Committee as well.

Mr. Teng also sits on the Board of several companies in Taiwan such as Taiwan Real-Estate Management Corp., Cathay United Bank (China) Co., Ltd. and Cathay Venture Inc. Currently, he is the Senior Executive Vice President of Cathay United Bank (Taiwan) and Cathay Financial Holdings, where he is involved in a variety of strategic planning and business development activities. Prior to joining Cathay Financial Holdings, Mr. Teng worked in the Cathay Life Insurance as a Senior Executive Vice President from 1994 to 2013. Mr. Teng holds M.B.A from Massachusetts Institute of Technology, USA and also holds Master of Science from Institute of Statistics of National Tsing Hua University, Taiwan.

Mr. Yeh, Chan-Hao, Kevin
Director & President

Mr. Yeh, Chan-Hao was appointed as the President and Director of the Bank in June 2023. He is also a member of Loan Committee, Credit & Risk Committee, and New Activities & Products Committee. Before joining Cathay United Bank (Cambodia) Corporation Limited, Mr. Yeh had been experienced with banking sector for more than 25 years in Taiwan and worked as Executive Vice President of Cathay United Bank (Taiwan) involved with bank strategic planning. Presently, Mr. Yeh is responsible for the supervision of Bank's daily business and operation as well as developing strategic plan. Mr. Yeh holds several professional certificate including Bank Internal Control and Audit and holds Master of Business Administration from National Chengchi University.

Mr. Hsia, Chang-Chuan, Joseph
Independent Director

Mr. Hsia, Chang-Chuan is an Independent Director of the Bank. He is also the Chairman of the Credit & Risk Committee and New Activities & Products Committee, and a member of the Audit & Compliance Committee and Loan 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. Hsieh, Po-Tsang, Fruiter
Independent Director

Mr. Hsieh, Po-Tsang is an Independent Director of the Bank. He is also the Chairman of the Audit & Compliance Committee as well as the Remuneration & Nomination Committee. Mr. Hsieh had been with banking business for more than 30 years. He joined Cathay United Bank in Taiwan as Senior Vice President in 2003 and became the Director of Cathay United Bank from 2013 to 2019. Prior to joining Cathay United Bank, Mr. Hsieh worked at United World Chinese Commercial Bank as Senior Vice President. Currently, Mr. Hsieh had retired from Cathay United Bank and being the independent director of Taiwan Finance Corporation from 2021. Mr. Hsieh holds Grade Two Civil Service Special Examination for Financial Business and a Bachelor of Business Administration from Chinese Culture University.

Mr. Sun, David Paul
Director

Mr. Sun, David Paul is a Director of the Bank, and he is also a member of Audit & Compliance Committee. Moreover, Mr. David P. Sun is a Senior Executive Vice President of Cathay Financial Holdings Co., Ltd. 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 MA from Harvard Graduate School of Design and an AB from Harvard College.

Mr. Wang, Chih-Fong, Chris
Director

Mr. Wang, Chih-Fong is a Director of the Bank, and he is also a member of New Activity & Product Committee. Mr. Wang has experienced in finance industry for more than 15 years. During his career, he had been worked as the Vice President, Senior Vice President and Executive Vice President of Cathay Life Insurance, Taiwan. Presently, Mr. Wang works as Executive Vice President of Cathay United Bank, Taiwan. Mr. Wang holds the MBA from Tsinghua University, Beijing China in year 2010.

Mr. Miao, Hua-Ben, Benny
Director

Mr. Miao, Hua-Ben is a Director of the Bank, and he is also a member of Credit & Risk Committee, Remuneration & Nomination Committee, and the Chairman of Loan Committee. Mr. Miao 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. Miao works as Executive Vice President of Cathay United Bank, Taiwan. Mr. Miao holds the MBA from Pennsylvania Sate, USA in year 2003.

AUDIT & COMPLIANCE COMMITTEE

Committee Members	Designation in Committee	Designation in Bank
Hsieh, Po-Tsang	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 undertake 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.

AUDIT & COMPLIANCE COMMITTEE (continued)

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
Miao, Hua-Ben	Member	Director
Yeh, Chan-Hao	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
Hsieh, Po-Tsang	Chairman	Independent Director
Teng, Chung-Yi	Member	Chairman
Miao, Hua-Ben	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.

NEW ACTIVITIES & PRODUCTS COMMITTEE

Committee Members	Designation in Committee	Designation in Bank
Hsia, Chang-Chuan	Chairman	Independent Director
Wang, Chih-Fong	Member	Director
Yeh, Chan-Hao	Member	President

Purpose

The committee has been established pursuant to Prakas on Internal Control of Bank and Financial Institutions (B7 010-172 Prokor) for reviewing the new products/activities proposals, discuss and provide corresponding recommendations to the Board.

Term of Reference

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

i. Ensure proper identification, analysis and control of various risks that arise in relation to the launch of new products, activities, services, change of procedures, and approval of new systems, while minimizing losses which may occur;

ii. Review the new products/activities proposals in accordance with the Bank's relevant policies, including but not limited to Operational Risk Management Policy, AML and CFT Compliance Policy, Internal Control Policy and Interest Rate Risk Management in the Banking Book (IRRBB) Policy, as well as discuss and provide corresponding recommendations to the Board;

iii. Review any other matters that may be delegated to the committee by the Board.

Member

The meeting shall meet on an ad-hoc basis as whichever unit that develops the new product/service submits a new product/activity proposal. A quorum for a meeting of the committee shall be at least three (3) members. The committee may invite expertise and management team to attend meetings of the committee.

LOAN COMMITTEE

Committee Members	Designation in Committee	Designation in Bank
Miao, Hua-Ben	Chairman	Director
Hsia, Chang-Chuan	Member	Independent Director
Yeh, Chan-Hao	Member	President

Purpose

The purpose of the Loan Committee ("Committee") is mainly to approve loan/credit transactions exceeding President's authority; AND to enhance portfolio quality.

Term of Reference

The functions of the Loan Committee shall be to:

i. To approve loan/credit transactions exceeding President's authority, with prudent and fair views.
ii. To review loan/credit portfolio monitoring report (including quality, performance, sector concentration) prepared by management team.
iii. To review bank's implementation on loan/credit portfolio to meet NBC regulation.
iv. To review other matters delegated to the Committee by the Board.

Member

The Committee shall consist of 3 members or more. Members of the Committee shall be appointed by the Board. Chairman of the Committee shall be appointed by the Board or be elected with majority votes by members of the Committee.

CORPORATE GOVERNANCE GUIDELINES

1. Objective:

This Corporate Governance Guidelines (hereinafter referred to "**CG Guidelines**") aims to strengthen governance and enable good corporate governance within CUBC to achieve the goals, control risks and assure regulatory compliance in line with the implementation of CUBC's core value "**Integrity**, **Accountability**, **Innovation**" (hereinafter referred to "**Core Value**").

2. Scope:

The scope of this CG Guidelines applies to different levels of management including the Board of Directors, Board Committees, and Senior Management of CUBC in order to provide clear guidance rules to CUBC's stakeholders and to define the relationship between the Board, management, all levels employees, and the rest of the institution for the purpose of transparency, interest protection, jobs efficiency enhancement and risks mitigation among CUBC.

3. Definitions:

i) Corporate Governance: refers to the development of clear structure & systems of rules and practices by which CUBC is governed and directed.

ii) Board of Directors or Board: refer to the decision-making body or the collegiate body that is responsible for supervising the management and situation of CUBC on behalf of Shareholder.

iii) Board Committees: refer to Board level's committees that may be set up by the Board of Directors. The Board of Directors shall determine its composition, duties and responsibilities, as well as operating procedure. CUBC's Board Committees consists of Audit & Compliance Committee, Credit & Risk Committee, Board Loan Committee, Remuneration & Nomination Committee, New Activities & Products Committee and other specialized committees as it deems necessary.

iv) Senior Management: refers to a group of key executives overseeing day to day management of the institution that is required approval from NBC, and that comprise of President, First-Vice President, and Vice President who has sufficient back up duty for First-Vice President and President.

v) Related Party: refers to any person holding directly or indirectly at least 10% of the capital or voting rights; any company of which the covered entity directly or indirectly holds at least 10% of the capital or voting rights; any individual who participates in the administration, direction, management, or internal control; and appointed external auditor.

4. Good Corporate Governance

In line with the growth of the Bank and market developments, CUBC aspires to the highest standards of ethical conduct and adhering to international best practices for Corporate Governance.

Good Corporate Governance is an integral part of our daily operations at CUBC. CUBC believes that we must follow sound commercial principles, supported by strong Corporate Governance practices in each of the activities of the Bank. We are fostering a culture that instills this good corporate governance and internalizes the goals of improved transparency, disclosure, independence and accountability through a variety of formalized and widely disseminated communications and programs. These include our Vision and Mission Statements, Management of Ethical Conduct, Standards of Conduct and annual disclosure required by regulatory compliance and our active committee system.

Our Procedures and Guidelines Conduct for Ethical Management and Code of Conduct section of Human Resources Policy stipulates the onerous responsibilities of CUBC's employees to safeguard the Bank's integrity and credibility. It also codifies the ethical standards of conduct expected of CUBC's employees. At the same time, CUBC is taking steps to strengthen corporate governance towards boosting public confidence in the Cambodia banking industry.

5. Board Matters

Board of Directors

The Board of Directors' primary responsibility is to provide effective governance over the Bank's affairs for the benefit of its shareholders, and to maintain the interests of its customers, employees, suppliers and local communities. In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably believe to be the best interests of the Bank and avoid conflicts of interest. In discharging that obligation, Directors may rely on the honesty and integrity of the Bank's Senior Managements and its outside advisors and auditors.

Number and Selection of Board Members

There are seven (7) Directors including Independent Directors supervising the Bank. Directors shall be appointed by the majority votes of Shareholders through ordinary resolution, Service terms of Directors is mandated for 2 years and it is eligible to be renewed after two (2) years. Appointments of these Directors will be notified to NBC for an approval.

The Board of Directors shall include 2 independent directors. The 2 independent directors shall be capable of exercising judgment independent of the managements' views, political interests or inappropriate outside interests.

The Board may also appoint honorary directors. Honorary directors are invited to Board meetings, but do not vote on issues presented to the Board.

Candidates for the Board shall be recommended to Shareholders for approval, taking into consideration the overall composition and diversity of the Board and areas of expertise that new Board members might be able to offer.

Qualifications for Director Candidates

The Directors shall be appointed by the Shareholders and then the Secretariat Office will submit the proposal to Board meeting based on Shareholder's instruction. The factors considered in its review of potential candidates include:

i) Whether the candidate has exhibited behavior that indicates he or she is committed to the highest ethical standards and the values of the Bank;

ii) Whether the candidate has had broad business, governmental, non-profit or professional experience that indicates that the candidate will be able to make a significant and immediate contribution to the Board's discussion and decision-making in the array of complex issues facing a financial services business;

iii) Whether the candidate has special skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors in order to follow up current market conditions and be knowledgeable of the competitive environment of the Bank;

iv) Whether the candidate has had a successful career that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make;

v) Whether the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the Bank's shareholders in reaching decisions;

vi) Whether the candidate will be able to devote sufficient time and energy to the performance of his other duties as a director;

vii) Whether the candidate will understand the overall regulatory environment in order to be knowledgeable of regulatory issue that could arise;

viii) Whether the candidate will undergo the fit and proper testing process at the NBC which is part of the licensing processes;

ix) Whether the candidate is to understand their role, including the institution's risk profile;

x) Whether the candidate is to be trained if necessary so as to maintain a collective expertise;

5. Board Matters (continued)

xi) Whether the candidate is to understand their duties to shareholders, to the institution, and to stakeholders;

xii) Whether the candidate have time and energy to be able to act efficiently.

The Board shall exercise their judgment on the application of the above factors.

Independent Director

An Independent Director is a Non-Executive Director who is free from any business or other association - including those arising out of a substantial shareholding, involvement in past management or as a supplier, customer or adviser - that could materially interfere with the exercise of their independent judgment. The circumstances that will not meet this test of independence include, but are not limited to, those set out below.

A Director is not independent if the director:

i) is a substantial shareholder of the Bank or an officer of, or otherwise associated directly with, a substantial shareholder of the Bank ("substantial shareholder" is consider as a person with a substantial holding that has 5% or more of the total number of votes attached to voting shares);

ii) is employed, or has previously been employed in an executive capacity by the Bank, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

iii) has within the last three years been a principal of a material professional adviser or a material consultant to the Bank, or an employee materially associated with the service provided;

iv) is a material supplier or customer of the Bank, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

v) has a material contractual relationship with the Bank other than as a Director.

Training and Development to the Board:

The Bank will provide continuing education opportunities for all members of the Board if necessary.

Board Meeting & Attendance

Directors are expected to attend the Bank's Annual General Meeting, Board meetings and meetings of Board Committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Information and materials that are important to the Board's understanding of the business to be conducted at a Board or Board Committee meeting should be distributed to the Directors prior to the meeting, in order to provide time for review.

The Chairman will establish a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year, and shall also establish the agenda for each Board meeting. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting.

The Board holds regular and irregular meeting, if needed, where all decisions are made in this meeting. The Board shall meet at least 4 times a year. Directors shall be dismissed if he/she misses to attend ½ of total Board meeting or does not attend 3 consecutive Board meetings without an appropriate reason.

Annual Strategic Review

The Board reviews the Bank's long-term strategic plans and the principal issues that it expects the Bank may face in the future during at least 1 Board meeting each year.

5. Board Matters (continued)

Communications

The Board believes that Senior Management speaks for the Bank. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Bank, subject to prior consultation with the Chairman or the President.

Effective Board & Control

In addition to the formal Board meetings, directors shall regularly interact and direct questions with the Bank's management and internal auditors.

The key functions of the Board are:

i) Guiding of the Bank's strategies and principal issues;

ii) Approving annual budgets and targets;

iii) Monitoring the performance and proper conduct of the Bank's business;

iv) Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance; and

v) Appointing Senior Management to Board Committees and receiving reports of Board Committees.

vi) Regularly assess their practices

vii) Ensuring that Senior Management follows clear policies to implement the operations when facing non-transparent structures or jurisdictions

viii) Ensuring that internal audit does not leave these structures or activities out of their regular reviews

ix) Ensuring that outsourced key activities remain under sufficient control and that the corresponding risks are adequately identified and monitored

Board Committees

The standing committees of the Board are the Audit & Compliance Committee, Credit & Risk Management Committee, Board Loan Committee, Remuneration & Nomination Committee and New Activities & Products Committee.

Board Committee members shall be appointed by the Board. Each Board Committee shall have its own written charter. The charters shall set forth the mission and responsibilities of the Board Committees as well as qualifications for Board Committee membership, procedures for Board Committee member appointment and removal, Board Committee structure and operations and reporting to the Board.

The Chair of each Board Committee, in consultation with the appropriate members of the Board Committee and Senior Management, shall develop the Board Committee's agenda. The Board may, from time to time, establish or maintain additional Board Committees as necessary or appropriate.

6. Strategic Objectives & Corporate Values

Strategies & Values

The Bank has developed strategies, values, and major plans of action that are necessary to conduct the activities of the Bank. The Board is responsible for reviewing and guiding them by actively involving themselves in the process and also contribution to be made by the Senior Management.

The Board through the Senior Management nurtures the Bank culture in ensuring its employees understand and comply with its strategic objectives and values, including those regarding ethics and compliance rules. The members of the Boards act as role models for Senior Management and employees in implementing its said objectives and values. The Board will constantly check if the objectives and values are actually prevailing throughout the Bank by analyzing major incidents in which employees failed to meet the objectives and values. The Board shall ascertain that credit risk

6. Strategic Objectives & Corporate Values (continued)

assessment, controls, and procedures are appropriate to nature, complexity and size of the Bank's activities.

High Standards of Professional Conduct in Addressing Conflicts of Interest and Unethical Behavior

Monitoring related parties' transactions is an important policy goal to the Bank so as to ensure sound banking.

The Board has put in place the policies and procedures on related parties' transactions. The Board shall approve or disapprove materially important transactions respectively while requiring management to clearly prove that they are on market terms and conditions.

The Audit & Compliance Committee and Credit & Risk Committee monitor to ensure that any related parties transactions or lending to its officers and employees comply with its policy and procedures in order to prevent conflicts of interest.

Loans to related parties will be disclosed and reported to NBC.

7. Clear Lines of Responsibility

Responsibility & Accountability

The Board has clearly defined the authorities and key responsibilities for themselves and for the Senior Management and they have ultimate responsibilities in overseeing the Senior Management's actions.

Integrity & Fairness

The Board believes in conducting business with integrity and fairness in an honest and ethical manner. All transactions and decisions should be made in good faith in the best interest of the Bank so as to minimize inequalities of power. Also, all statements and actions should be made honestly and accurately so that they may be relied upon. Selective presentation of information or suppression of relevant information is not allowed since such action contributes to an act of dishonesty, or that may be construed to be views and judgments that are not balanced and diluting the integrity standards espoused at all times by the Board and the Bank's Senior Management.

Director Access to Senior Management

Directors have full and free access to Senior Management and other employees of the Bank. Any meetings or contacts that a Director wishes to initiate may be arranged through the President or directly by the Director. The Board welcomes regular attendance at each Board meeting by Senior Management of the Bank. If the President wishes to have additional Bank personnel attendees on a regular basis, this suggestion will be brought to the Board for approval.

Senior Management

The Senior Management is responsible for the day-to-day operations of the Bank, serving as a link between the Board and employee. The Senior Management is responsible for:

i) Setting, developing and implementing the Bank's strategic and operational plan to ensure the Bank's profitable growth and success;

ii) Keeping Directors adequately informed about the performance of the institution through financial and management reports and the reports prepared by internal auditors, external auditors and the compliance officer;

iii) Advising the Board on the appropriate organizational structure, and ensuring that the quantity and quality of employee resources are available to carry out all tasks, including internal audit and compliance;

7. Clear Lines of Responsibility (continued)

iv) Developing and motivating HoDs or above to ensure the leadership team is effective by setting agendas, delegating authority and responsibility for individual tasks and strategic initiatives, and providing overall management;

v) Ensuring succession plans are in place to provide the continuity of leadership required by the Bank for the future;

vi) Acting as a final decision-maker as per the Board's Delegation of Authority and ensure all operations are conducted in full compliance with laws, regulations and the Bank's Procedures and Guideline of Conduct for Ethical Management.

vii) Implementing and maintaining risk management systems appropriate to the scale, nature and complexity of the institution;

viii) Delineating and documenting the areas of responsibility for each employee member. Reporting lines must be clear and appropriate in the context of the scale, nature and complexity of the Bank;

ix) Communicating the Bank's strategic direction, reporting lines and risk tolerances throughout the organization; and

x) Overseeing management information systems to enable timely and accurate dissemination of information to the Board and regulators.

8. Promotion of Quality & Efficiency of Audit

Internal Control

The Board has overall responsibility for maintaining a system of internal controls which shall cover all of the Bank's business activities, such as financial and operational controls and risk management, under which suitable policies and internal procedures shall be stipulated in accordance with the organization rules, articles of incorporation, business guidelines, and handling manuals; Senior Management shall establish such a system by receiving instructions and supervision from the Board of Directors, complying with resolutions made in the Board of Directors such as business strategies, risk preferences and other strategies, developing risk-related procedures that are adequate to identify, measure, monitor, and control the Bank's risks. This system provides reasonable but not absolute assurance against materials misstatements, losses and fraud.

The Audit & Compliance Committee is entrusted with the responsibility of identifying and communicating to the Board on the critical risks that may be faced by the Bank, changes to the Bank's risk profile and management's action plans to manage the risks.

Internal Audit

The Audit & Compliance Committee assigns the task of monitoring the appropriateness and effectiveness of its systems and controls to the Internal Audit Department. The internal auditors report regularly to the Audit & Compliance Committee.

The Audit & Compliance Committee will:

i) To monitor the integrity of the financial reporting process and systems of internal controls of the Bank;

ii) To assess the appropriateness of the Bank's accounting policies and principles and disclosures and any changes to them;

iii) To review effectiveness of the Bank's legal compliance management and to review the Bank's code of ethics and code of practice;

iv) To review and evaluate the appropriateness of internal audit plan of the Bank;

8. Promotion of Quality & Efficiency of Audit (continued)

v) To review the scope and results of the internal audit procedures; and ensure that internal audit undertake audit of the effectiveness and compliance with Anti-money laundering (AML) and Combating the Financing of Terrorism (CFT);

vi) To ensure adequacy of review procedures of the financial statements and other financial information released by the Bank;

vii) To make recommendations to the Board about the appointment, re-appointment or replacement of the external auditor, the Head of Internal Auditor, and Compliance Officer;

viii) To ensure that the roles and job responsibilities of internal auditor are clearly defined and documented in accordance Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT);

ix) To 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;

x) To ensure the Bank has an effective internal control system for AML/CFT compliant with legal and regulatory requirements;

xi) To assess the implementation of approved AML/CFT and other compliance policies via periodic reports;

xii) Other functions as may be agreed by the board of directors.

Internal Auditor is to:

i) assure the effectiveness of risk identification, measurement, monitoring, management, limitation and, where applicable, mitigation procedures and processes; and

ii) assure the effectiveness of the internal control procedures and processes and appropriateness of processes established to prevent from conflict of interest situations or, when applicable, to resolve them in a prudent manner; and

iii) assure the adequacy and effectiveness of compliance controls and the full adherence to the policies issued by the Board of Directors; and

iv) Test the effectiveness of Anti-Money Laundering (AML) and Combating the Financing of Terrorism.

9. Compensation Policies

Director's Remuneration

The form and amount of the Director's remuneration is determined by the Board based upon the recommendations of the Remuneration & Nomination Committee. The Remuneration & Nomination Committee shall conduct an annual review of the Director's remuneration.

Remuneration of CUBC's Employee

As part of the Bank's value strategy, the objective of the Bank's compensation program is to attract, retain and motivate high performing employee to create sustainable shareholder value over the long term. To achieve this objective, the Bank's compensation program is based on the following principles:

i) offer competitive compensation;

ii) link compensation with individual performance, the achievement of specific strategic business objectives and the Bank's performance as a whole;

iii) strive to ensure the Bank is a market leader on governance issues;

iv) align employee compensation with current best practices;

v) provide flexible, simple and accessible programs for employee.

10. Transparency (continued)

Disclosure of Information

The Bank ensures that reporting of financial and non-financial information to be accurate and such information is made available on a timely basis. The Bank's general web site which provides substantial

information about the Bank and its programs and services, including financial statements and press releases are easily accessible by the public. Such information, along with other information made available periodically by the Bank through press releases and other media, provides transparency with respect to the operations and financial performance of the Bank.

The Bank is committed to providing disclosure to the public. By taking into account the requirements of NBC regulations and the unique structure of the Bank, the Bank issues reports that are consistent with the requirements. As a result, the Bank's disclosure produces transparency regarding its operating and financial performance and confirms the effectiveness of its corporate governance system.

Standards of Conduct & Management of Ethical Conduct

The Bank has adopted the Code of Conduct section in HR Policy and Procedure and Guideline of Conduct for Ethical Management, and other internal policies and guidelines designed to support the mission statement set forth above and to comply with the laws, rules and regulations that govern the Bank's business operations. The Code of Conduct determined in HR Policy and Procedure and Guideline of Conduct for Ethical Management apply to all employees of the Bank, including the directors of the Bank.

Transactions with Directors

To the extent transactions, including banking services and other financial services, between the Bank and any Director or family member of a Director are not otherwise specifically prohibited under these Corporate Governance Guidelines or other policies of the Bank. Such transactions shall be made in the ordinary course of business.

Loan Related Parties

The Bank may grant credit facilities to related parties either by referring to employee loan policy or credit policy.

11. Understanding of Institution's Structure

Risk Management

The Board is responsible for overseeing the establishment, implementation, review and monitoring of risk management systems and policies. The Bank has established an integrated framework of committee policies and controls to identify, assess, monitor and manage risk. The Senior Management is responsible for implementing the policies and controls.

Credit & Risk Committee shall be chaired by a person who is independent from day to day operations and expertise in finance and risk management and fully understand and assist to monitoring the implementation of risk management policies.

Financial Safeguards

The Board has established an Audit & Compliance Committee, with a charter setting out the responsibilities of the Committee. The Audit & Compliance Committee has oversight responsibility for the internal audit function, Compliance & AML function, and approves other relevant policies.

The Audit & Compliance Committee also has oversight responsibility in relation to the external auditor. Among other things it recommends to the Board the policy in relation to auditor independence and approves the annual audit engagement terms. It also conducts the annual fit and proper assessment of the auditor.

11. Understanding of Institution's Structure (continued)

The Chairman and President both provide annual signoffs to the Board in relation to financial matters, as mentioned in the annual report.

12. Amendments

The Board may amend these Corporate Governance Guidelines, or grant waivers in exceptional circumstances, provided that any such modification or waiver may not be a violation of any regulations of NBC or any other applicable law or rule provided that any such modification or waiver is appropriately disclosed.

13. Conclusion

The Bank's Corporate Governance Guidelines fully comply with all the requirements of NBC regarding Corporate Governance. The Bank has implemented many of the recognized best practices, standards, and procedures so that its Corporate Governance structure operates to ensure the prudent and effective management of the Bank in the interest of its members and the public.

The Board of Directors ("BOD") of Cathay United Bank (Cambodia) Corporation Limited ("the Bank") presents its report together with the consolidated financial statements of the Bank and its subsidiaries (together referred to as "the Group") and the separate financial statements of the Bank (collectively referred to as "the financial statements") as at 31 December 2023 and for the year ended.

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 of Cambodia and in accordance with Banking License No. 12 issued by the NBC. The Bank was incorporated in April 1996 under Registration No. Co. 079 E/1996, which was updated to 00005929 issued by the Ministry of Commerce on 11 June 2016. 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 Bank's registered address is at No. 48, Samdech Pan Street (St. 214), Phnom Penh, Kingdom of Cambodia.

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 is to hold parcels of land for the Bank's use.

FINANCIAL PERFORMANCE

The Group's and the Bank's financial performance for the year ended 31 December 2023 are set out in the consolidated and separate statement of comprehensive income.

DIVIDENDS

No dividend was declared or paid, and the Directors do not recommend any dividend to be paid for the year under audit.

SHARE CAPITAL

There were no movements in the share capital of the Group and the Bank during the year.

RESERVES AND PROVISIONS

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

ALLOWANCE FOR EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES

Before the financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off bad loans and advances or in recognising provision for expected credit losses on loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that reasonable allowance had been made for expected credit losses.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of allowance for expected credit losses on loans and advances in the financial statements of the Group and the Bank inadequate in any material respect.

ASSETS

Before the financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the 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 in any material respect.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- no 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; and
- no 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 course of business.

No contingent liability 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 have a material effect on the ability of the Group or the Bank to meet its obligations when they become due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the BOD is 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 in any material respect.

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, materially affected by any items, transactions or events 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 items, transactions or events of a material and unusual nature likely, in the opinion of the BOD, to substantially affect the results of the operations of the Bank for the year in which this report is made other than those already disclosed in the accompanying notes to the financial statements.

SUBSEQUENT EVENTS

No significant events occurred after the reporting date that require disclosure or adjustment to the financial statements.

THE BOARD OF DIRECTORS

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

Mr. Chung Yi Teng	Chairman
Mr. Chan Hao Yeh	Director and President *(appointed on 16 June 2023)*
Ms. Hsiu Chu Chuang	Director and President *(ended term on 15 June 2023)*
Mr. David Paul Sun	Director
Mr. Hua Ben Miao	Director
Mr. Chih Fong Wang	Director
Mr. Chang Chuan Hsia	Independent Director
Mr. Po Tsang Hsieh	Independent Director

AUDITOR

Ernst & Young (Cambodia) Ltd. Is the auditor of the Group and the Bank.

DIRECTORS' INTERESTS

No members of the Board of Directors have an interest in the shares of the Group and of the Bank.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Group and the Bank was a party, whose object was to enable the Directors of the Group and the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Group and the Bank or any other corporate body.

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

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the respective financial position of the Group and the Bank as at 31 December 2023, and their

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

financial performance and cash flows for the year ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). The Board of Directors oversees preparation of these financial statements by management who is required to:

i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

ii) comply with CIFRSs or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;

iii) maintain adequate accounting records and an effective system of internal controls;

iv) prepare the financial statements on a 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 these have been properly reflected in the financial statements.

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the respective financial position of the Group and the Bank as at 31 December 2023, and their respective financial performance and cash flows for the year ended in accordance with CIFRSs.

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

ព្រះរាជាណាចក្រកម្ពុជា C.U.B.C Cathay United Bank (Cambodia) KINGDOM OF CAMBODIA

Chung Yi Teng	Chan Hao Yeh
Chairman	*President*

Phnom Penh, Kingdom of Cambodia

5 March 2024

SERVICE NETWORK

"Cathay United Bank (Cambodia) Corporation Limited"

Head Office

No.48, Samdach Pan Avenue St.(214), Sangkat Boeng
Reang, Khan Daun Penh, Phnom Penh
Tel: (855) 23 -21 12 11
Fax: (855) 23 -21 21 21
Swift: CSBCKHPP

SERVICE NETWORK (continued)

Branches:

Mao Tse Tung Branch

No. 183A & 183B, Mao Tse Tung Blvd, Sangkat Toul Svayprey 1, Khan Chamkarmon, Phnom Penh

Tel: (855) 23 - 22 30 95, (855) 23 - 99 65 77
Fax: (855) 23 - 22 30 94

Nehru Branch

No. 168GEo, Jawaharlal Nehru Blvd (St. 215), Sangkat Vealvong, Khan 7 Makara, Phnom Penh

Tel: (855) 23 - 88 13 22

Phsar Hengly Branch

No.2 (Eo+E1+E2), Street 271 corner Street 2002, Sangkat Tuek Thla, Khan SaenSokh, Phnom Penh

Tel: (855) 23 - 88 77 55
Fax: (855) 23 - 88 06 65

Toul Tumpoung II Branch

No. 94, St. 271, Sangkat Toul Tumpoung 2, Khan Chamkarmon, Phnom Penh

Tel: (855) 23 - 22 02 38
Fax: (855) 23 - 22 03 28

Chbar Ampov Branch

No.586 & 587A 587B, National Road Nº 1, Sangkat Chbar Ampov Ti Pir, Khan Chbar Ampov, Phnom Penh

Tel: (855) 23 - 72 01 72
Fax: (855) 23 - 72 01 82

Stat Chas Branch

Nº A03, Street 70 & Nº A05, Street 90, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh

Tel: (855) 23 - 90 16 08
Fax: (855) 23 - 90 16 09

Stueng Mean Chey Branch

Lot Nº 3 & 4, Preah Monireth Blvd, Damnak Thum Muoy Village, Sangkat Stueng Mean Chey 2, Khan Mean Chey, Phnom Penh

Tel: (855) 23 - 42 46 61
Fax: (855) 23 - 42 46 62

Chaom Chau Branch

No. 8C & 9C (Eo+E1), Russian Federal Blvd. Corner of New Road, Sangkat Kakab, Khan Pur Sen Chey, Phnom Penh

Tel: (855) 23 – 23 13 21
Fax: (855) 23 – 23 13 20

Saensokh Branch

Lot Nº.1212 Rong Chakr1 village, Sangkat Kouk Khleang, Khan Saensokh, Phnom Penh.

Tel: (855) 23 - 99 06 88, (855) 23 - 99 08 08

Kampong Cham Provincial Branch

National Road No.7, Phum 6, Sangkat Veal Vong, Krong Kampong Cham, Kampong Cham Province

Tel: (855) 42 - 94 14 08
Fax: (855) 42 - 94 14 08

Siem Reap Provincial Branch

No. 16A-17A-18A, Sivutha St., Phum Mondol 1, Sangkat Svay Dankum, Krong Siem Reap, Siem Reap Province

Tel: (855) 63 - 96 38 38
Fax: (855) 63 - 96 39 39

Sihanoukville Branch

No. 255 Ekareach St., Krom 14, Phum 2, Sangkat 2, Krong Preah Sihanouk, Preah Sihanouk Province

Tel: (855) 34 - 93 42 28

Battambang Provincial Branch

No. 034-035, Prek Moha Tep Village, Sangkat Svay Por, Krong Battambang, Battambang Province

Tel: (855) 53 - 95 33 39
Fax: (855) 53 - 95 33 43

Krong Bavet Branch

Manhattan Special Economic Zone, National Road No. 1, Sangkat Bavet, Krong Bavet, Svay Rieng Province.

Tel: (855) 44 - 94 63 02
Fax: (855) 44 - 94 63 02

PRODUCTS AND SERVICES

Personal Banking & Business Banking

- Deposit Accounts
- Remittances
- Loans
- Personal Cards
- Foreign Exchange
- ATM Service
- Online Banking
- Payroll Service
- International Trade
- Merchant Service

Deposit Accounts
- Current Account
- Saving Account
- Fixed Deposit
- Deposit Pricing Guide

Remittances
- Inward & Outward Remittances
- Payment & Transfer

Loans
- Individual Loan
- Commercial Loan

Personal Cards
- Credit Cards
- Debit Cards
- Card Promotion
- Rewards Program
- Experience with Cashpoint
- Apply Online

ATM Service
- ATM Service

Online Banking
- iBanking
- mBanking
- Alert Services
- Global MyB2B

Foreign Exchange
- Available Exchange at Counter
- SWIFT Transfer Exchange

Corporate Social Responsibility

Charity Event

In May 2023, Cathay United Bank (Cambodia) Corporation Limited participated with the Cambodia Red Cross to celebrate the 160th Anniversary of the World Red Cross and Red Crescent Day. The theme was "Together with the Cambodia Red Cross for Social Inclusion." The bank donated KHR4,000,000 to support humanitarian activities aimed at helping people affected by natural disasters, as well as to benefit the most vulnerable people in Cambodia.


CATHAY UNITED BANK (CAMBODIA) CORPORATION LIMITED

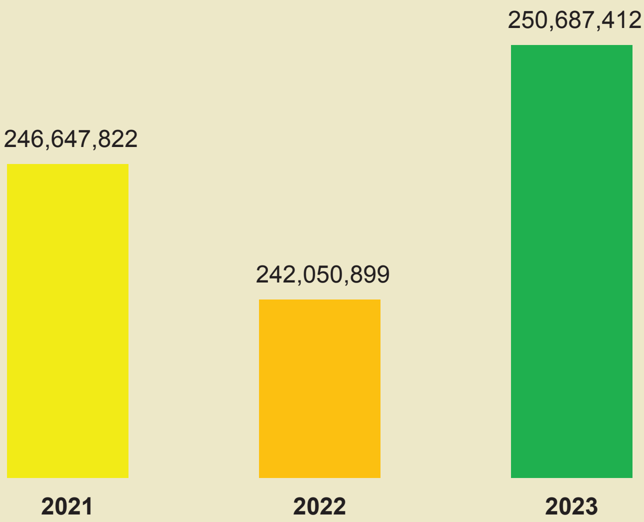
4,000,000

Blood Donation

The staffs of Cathay United Bank (Cambodia) Corporation Limited volunteered to join “Donate Blood, Save Life” organized by The Association of Banks in Cambodia. This event aims to replenish the community’s safe blood supply and raise awareness about the importance of donating blood as a life-saving gift. Our Bank has consistently demonstrated its unwavering commitment to societal responsibility and helping those in need.

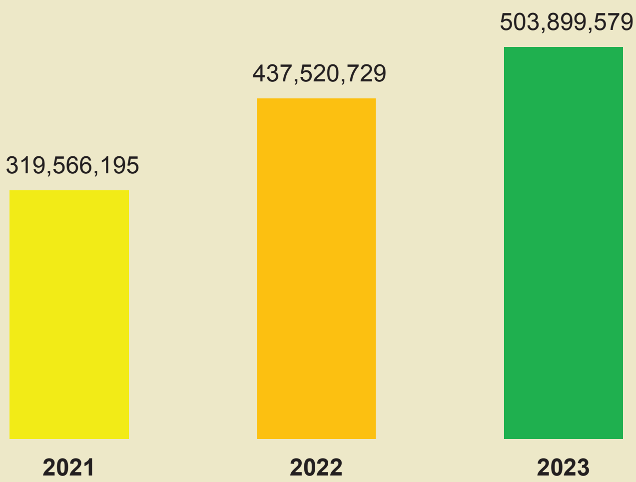
FINANCIAL HIGHLIGHTS

Customer Deposits



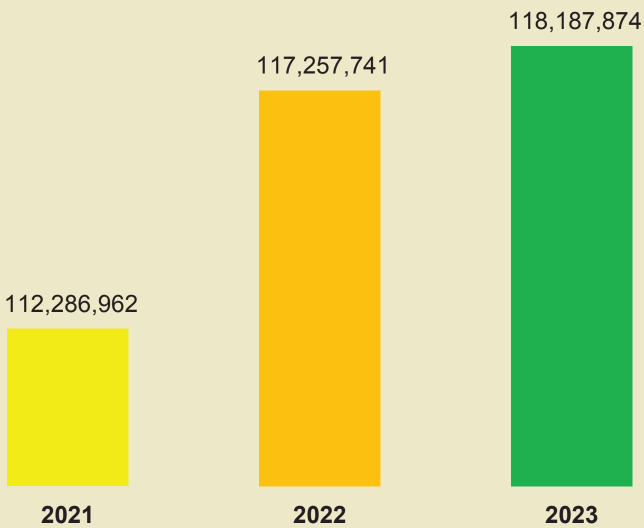
U.S. DOLLAR

Gross Loan



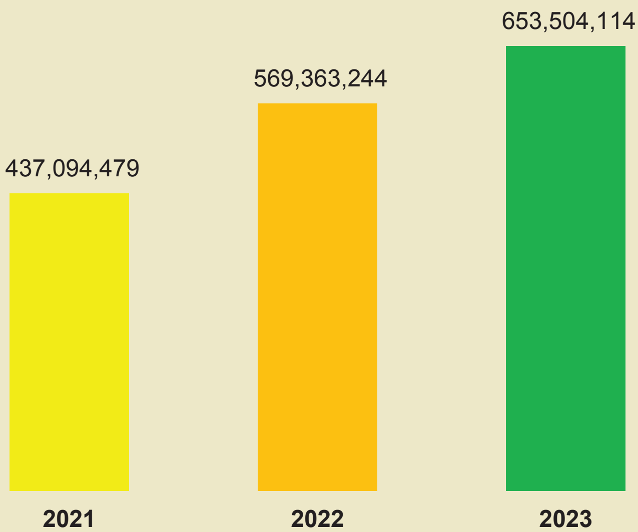
U.S. DOLLAR

Shareholder's Equity



U.S. DOLLAR

Total Assets



U.S. DOLLAR

Opinion

We have audited the consolidated financial statements of Cathay United Bank (Cambodia) Corporation Limited ("the Bank") and its subsidiaries (together referred to as "the Group") and the separate financial statements of the Bank which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information (collectively referred to as "the financial statements").

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Bank as at 31 December 2023, and their consolidated and separate 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 Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Group and the Bank as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 9 March 2023.

Other Information

The other information obtained at the date of the auditor's report is the Report of the Board of Directors. Management is responsible for the other information.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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's 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Hong Khav
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

5 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	2023		2022	
		US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
				(As reclassified – Note 35)	
ASSETS					
Cash on hand	3	16,909,877	69,076,848	15,220,906	62,664,470
Balances with the NBC	4	76,929,229	314,255,900	67,844,689	279,316,585
Balances with other financial institutions	5	38,403,533	156,878,432	33,931,164	139,694,602
Loans and advances to customers	6	501,193,533	2,047,375,582	433,802,332	1,785,964,201
Investment in securities	7	5,896,072	24,085,454	4,982,771	20,514,068
Property and equipment	9	6,897,650	28,176,900	6,407,088	26,377,981
Right-of-use assets	10	2,424,940	9,905,880	1,939,137	7,983,427
Software costs	11	1,320,670	5,394,937	1,519,049	6,253,925
Deferred tax assets, net	12.3	-	-	626,479	2,579,214
Other assets	13	3,528,610	14,414,372	3,089,629	12,720,002
TOTAL ASSETS		**653,504,114**	**2,669,564,305**	**569,363,244**	**2,344,068,475**
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other financial institutions	14	101,236,623	413,551,605	65,492,994	269,634,656
Deposits from customers	15	252,931,264	1,033,224,213	244,433,916	1,006,334,432
Borrowings	16	175,359,353	716,342,957	135,020,860	555,880,881
Lease liabilities	17	2,624,087	10,719,395	2,163,047	8,905,264
Deferred tax liabilities, net	12.3	342,735	1,400,072	-	-
Income tax payable	12.2	39,797	162,571	1,885,308	7,761,813
Provision for off-balance sheet items	18	61,374	250,713	55,042	226,608
Other liabilities	19	2,721,007	11,115,314	3,054,336	12,574,701
TOTAL LIABILITIES		**535,316,240**	**2,186,766,840**	**452,105,503**	**1,861,318,355**
EQUITY					
Share capital	20	100,000,000	407,500,000	100,000,000	407,500,000
Regulatory reserve	21	8,722,786	35,676,383	3,688,393	14,985,028
Retained earnings		9,465,088	38,214,608	13,569,348	55,083,115
Cumulative translation differences		-	1,406,474	-	5,181,977
TOTAL EQUITY		**118,187,874**	**482,797,465**	**117,257,741**	**482,750,120**
TOTAL LIABILITIES AND EQUITY		**653,504,114**	**2,669,564,305**	**569,363,244**	**2,344,068,475**

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	2023		2022	
		US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Interest income	22	43,594,880	179,174,957	31,032,317	126,829,080
Interest expense	23	(21,091,378)	(86,685,564)	(8,552,323)	(34,953,344)
Net interest income		**22,503,502**	**92,489,393**	**22,479,994**	**91,875,736**
Fee and commission income	24	1,792,026	7,365,227	1,950,375	7,971,182
Fee and commission expense	24	(865,422)	(3,556,884)	(689,843)	(2,819,388)
Net fee and commission income	**24**	**926,604**	**3,808,343**	**1,260,532**	**5,151,794**
Net impairment losses on financial assets	25	(3,324,434)	(13,663,424)	(1,480,250)	(6,049,782)
Other operating income	26	1,463,761	6,016,058	616,061	2,517,841
Net operating income		**21,569,433**	**88,650,370**	**22,876,337**	**93,495,589**
Personnel expenses	27	(9,613,920)	(39,513,211)	(8,279,555)	(33,838,541)
Depreciation and amortization	28	(2,566,199)	(10,547,078)	(2,194,497)	(8,968,909)
Other operating expenses	29	(7,042,168)	(28,943,310)	(5,622,175)	(22,977,829)
Profit before income tax		**2,347,146**	**9,646,771**	**6,780,110**	**27,710,310**
Income tax expense	12	(1,417,013)	(5,823,923)	(1,809,331)	(7,394,736)
Net profit for the year		**930,133**	**3,822,848**	**4,970,779**	**20,315,574**
Other comprehensive income					
Exchange differences on translation		-	(3,775,503)	-	4,977,463
Total comprehensive income for the year		**930,133**	**47,345**	**4,970,779**	**25,293,037**

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital		Regulatory reserve		Retained earnings		Cumulative exchange differences on translation	Total	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
As at 1 January 2023	100,000,000	407,500,000	3,688,393	14,985,028	13,569,348	55,083,115	5,181,977	117,257,741	482,750,120
Net profit for the year	-	-	-	-	930,133	3,822,848	-	930,133	3,822,848
Exchange differences on translation	-	-	-	-	-	-	(3,775,503)	-	(3,775,503)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**930,133**	**3,822,848**	**(3,775,503)**	**930,133**	**47,345**
Transfer from retained earnings to regulatory reserve	-	-	5,034,393	20,691,355	(5,034,393)	(20,691,355)	-	-	-
As at 31 December 2023	**100,000,000**	**407,500,000**	**8,722,786**	**35,676,383**	**9,465,088**	**38,214,608**	**1,406,474**	**118,187,874**	**482,797,465**
As at 1 January 2022	100,000,000	407,500,000	3,276,531	13,289,392	9,010,431	36,463,177	204,514	112,286,962	457,457,083
Net profit for the year	-	-	-	-	4,970,779	20,315,574	-	4,970,779	20,315,574
Exchange differences on translation	-	-	-	-	-	-	4,977,463	-	4,977,463
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4,970,779**	**20,315,574**	**4,977,463**	**4,970,779**	**25,293,037**
Transfer from retained earnings to regulatory reserve	-	-	411,862	1,695,636	(411,862)	(1,695,636)	-	-	-
As at 31 December 2022	**100,000,000**	**407,500,000**	**3,688,393**	**14,985,028**	**13,569,348**	**55,083,115**	**5,181,977**	**117,257,741**	**482,750,120**

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Note	2023		2022	
		US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Profit before income tax		2,347,146	9,646,771	6,780,110	27,710,310
Adjustments for:					
Net impairment losses on financial instruments	25	3,324,434	13,663,424	1,480,250	6,049,782
Depreciation and amortization	28	2,566,199	10,547,078	2,194,497	8,968,909
Loss on disposals of property and equipment		80	329	4,687	19,156
Loss on write-off of property and equipment		18	74	2,724	11,133
Accretion of interest on lease liabilities	23	164,996	678,134	112,510	459,828
		8,402,873	**34,535,810**	**10,574,778**	**43,219,118**
Changes in:					
Balances with the NBC		(1,209,850)	(4,972,484)	(4,073,016)	(16,646,416)
Balances with other financial institutions		(20,259,238)	(83,265,468)	14,047,025	57,410,191
Loans and advances to customers		(70,233,646)	(288,660,285)	(120,203,385)	(491,271,234)
Other assets		(1,131,008)	(4,648,443)	(264,967)	(1,082,921)
Deposits from other financial institutions		35,743,629	146,906,315	1,131,505	4,624,461
Deposits from customers		8,497,348	34,924,100	(4,886,920)	(19,972,842)
Other liabilities		9,660,914	39,706,357	2,326,054	9,506,582
Cash used in operations		**(30,528,978)**	**(125,474,098)**	**(101,348,926)**	**(414,213,061)**
Income tax paid	12.2	(2,293,310)	(9,425,504)	(1,364,729)	(5,577,647)
Net cash used in operating activities		**(32,822,288)**	**(134,899,602)**	**(102,713,655)**	**(419,790,708)**

The accompany notes on pages 46 to 164 form an integral part of these financial statements

for the year ended 31 December 2023

	Note	2023 US$	2023 KHR'000 (Note 2.5)	2022 US$	2022 KHR'000 (Note 2.5)
Cash flows from investing activities					
Acquisition of investment in securities		(978,845)	(4,023,053)	(5,000,000)	(20,435,000)
Interest received from investment in securities		291,823	1,199,393	-	-
Purchases of property and equipment	9	(1,488,813)	(6,119,021)	(1,738,395)	(7,104,820)
Purchases of software	11	(380,271)	(1,562,914)	(791,584)	(3,235,204)
Proceeds from disposals of property and equipment		114	469	17,075	69,786
Net cash used in investing activities		**(2,555,992)**	**(10,505,126)**	**(7,512,904)**	**(30,705,238)**
Cash flow from financing activities					
Proceeds from borrowings	16	96,000,000	394,560,000	352,000,000	1,438,624,000
Repayment of borrowings	16	(65,655,750)	(269,845,133)	(223,388,320)	(912,988,064)
Payments of lease liabilities	17	(1,179,269)	(4,846,796)	(880,124)	(3,597,067)
Net cash provided by financing activities		**29,164,981**	**119,868,071**	**127,731,556**	**522,038,869**
Net (decrease) increase in cash and cash equivalents		**(6,213,299)**	**(25,536,657)**	**17,504,997**	**71,542,923**
Cash and cash equivalents at beginning of year		73,921,201	304,333,585	56,416,204	229,758,767
Exchange differences on translation		-	(2,210,149)	-	3,031,895
Cash and cash equivalents at end of year	3	**67,707,902**	**276,586,779**	**73,921,201**	**304,333,585**

Additional information on operational cash flow from interest:

		2023 US$	2023 KHR'000	2022 US$	2022 KHR'000
Interest received		41,598,345	170,969,198	30,597,410	125,051,614
Interest paid		(16,010,013)	(65,801,153)	(7,739,680)	(31,632,072)

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	2023 US$	2023 KHR'000 (Note 2.5)	2022 US$ (As reclassified – Note 35)	2022 KHR'000 (Note 2.5) (As reclassified – Note 35)
ASSETS					
Cash on hand	3	16,909,877	69,076,848	15,220,906	62,664,470
Balances with the NBC	4	76,929,229	314,255,900	67,844,689	279,316,585
Balances with other financial institutions	5	38,403,533	156,878,432	33,931,164	139,694,602
Loans and advances to customers	6	501,193,533	2,047,375,582	433,802,332	1,785,964,201
Investment in securities	7	5,896,072	24,085,454	4,982,771	20,514,068
Investment in subsidiary	8	1,548,400	6,325,214	1,548,400	6,374,763
Property and equipment	9	5,349,530	21,852,830	4,858,968	20,004,371
Right-of-use assets	10	3,367,490	13,756,197	2,905,250	11,960,914
Software costs	11	1,320,670	5,394,937	1,519,049	6,253,925
Deferred tax assets, net	12.3	-	-	626,479	2,579,214
Other assets	13	3,526,547	14,405,943	3,083,583	12,695,112
TOTAL ASSETS		**654,444,881**	**2,673,407,337**	**570,323,591**	**2,348,022,225**
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other financial institutions	14	101,236,623	413,551,605	65,492,994	269,634,656
Deposits from customers	15	253,113,565	1,033,968,913	244,620,073	1,007,100,841
Borrowings	16	175,359,353	716,342,957	135,020,860	555,880,881
Lease liabilities	17	3,660,696	14,953,943	3,208,475	13,209,292
Deferred tax liabilities, net	12.3	342,735	1,400,072	-	-
Income tax payable	12.2	32,898	134,388	1,885,308	7,761,813
Provision for off-balance sheet items	18	61,374	250,713	55,042	226,608
Other liabilities	19	2,718,307	11,104,284	3,044,990	12,536,224
TOTAL LIABILITIES		**536,525,551**	**2,191,706,875**	**453,327,742**	**1,866,350,315**
EQUITY					
Share capital	20	100,000,000	407,500,000	100,000,000	407,500,000
Regulatory reserves	21	8,722,786	35,676,383	3,688,393	14,985,028
Retained earnings		9,196,544	37,127,408	13,307,456	54,023,256
Cumulative translation differences		-	1,396,671	-	5,163,626
TOTAL EQUITY		**117,919,330**	**481,700,462**	**116,995,849**	**481,671,910**
TOTAL LIABILITIES AND EQUITY		**654,444,881**	**2,673,407,337**	**570,323,591**	**2,348,022,225**

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	2023		2022	
		US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Interest income	22	43,594,880	179,174,957	31,032,317	126,829,080
Interest expense	23	(21,139,067)	(86,881,565)	(8,600,407)	(35,149,863)
Net interest income		**22,455,813**	**92,293,392**	**22,431,910**	**91,679,217**
Fee and commission income	24	1,792,026	7,365,227	1,950,378	7,971,195
Fee and commission expense	24	(865,409)	(3,556,831)	(689,843)	(2,819,388)
Net fee and commission income	**24**	**926,617**	**3,808,396**	**1,260,535**	**5,151,807**
Net impairment losses on financial assets	25	(3,324,434)	(13,663,424)	(1,480,250)	(6,049,782)
Other operating income	26	1,463,761	6,016,058	616,082	2,517,927
Net operating income		**21,521,757**	**88,454,422**	**22,828,277**	**93,299,169**
Personnel expenses	27	(9,613,920)	(39,513,211)	(8,279,555)	(33,838,541)
Depreciation and amortisation	28	(2,589,762)	(10,643,922)	(2,218,061)	(9,065,215)
Other operating expenses	29	(6,984,998)	(28,708,342)	(5,524,338)	(22,577,970)
Profit before income tax		**2,333,077**	**9,588,947**	**6,806,323**	**27,817,443**
Income tax expense	12	(1,409,596)	(5,793,440)	(1,809,331)	(7,394,736)
Net profit for the year		**923,481**	**3,795,507**	**4,996,992**	**20,422,707**
Other comprehensive income					
Exchange differences on translation		-	(3,766,955)	-	4,965,860
Total comprehensive income for the year		**923,481**	**28,552**	**4,996,992**	**25,388,567**

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital		Regulatory reserve		Retained earnings		Cumulative exchange differences on translation	Total	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January 2023	100,000,000	407,500,000	3,688,393	14,985,028	13,307,456	54,023,256	5,163,626	116,995,849	481,671,910
Net profit for the year	-	-	-	-	923,481	3,795,507	-	923,481	3,795,507
Exchange differences on translation	-	-	-	-	-	-	(3,766,955)	-	(3,766,955)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**923,481**	**3,795,507**	**(3,766,955)**	**923,481**	**28,552**
Transfers from retained earnings to regulatory reserves	-	-	5,034,393	20,691,355	(5,034,393)	(20,691,355)	-	-	-
At 31 December 2023	**100,000,000**	**407,500,000**	**8,722,786**	**35,676,383**	**9,196,544**	**37,127,408**	**1,396,671**	**117,919,330**	**481,700,462**
At 1 January 2022	100,000,000	407,500,000	3,276,531	13,289,392	8,722,326	35,296,185	197,766	111,998,857	456,283,343
Net profit for the year	-	-	-	-	4,996,992	20,422,707	-	4,996,992	20,422,707
Exchange differences on translation	-	-	-	-	-	-	4,965,860	-	4,965,860
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4,996,992**	**20,422,707**	**4,965,860**	**4,996,992**	**25,388,567**
Transfers from retained earnings to regulatory reserves	-	-	411,862	1,695,636	(411,862)	(1,695,636)	-	-	-
At 31 December 2022	**100,000,000**	**407,500,000**	**3,688,393**	**14,985,028**	**13,307,456**	**54,023,256**	**5,163,626**	**116,995,849**	**481,671,910**

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

for the year ended 31 December 2023

	Notes	2023		2022	
		US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Profit before income tax		2,333,077	9,588,947	6,806,323	27,817,443
Adjustments for:					
Net impairment losses on financial instruments	25	3,324,434	13,663,424	1,480,250	6,049,782
Depreciation and amortization	28	2,589,762	10,643,922	2,218,061	9,065,215
Loss on disposals of property and equipment		80	329	4,687	19,156
Loss on write-off of property and equipment		18	74	2,724	11,133
Accretion of interest on lease liabilities	23	212,685	874,135	160,594	656,348
		8,460,056	**34,770,831**	**10,672,639**	**43,619,077**
Changes in:					
Balances with the NBC		(1,209,850)	(4,972,484)	(4,073,016)	(16,646,416)
Balances with other financial institutions		(20,259,238)	(83,265,468)	14,047,025	57,410,191
Loans and advances to customers		(70,233,646)	(288,660,285)	(120,203,385)	(491,271,234)
Other assets		(1,134,991)	(4,664,813)	(261,579)	(1,069,074)
Deposits from other financial institutions		35,743,629	146,906,315	1,131,505	4,624,461
Deposits from customers		8,493,492	34,908,252	(4,886,920)	(19,972,842)
Other liabilities		9,667,560	39,733,672	2,278,823	9,313,548
Cash used in operations		**(30,472,988)**	**(125,243,980)**	**(101,294,908)**	**(413,992,289)**
Income tax paid	12.2	(2,292,792)	(9,423,375)	(1,362,239)	(5,567,471)
Net cash used in operating activities		**(32,765,780)**	**(134,667,355)**	**(102,657,147)**	**(419,559,760)**

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

for the year ended 31 December 2023

	Note	2023		2022	
		US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Cash flows from investing activities					
Acquisition of investment in securities		(978,845)	(4,023,053)	(5,000,000)	(20,435,000)
Interest received from investment in securities		291,823	1,199,393	-	-
Purchases of property and equipment	9	(1,488,813)	(6,119,021)	(1,738,395)	(7,104,820)
Purchases of software	11	(380,271)	(1,562,914)	(791,584)	(3,235,204)
Proceeds from disposals of property and equipment		114	469	17,075	69,786
Net cash used in investing activities		**(2,555,992)**	**(10,505,126)**	**(7,512,904)**	**(30,705,238)**
Cash flows from financing activities					
Proceeds from borrowings	16	96,000,000	394,560,000	352,000,000	1,438,624,000
Repayment of borrowings	16	(65,655,750)	(269,845,133)	(223,388,320)	(912,988,064)
Payments of lease liabilities	17	(1,235,777)	(5,079,043)	(936,632)	(3,828,015)
Net cash provided by financing activities		**29,108,473**	**119,635,824**	**127,675,048**	**521,807,921**
Net (decrease) increase in cash and cash equivalents		**(6,213,299)**	**(25,536,657)**	**17,504,997**	**71,542,923**
Cash and cash equivalents at beginning of year		73,921,201	304,333,585	56,416,204	229,758,767
Exchange differences on translation			(2,210,149)	-	3,031,895
Cash and cash equivalents at end of year	3	**67,707,902**	**276,586,779**	**73,921,201**	**304,333,585**

Additional information on operational cash flow from interest:

Interest received	41,598,345	170,969,198	30,597,410	125,051,614
Interest paid	(16,010,013)	(65,801,153)	(7,739,680)	(31,632,072)

The accompany notes on pages 46 to 164 form an integral part of these financial statements.

1. CORPORATE INFORMATION

Cathay United Bank (Cambodia) Corporation Limited ("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 of Cambodia and in accordance with Banking License No. 12 issued by the NBC. The Bank was incorporated in April 1996 under Registration No. Co. 079 E/1996, which was updated to 00005929 issued by the Ministry of Commerce on 11 June 2016. 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 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 Bank's registered address is at No. 48, Samdach Pan Street (St. 214), Sangkat Boeng Reang, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

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

As at 31 December 2023, the Bank has a total of 684 employees (2022: 644 employees).

The consolidated and separate financial statements (referred to as "the financial statements") were authorized for issue in accordance with a resolution of the Board of Directors ("BOD") on 5 March 2024.

2. MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation of the financial statements

The financial statements have been prepared on a historical cost, except for any financial assets and financial liabilities that have been measured at fair value.

The Group and the Bank have prepared its financial statements on the basis that it will continue to operate as a going concern.

Fiscal year

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Statement of compliance

The financial statements of the Group and the Bank have been prepared in accordance with Cambodian International Financial Reporting Standard ("CIFRSs").

2.3 Presentation of consolidated and separate financial statements

The Group and the Bank presents its consolidated and separate statement of financial position in order of liquidity based on the Group and the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 32.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and an entity controlled by the Bank (its subsidiary) 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 subsidiary to bring the accounting policies used into line with the Group's accounting policies.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

Inter-company transactions, balances and unrealized gain or loss arising from inter-company transactions are eliminated in the consolidated financial statements reflect external transactions only. Losses resulting from intra-group transactions, which indicate an impairment loss, will be recognized in the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal is recognized in the profit or loss.

2.5 Functional and presentational currency

The Group and the Bank transact its business and maintains its accounting records primarily in US$, management has determined that US$ is the Group's and the Bank's functional currency and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Group and the Bank. The translation of the US$ amounts into KHR is included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing.

Monetary assets and liabilities denominated in foreign currencies in the statement of financial position are translated at the closing rate prevailing at each reporting date, whereas income and expense items for each statement of comprehensive income presented are translated at the average rate for the year then ended. All resulting exchange differences are recognised in the statement of comprehensive income. Such translation should not be construed as a representation that the US$ amounts represent, or have been or could be, converted into KHR at that or any other rate. All values in KHR are rounded to the nearest thousand ("KHR'000"), except as otherwise indicated.

The financial statements are presented in KHR based on the following applicable exchange rates per US$1:

	2023	2022
Closing rate	4,085	4,117
Average rate	4,110	4,087

2.6 Significant accounting judgments and estimates

The preparation of the financial statements requires the Group and the Bank to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgments and estimates (continued)

2.6.1 Critical judgments in applying the accounting policies

The following are the critical judgments, key assumptions and significant areas of estimation that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (see Note 2.7.1). The Group and the Bank determine the business model at a level that reflects how group 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 and the Bank monitor financial assets measured at amortised cost that are derecognized 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 and the Bank'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.

(ii) Significant increase of credit risk

As explained in Note 32, 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 and the Bank take into account qualitative and quantitative reasonable and supportable forward-looking information.

(iii) 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 and the Bank monitor 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.

(iv) Models and assumptions used

The Group and the Bank use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgments and estimates (continued)

2.6.1 Critical judgments in applying the accounting policies (continued)

(iv) Models and assumptions used (continued)

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.

(v) Determination of life of revolving credit facilities

The Group and the Bank measure 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 and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's and the Bank's exposure to credit losses to the contractual notice period. For such financial instruments the Group and the Bank measure 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.

(vi) Impact of climate risk on accounting judgments and estimates

The Bank and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks:

- Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL. An analysis was performed of the exposure of counterparties to climate risk, which determined that, on the whole, counterparties are not expected to be materially impacted by physical or transition risks associated with climate change.

- Fair value measurement: The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. The Bank has concluded that climate risk has been adequately reflected within the fair value. Where prices are observable, it is assumed that the fair value already incorporates market's participants view of climate risk variables. Where a proxy valuation approach has been used for unobservable prices, the selection of the proxy includes consideration of climate risk factors where appropriate.

(vii) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to financial statements cannot be derived from active markets, these are determined using internal valuation techniques which is generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

(viii) Leases

The Group and the Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgments and estimates (continued)

2.6.1 Critical judgments in applying the accounting policies (continued)

(viii) Leases (continued)

to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Bank has several lease contracts that include extension and termination options. The Group and the Bank apply judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate ("IBR") for lease liabilities

The Group and the Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Group and the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group and the Bank estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e., credit spread).

2.6.2 Key sources of estimation uncertainty

Information about key assumptions and estimation uncertainties that have the most significant effect on the amounts recognized 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 and the Bank use 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

2.7.1 Financial instruments

Financial assets and financial liabilities are recognized in the consolidated and separate statement of financial position when the Group and the Bank become 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 recognized immediately in profit or loss.

(i) Financial assets

All financial assets are recognized and derecognized 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 timeframe 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 and the Bank recognize loss allowances for ECLs on the following financial instruments:

- Balances with other financial institutions;
- Loans and advances to customers;
- Loan commitments issued;
- Financial guarantee contracts issued; and
- Other financial assets.

No impairment loss is recognized 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 32 B.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.1 Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets (continued)

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 and the Bank under the contract and the cash flows that the Group and the Bank expect 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 and the Bank if the holder of the commitment draws down the loan and the cash flows that the Group and the Bank expect 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 and the Bank expect to receive from the holder, the debtor or any other party.

The Group and the Bank measure 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 32 B, including details on how instruments are grouped when they are assessed on a collective basis.

Credit impaired 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. 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.

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 and the Bank assess 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 and the Bank consider factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.1 Financial instruments (continued)

(i) Financial assets (continued)

Credit impaired financial assets (continued)

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 32 B).

The Group and the Bank consider the following as constituting an event of default:

- the borrower is past due more than 90 days and 31days on any for long-term and short-term material credit obligation, respectively, to the Group and the Bank; or
- the borrower is unlikely to pay its credit obligations to the Group and the Bank in full.

This definition of default is used by the Group and the Bank 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 and the Bank take 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 and the Bank use 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 32 B. 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.

Significant increase in credit risk

The Group and the Bank monitor 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 and the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's and the Bank's accounting policy

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.1 Financial instruments (continued)

(i) Financial assets (continued)

Significant increase in credit risk (continued)

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 and the Bank monitor 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 and the Bank compare 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 recognized. In making this assessment, the Group and the Bank consider 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 32 B for more details about forward-looking information.

Forward-looking information includes the future prospects of the industries in which the Group's and the Bank's counterparties operate, obtained from International Monetary funds and the World Bank other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. The Group and the Bank allocate 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 ECLs (see Note 32 B).

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 32 B.

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).

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.1 Financial instruments (continued)

(i) Financial assets (continued)

Modification and derecognition of financial assets (continued)

The Group and the Bank renegotiate loans and advances to customers in financial difficulty to maximize collection and minimize 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 and the Bank assess whether this modification results in derecognition. In accordance with the Group's and the Bank'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 and the Bank consider 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 and the Bank note a substantial difference based on the type of financial assets, it will be derecognized. 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 and the Bank consider the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

In the case where the financial asset is derecognized the loss Allowance for ECLs 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 recognized 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 and the Bank monitor 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:

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.1 Financial instruments (continued)

(i) Financial assets (continued)

Modification and derecognition of financial assets (continued)

- 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 and the Bank's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's and the Bank's ability to collect the modified cash flows taking into account the Group's and the Bank'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 and the Bank perform 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 and the Bank calculate 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 and the Bank measure 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.

The Group and the Bank derecognize 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 and the Bank neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Bank recognize its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Write-off

Loans and debt securities are written off in full when the Group and the Bank have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group and the Bank determine 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 and the Bank may apply enforcement activities to financial assets written off. Recoveries

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.1 Financial instruments (continued)

(i) Financial assets (continued)

Write-off (continued)

resulting from the Group's and the Bank'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 ECLs 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.

(ii) 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 and the Bank.

Financial liabilities, including deposits from other financial institutions, 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.

Modification and derecognition of financial liabilities

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

2.7.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, current deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and are used by the Group and the Bank in the management of its short term commitments.

2.7.3 Balances with other financial institutions

Balances with other financial institutions are stated at amortised costs less impairment for any uncollectable amounts.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.4 Statutory deposits

Statutory deposits included in Balances with the NBC are maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by the defined percentage of the minimum share capital, the customers' deposits and borrowings as required by the NBC.

2.7.5 Loans and advances to customers

Loans and advances to customers include loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

2.7.6 Other assets

Other assets are carried at cost less impairment if any.

2.7.7 Investment in securities

Investment in securities includes:

- equity investment in securities designated at FVOCI.
- debt investment in securities measured at amortised cost (see Note 7); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

The Group and the Bank elect to present changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by- instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment.

2.7.8 Investment in subsidiary in the separate financial statements

In the Bank's separate financial statements, investment in subsidiary is carried at cost less any accumulated impairment losses. On disposal of investment, the difference between disposal proceeds and the carrying amounts of the investment is recognized in profit or loss.

2.7.9 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 capitalized 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 and the Bank. Ongoing repairs and maintenance are expensed as incurred.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.9 Property and equipment (continued)

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 recognized in profit or loss.

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

	Useful lives
Buildings	20 years
Building improvements	8 years
Furniture and fittings	8 years
Motor vehicles	3 – 8 years
Equipment	5 – 8 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.

An item of property and equipment is derecognized 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 recognized in profit or loss.

2.7.10 Software costs

Software costs consist of software and licenses and are stated at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure on software and licenses is capitalized 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 range from 3 to 5 years.

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

2.7.11 Leases

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.11 Leases (continued)

As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Building and office branches	2 – 50 years

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.11 Leases (continued)

As a lessee (continued)

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

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

Short-term leases and leases of low-value assets

The Group and the Bank have elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group and the Bank recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.7.12 Impairment of non-financial assets

The carrying amounts of the Group's and the Bank'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. An impairment loss is recognized if the carrying amount of an asset (or its cash-generating unit "CGU") exceeds its estimated recoverable amount.

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 "CGU").

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 or CGU.

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

Impairment losses are recognized in profit and loss.

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

2.7.13 Deposits from other financial institutions and Deposits from customers

Deposits from other financial institutions and Deposits from customers are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at amortised cost using effective interest method.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.14 Borrowings

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

2.7.15 Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with CIFRS 9 (see Note 2.7.1(i)) and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of CIFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with CIFRS 9 (see Note 2.7.1 (i)) and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognized (see Note 2.7.21). Derecognition policies in Note 2.7.1 (i)) are applied to loan commitments issued and held.

The Group and the Bank have issued no loan commitments that are measured at FVTPL. Liabilities arising from financial guarantees and loan commitments are included within provisions.

2.7.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group and the Bank have 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.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognized as personnel expenses in profit or loss. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.17 Provisions

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

The amount recognized 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.7.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary share are recognized as a deduction from equity, net of any tax effects. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

2.7.19 Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRSs and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. In accordance with Article 73, the entity shall compare the provision calculated in accordance with Article 49 to 71 and the provision calculated in accordance with Article 72, and then record:

(i) In case that the regulatory provision calculated in accordance with Article 72 is lower than provision calculated in accordance with Article 49 to 71, the entity records the provision calculated in accordance with CIFRSs; and

(ii) In case that the regulatory provision calculated in accordance with Article 72 is higher than provision calculated in accordance with Article 49 to 71, the entity records the provision calculated in accordance with CIFRSs and transfer the difference from retained earnings or accumulated loss account into regulatory reserves in shareholders' equity of the statement of the financial position.

2.7.20 Interest income and expense

Effective interest rate

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.20 Interest income and expense (continued)

Effective interest rate (continued)

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group and the Bank estimate future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit- impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

Amortised cost and gross carrying amount

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

Calculation of interest income and expense

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

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

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

Presentation

Interest income calculated using the effective interest method presented in the statement of profit and loss and other comprehensive income includes interest on financial assets and financial liabilities measured at amortised cost.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.20 Interest income and expense (continued)

Presentation (continued)

Interest expense presented in the statement of profit and loss and other comprehensive income includes interest on financial liabilities measured at amortised cost and lease liabilities.

2.7.21 Fee and commission

Fee and commission income and expense include fees other than those that are an integral part of EIR.

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 recognized as the related services are performed.

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

2.7.22 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit and loss except items recognized directly in equity or in other comprehensive income.

The Group and the Bank have 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 recognized the related expenses in “other operating expenses”.

Current tax

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

Deferred tax

Deferred tax is recognized 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 asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

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 and the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Material accounting policy information (continued)

2.7.22 Income tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.7.23 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognized in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.7.24 Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognized in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

2.8 Amendments to CIFRSs issued and adopted or early adopted by the Group and the Bank

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

- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

  The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

  • A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

  • Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

  The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Amendments to CIFRSs issued and adopted or early adopted by the Group and the Bank (continued)

decisions about accounting policy disclosures.

The amendments have had an impact on the Group and the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group and the Bank's financial statements.

- IFRS 17 Insurance Contracts

  IFRS 17 Insurance Contracts (IFRS 17) is effective for reporting periods beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Limited scope exceptions apply.

  The Group and the Bank has not identified contracts that result in the transfer of significant insurance risk, and therefore it has concluded that IFRS 17 does not have a material impact on the financial statements for the year ended 31 December 2023.

The amendments listed above did not have any significant impact on the amounts recognised in prior, the current or future periods.

2.9 Standards and amendments to CIFRSs issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective will not have a material impact on the financial statements.

3. CASH ON HAND

Cash on hand comprise:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Cash on hand	15,104,034	61,699,979	13,348,026	54,953,823
Cash in ATM	1,805,843	7,376,869	1,872,880	7,710,647
	16,909,877	**69,076,848**	**15,220,906**	**62,664,470**

3. CASH ON HAND (continued)

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

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Cash on hand	16,909,877	69,076,848	15,220,906	62,664,470
Balances with the NBC *(Note 4)*	34,420,435	140,607,476	26,545,745	109,288,833
Balances with other financial institutions *(Note 5)*	16,377,590	66,902,455	32,154,550	132,380,282
	67,707,902	**276,586,779**	**73,921,201**	**304,333,585**

4. BALANCES WITH THE NBC

Balances with the NBC comprise:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Current accounts	34,420,435	140,607,476	26,545,745	109,288,833
Reserve requirements	31,685,832	129,436,624	28,492,865	117,305,125
Capital guarantee deposits	10,000,000	40,850,000	10,000,000	41,170,000
Negotiable certificate of deposits with original term more than three months	822,962	3,361,800	2,806,079	11,552,627
	76,929,229	**314,255,900**	**67,844,689**	**279,316,585**

Reserve requirement

Under NBC Prakas No. B7-023.005 dated 9 January 2023, commercial banks are required to maintain certain cash reserves with the NBC, computed at 7.0% of customer deposits and borrowings in KHR. Reserve requirement for customer deposits and borrowings in foreign currencies are in accordance with dates and rates as follows:

- From 1 January 2023 to 31 December 2023, reserve requirement shall be at the rate of 9%
- From 1 January 2024 onward, reserve requirement shall be at the rate of 12.5%

On 23 November 2023, the NBC responded a letter to the Association of Banks in Cambodia

4. BALANCES WITH THE NBC (continued)

Reserve requirement (continued)

allowing commercial banks to maintain reserve requirement in foreign currencies at rate of 7% until 31 December 2024.

Capital guarantee

Under the NBC Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a capital guarantee deposit of 10% of paid-up capital. This deposit is refundable should the Bank voluntarily cease its operations in Cambodia and it is not available for use in the Bank's day-to-day operations.

Negotiable certificate of deposits ("NCDs")

The Group and the Bank pledged NCDs with the NBC as collateral for settlement clearing facility and Liquidity-Providing Collateralized Operation ("LPCO"). The term of the NCDs pledged as collateral is for a period of 92 days.

Current accounts

Current accounts are on demand.

Interest rates

The Group and the Bank's annual interest rates on balances with the NBC are as follows:

	2023	2022
Current account	Nil	Nil
Reserve requirement	Nil	Nil
Capital guarantee	1.19% - 1.33%	0.04% - 0.06%
NCDs	0.30% - 3.50%	0.54% - 3.30%

5. BALANCES WITH OTHER FINANCIAL INSTITUTIONS (continued)

Balances with other financial institutions comprise of:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Current accounts	11,469,686	46,853,667	7,100,906	29,234,430
Time deposits with original term:				
less than three months	4,907,904	20,048,788	25,053,644	103,145,852
more than three months	22,296,279	91,080,300	2,037,041	8,386,498
Carrying amount - gross	**38,673,869**	**157,982,755**	**34,191,591**	**140,766,780**
Allowance for ECLs	(270,336)	(1,104,323)	(260,427)	(1,072,178)
Carrying amount - net	**38,403,533**	**156,878,432**	**33,931,164**	**139,694,602**

Movements of allowance for ECLs on balances with other financial institutions for the Group and the Bank are as follows:

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	260,427	1,072,178	229,259	934,001
Provision for the year *(Note 25)*	9,909	40,726	31,168	127,384
Exchange difference on translation	-	(8,581)	-	10,793
At 31 December	**270,336**	**1,104,323**	**260,427**	**1,072,178**

Annual interest rates applicable to Balances with other financial institutions of the Group and the Bank are as follows:

	2023	2022
Current accounts	0.50% - 1.00%	Nil
Time deposits	3.50% - 7.50%	1.50% - 5.70%

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
			(As reclassified – Note 35)	
Financial institutions	53,410,290	218,181,034	70,875,714	291,795,315
Non-financial institutions	447,783,243	1,829,194,548	362,926,618	1,494,168,886
	501,193,533	**2,047,375,582**	**433,802,332**	**1,785,964,201**

Breakdown of loans and advances to customers are as follows:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
			(As reclassified – Note 35)	
Financial institutions				
Term Loan	52,893,512	216,069,996	70,429,798	289,959,478
Overdraft	914,752	3,736,762	906,071	3,730,294
Non-financial institutions:				
Housing loans	339,171,713	1,385,516,448	243,969,086	1,004,420,727
Term loans	81,919,356	334,640,569	91,347,253	376,076,641
Overdrafts	19,264,511	78,695,527	20,853,998	85,855,910
Staff loans	10,535,543	43,037,693	8,367,317	34,448,244
Credit card facilities	2,230,398	9,111,176	1,588,201	6,538,624
Carrying amount - gross	**506,929,785**	**2,070,808,171**	**437,461,724**	**1,801,029,918**
Allowance for ECLs	(5,736,252)	(23,432,589)	(3,659,392)	(15,065,717)
Carrying amount - net	**501,193,533**	**2,047,375,582**	**433,802,332**	**1,785,964,201**

(i) Movements of allowance for ECLs on Loans and advances to customers of the Group and the Bank are as follows:

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	3,659,392	15,065,717	4,539,187	18,492,647
Provision for the year *(Note 25)*	2,842,445	11,682,449	1,319,107	5,391,190
Write-off	(765,585)	(3,146,554)	(2,198,902)	(8,986,912)
Exchange difference on translation	-	(169,023)	-	168,792
At 31 December	**5,736,252**	**23,432,589**	**3,659,392**	**15,065,717**

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

(ii) The gross carrying amount of loans and advances to customers are analysed as follows:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
			(As reclassified – Note 35)	
By maturity:				
Within 1 month	3,989,143	16,295,649	3,075,901	12,663,484
Within 1 to 3 months	4,170,245	17,035,451	3,020,465	12,435,254
Within 3 to 12 months	20,468,830	83,615,171	26,480,782	109,021,379
Within 1 to 5 years	122,348,413	499,793,267	143,565,563	591,059,423
More than 5 years	355,953,154	1,454,068,633	261,319,013	1,075,850,378
	506,929,785	**2,070,808,171**	**437,461,724**	**1,801,029,918**
By relationship:				
Staff loans	10,535,543	43,037,693	8,416,024	34,648,771
Non-related parties	496,394,242	2,027,770,478	429,045,700	1,766,381,147
	506,929,785	**2,070,808,171**	**437,461,724**	**1,801,029,918**
By currency:				
US$	456,050,803	1,862,967,530	377,635,624	1,554,725,864
KHR	50,878,982	207,840,641	59,826,100	246,304,054
	506,929,785	**2,070,808,171**	**437,461,724**	**1,801,029,918**

Ranges of annual interest rate applicable to Loans and advances to customers of the Group and the Bank are as follows:

	2023	2022
Financial institution		
Term loans	6.50% - 8.35%	6.00% - 7.50%
Overdrafts	7.50%	6.25%
Non-financial institution		
Term loans	6.50% -13.50%	6.50% - 12.00%
Housing loans	4.50% -12.50%	4.00% - 12.00%
Overdrafts	7.25% - 9.50%	6.25% - 9.00%
Staff loans	4.50% -12.50%	4.00% - 12.00%
Credit card	18.00% - 24.00%	18.00% - 24.00%

7. INVESTMENT IN SECURITIES

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Investment in securities measured at amortised cost	5,870,484	23,980,927	4,957,183	20,408,722
Investment in securities designated as FVOCI – equity investments	25,588	104,527	25,588	105,346
	5,896,072	**24,085,454**	**4,982,771**	**20,514,068**

7.1 Investment in securities measured at amortised cost

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Cambodia Airport Investment Co., Ltd *(a)*	5,056,507	20,655,831	5,056,507	20,817,639
Government bond *(b)*	985,548	4,025,964	-	-
Carrying amount – gross	**6,042,055**	**24,681,795**	**5,056,507**	**20,817,639**
Allowance for ECLs	(171,571)	(700,868)	(99,324)	(408,917)
Carrying amount - net	**5,870,484**	**23,980,927**	**4,957,183**	**20,408,722**

(a) Investment in corporate bond is classified and measured at amortised cost. On 18 October 2022, the Group and the Bank invested in corporate bond issued by the Cambodia Airport Investment Co., Ltd. This corporate bond has maturity terms of 3 years with the maturity date on 17 October 2025 and earn interest at rate of 5.5% per annum.

(b) Investment in government bond is classified and measured at amortised cost. On 21 April 2023, the Group and the Bank invested in government bond issued by the Ministry of Economic and Finance. This government bond has maturity term of 1 year with the maturity date on 21 April 2024 with yield of 3.6% per annum.

The movement of the Group's and the Bank's allowance for ECLs on investment in corporate bond and government bond is as follows:

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	99,324	408,917	-	-
Provision for the year *(Note 25)*	72,247	296,935	99,324	405,937
Exchange difference on translation	-	(4,984)	-	2,980
At 31 December	**171,571**	**700,868**	**99,324**	**408,917**

7. INVESTMENT IN SECURITIES (continued)

7.2 Investment in securities designated as FVOCI – equity investments

The Group and the Bank have designated investment in Credit Bureau Holding (Cambodia) Ltd ("CBC") as equity instrument at FVOCI as the Group and the Bank hold this investment for long term. The table below shows the investment as well as the dividends income recognized during the year.

Carrying amount equivalent to FV

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Investment in CBC	**25,588**	**104,527**	**25,588**	**105,346**

Dividend income

	31 December 2023		*31 December 2022*	
	US$	*KHR'000 (Note 2.5)*	*US$*	*KHR'000 (Note 2.5)*
Investment in CBC	**67,444**	**277,195**	**19,412**	**79,337**

8. 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.

9. PROPERTY AND EQUIPMENT

	Group							
	Freehold land US$	Buildings US$	Building improvements US$	Furniture and fittings US$	Motor vehicles US$	Equipment US$	Work in progress US$	Total US$
Cost								
At 1 January 2023	1,548,120	931,880	2,045,734	513,278	717,540	5,470,023	1,633,268	12,859,843
Additions	-	-	434,729	128,818	-	925,266	-	1,488,813
Transfers	-	-	278,139	-	-	1,136,026	(1,414,165)	-
Disposal	-	-	-	-	-	(1,343)	-	(1,343)
Write-offs	-	-	(760)	(503)	-	(19,468)	-	(20,731)
At 31 December 2023	**1,548,120**	**931,880**	**2,757,842**	**641,593**	**717,540**	**7,510,504**	**219,103**	**14,326,582**
Less: Accumulated depreciation								
At 1 January 2023	-	759,843	1,250,635	238,985	452,063	3,751,229	-	6,452,755
Depreciation for the year *(Note 28)*	-	33,985	212,581	60,091	71,142	620,240	-	998,039
Disposal	-	-	-	-	-	(1,149)	-	(1,149)
Write-offs	-	-	(760)	(503)	-	(19,450)	-	(20,713)
At 31 December 2023	**-**	**793,828**	**1,462,456**	**298,573**	**523,205**	**4,350,870**	**-**	**7,428,932**
Net book value								
At 31 December 2023	**1,548,120**	**138,052**	**1,295,386**	**343,020**	**194,335**	**3,159,634**	**219,103**	**6,897,650**
KHR'000 *(Note 2.5)*	**6,324,070**	**563,942**	**5,291,652**	**1,401,237**	**793,858**	**12,907,105**	**895,036**	**28,176,900**

9. PROPERTY AND EQUIPMENT (continued)

	Group							
	Freehold land US$	Buildings US$	Building improvements US$	Furniture and fittings US$	Motor vehicles US$	Equipment US$	Work in progress US$	Total US$
Cost								
At 1 January 2022	1,548,120	931,880	2,033,887	510,012	899,040	5,401,616	145,677	11,470,232
Additions	-	-	11,847	3,266	29,600	189,384	1,504,298	1,738,395
Transfer	-	-	-	-	-	4,124	(4,124)	-
Transfer to software costs *(Note 11)*	-	-	-	-	-	-	(12,583)	(12,583)
Disposals	-	-	-	-	(211,100)	(89,217)	-	(300,317)
Write-off	-	-	-	-	-	(35,884)	-	(35,884)
At 31 December 2022	**1,548,120**	**931,880**	**2,045,734**	**513,278**	**717,540**	**5,470,023**	**1,633,268**	**12,859,843**
Less: Accumulated depreciation								
At 1 January 2022	-	725,858	1,023,589	177,637	560,036	3,351,058	-	5,838,178
Depreciation for the year *(Note 28)*	-	33,985	227,046	61,348	89,439	514,474	-	926,292
Disposals	-	-	-	-	(197,412)	(81,143)	-	(278,555)
Write-off	-	-	-	-	-	(33,160)	-	(33,160)
At 31 December 2022	**-**	**759,843**	**1,250,635**	**238,985**	**452,063**	**3,751,229**	**-**	**6,452,755**
Net book value								
At 31 December 2022	**1,548,120**	**172,037**	**795,099**	**274,293**	**265,477**	**1,718,794**	**1,633,268**	**6,407,088**
KHR'000 *(Note 2.5)*	**6,373,610**	**708,276**	**3,273,423**	**1,129,264**	**1,092,969**	**7,076,275**	**6,724,164**	**26,377,981**

As at 31 December 2023, the cost of fully depreciated property and equipment still in use amounted to US$ 3,555,489 or to KHR'000 14,613,060 (2022: US$ 3,540,817 or to KHR'000 14,425,288).

9. PROPERTY AND EQUIPMENT (continued)

	Buildings US$	Building improvements US$	Furniture and fittings US$	Motor vehicles US$	Equipment US$	Work in progress US$	Total US$
				Bank			
Cost							
At 1 January 2023	931,880	2,045,734	513,278	717,540	5,470,023	1,633,268	11,311,723
Additions	-	434,729	128,818	-	925,266	-	1,488,813
Transfers	-	278,139	-	-	1,136,026	(1,414,165)	-
Disposal	-	-	-	-	(1,343)	-	(1,343)
Write-offs	-	(760)	(503)	-	(19,468)	-	(20,731)
At 31 December 2023	**931,880**	**2,757,842**	**641,593**	**717,540**	**7,510,504**	**219,103**	**12,778,462**
Less: Accumulated depreciation							
At 1 January 2023	759,843	1,250,635	238,985	452,063	3,751,229	-	6,452,755
Depreciation for the year *(Note 28)*	33,985	212,581	60,091	71,142	620,240	-	998,039
Disposal	-	-	-	-	(1,149)	-	(1,149)
Write-offs	-	(760)	(503)	-	(19,450)	-	(20,713)
At 31 December 2023	**793,828**	**1,462,456**	**298,573**	**523,205**	**4,350,870**	**-**	**7,428,932**
Net book value							
At 31 December 2023	**138,052**	**1,295,386**	**343,020**	**194,335**	**3,159,634**	**219,103**	**5,349,530**
KHR'000 *(Note 2.5)*	**563,942**	**5,291,652**	**1,401,237**	**793,858**	**12,907,105**	**895,036**	**21,852,830**

9. PROPERTY AND EQUIPMENT (continued)

	Buildings US$	Building improvements US$	Furniture and fittings US$	Bank Motor vehicles US$	Equipment US$	Work in progress US$	Total US$
Cost							
At 1 January 2022	931,880	2,033,887	510,012	899,040	5,401,616	145,677	9,922,112
Additions	-	11,847	3,266	29,600	189,384	1,504,298	1,738,395
Transfer	-	-	-	-	4,124	(4,124)	-
Transfer to software *(Note11)*	-	-	-	-	-	(12,583)	(12,583)
Disposals	-	-	-	(211,100)	(89,217)	-	(300,317)
Write-off	-	-	-	-	(35,884)	-	(35,884)
At 31 December 2022	**931,880**	**2,045,734**	**513,278**	**717,540**	**5,470,023**	**1,633,268**	**11,311,723**
Less: Accumulated depreciation							
At 1 January 2022	725,858	1,023,589	177,637	560,036	3,351,058	-	5,838,178
Depreciation for the year *(Note 28)*	33,985	227,046	61,348	89,439	514,474	-	926,292
Disposals	-	-	-	(197,412)	(81,143)	-	(278,555)
Write-off	-	-	-	-	(33,160)	-	(33,160)
At 31 December 2022	**759,843**	**1,250,635**	**238,985**	**452,063**	**3,751,229**	**-**	**6,452,755**
Net book value							
At 31 December 2022	**172,037**	**795,099**	**274,293**	**265,477**	**1,718,794**	**1,633,268**	**4,858,968**
KHR'000 *(Note 2.5)*	**708,276**	**3,273,423**	**1,129,264**	**1,092,969**	**7,076,275**	**6,724,164**	**20,004,371**

As at 31 December 2023, the cost of fully depreciated property and equipment still in use amounted to US$ 3,555,489 or to KHR'000 14,613,060 (2022: US$ 3,540,817 or to KHR'000 14,425,288).

10. RIGHT-OF-USE ASSETS

The Group and the Bank lease many assets including buildings and motor vehicles. Leases of buildings generally have lease terms between 3 and 15 years, while motor vehicles generally have lease terms between 3 and 5 years.

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

	Group			Bank		
	Buildings US$	Motor vehicles US$	Total US$	Buildings US$	Motor vehicles US$	Total US$
Cost						
As at 1 January 2023	4,542,917	32,451	4,575,368	5,626,850	32,451	5,659,301
Additions	1,475,313	-	1,475,313	1,475,313	-	1,475,313
At 31 December 2023	**6,018,230**	**32,451**	**6,050,681**	**7,102,163**	**32,451**	**7,134,614**
Less: Accumulated depreciation						
At 1 January 2023	2,629,470	6,761	2,636,231	2,747,290	6,761	2,754,051
Depreciation for the year *(Note 28)*	973,285	16,225	989,510	996,848	16,225	1,013,073
At 31 December 2023	**3,602,755**	**22,986**	**3,625,741**	**3,744,138**	**22,986**	**3,767,124**
Net book value						
At 31 December 2023	**2,415,475**	**9,465**	**2,424,940**	**3,358,025**	**9,465**	**3,367,490**
KHR'000 *(Note 2.5)*	**9,867,215**	**38,665**	**9,905,880**	**13,717,532**	**38,665**	**13,756,197**

10. RIGHT-OF-USE ASSETS (continued)

	Group			Bank		
	Buildings US$	Motor vehicles US$	Total US$	Buildings US$	Motor vehicles US$	Total US$
Cost						
As at 1 January 2022	5,019,444	-	5,019,444	6,103,377	-	6,103,377
Additions	71,792	32,451	104,243	71,792	32,451	104,243
Write-offs (expired)	(548,319)	-	(548,319)	(548,319)	-	(548,319)
At 31 December 2022	**4,542,917**	**32,451**	**4,575,368**	**5,626,850**	**32,451**	**5,659,301**
Less: Accumulated depreciation						
At 1 January 2022	2,390,187	-	2,390,187	2,484,443	-	2,484,443
Depreciation for the year *(Note 28)*	787,602	6,761	794,363	811,166	6,761	817,927
Write-offs (expired)	(548,319)	-	(548,319)	(548,319)	-	(548,319)
At 31 December 2022	**2,629,470**	**6,761**	**2,636,231**	**2,747,290**	**6,761**	**2,754,051**
Net book value						
At 31 December 2022	**1,913,447**	**25,690**	**1,939,137**	**2,879,560**	**25,690**	**2,905,250**
KHR'000 *(Note 2.5)*	**7,877,661**	**105,766**	**7,983,427**	**11,855,149**	**105,766**	**11,960,914**

11. SOFTWARE COSTS

Movements of software costs are as follows:

	Group and Bank		
	Software and licenses	Work in progress	Total
	US$	US$	US$
Cost			
At 1 January 2023	4,417,242	397,145	4,814,387
Additions	315,040	65,231	380,271
Transfer	385,895	(385,895)	-
At 31 December 2023	**5,118,177**	**76,481**	**5,194,658**
Less: Accumulated depreciation			
At 1 January 2023	3,295,338	-	3,295,338
Amortization (*Note 28*)	578,650	-	578,650
At 31 December 2023	**3,873,988**	**-**	**3,873,988**
Net book value			
At 31 December 2023	**1,244,189**	**76,481**	**1,320,670**
KHR'000 *(Note 2.5)*	**5,082,512**	**312,425**	**5,394,937**
Cost			
At 1 January 2022	3,820,918	189,302	4,010,220
Additions	326,586	464,998	791,584
Transfer	269,738	(269,738)	-
Transfer from property and equipment *(Note 9)*	-	12,583	12,583
At 31 December 2022	**4,417,242**	**397,145**	**4,814,387**
Less: Accumulated depreciation			
At 1 January 2022	2,821,496	-	2,821,496
Amortization (*Note 28*)	473,842	-	473,842
At 31 December 2022	**3,295,338**	**-**	**3,295,338**
Net book value			
At 31 December 2022	**1,121,904**	**397,145**	**1,519,049**
KHR'000 *(Note 2.5)*	**4,618,879**	**1,635,046**	**6,253,925**

12. INCOME TAX

Major components of income tax expense are as follows:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Current tax	447,799	1,840,453	2,117,294	8,653,381	440,382	1,809,970	2,117,294	8,653,381
Deferred tax	969,214	3,983,470	(307,963)	(1,258,645)	969,214	3,983,470	(307,963)	(1,258,645)
	1,417,013	**5,823,923**	**1,809,331**	**7,394,736**	**1,409,596**	**5,793,440**	**1,809,331**	**7,394,736**

12.1 Income tax expense

In accordance with the Cambodian Law on Taxation, the Group and the Bank has obligation to pay corporate income tax at 20% of taxable income or the minimum tax at 1% of annual turnover, whichever is higher.
Details of estimated current income tax expense are as follows:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Accounting profit before income tax	**2,347,146**	**9,646,771**	**6,780,110**	**27,710,310**	**2,333,077**	**9,588,947**	**6,806,323**	**27,817,443**
Income tax using statutory rate of 20%	469,429	1,929,354	1,356,022	5,542,062	466,615	1,917,789	1,361,265	5,563,490
Non-deductible expenses	507,202	2,084,600	453,309	1,852,674	502,599	2,065,681	448,066	1,831,246
Minimum tax expense	440,382	1,809,969	-	-	440,382	1,809,970	-	-
Effective income tax	**1,417,013**	**5,823,923**	**1,809,331**	**7,394,736**	**1,409,596**	**5,793,440**	**1,809,331**	**7,394,736**

12. INCOME TAX (continued)

12.1 Income tax expense (continued)

The Group's and the Bank's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

12.2 Income tax payable

Movements of income tax payable are as follows:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	1,885,308	7,761,813	1,132,743	4,614,795	1,885,308	7,761,813	1,130,253	4,604,651
Current income tax expense	447,799	1,840,453	2,117,294	8,653,381	440,382	1,809,970	2,117,294	8,653,381
Payments during the year	(2,293,310)	(9,425,504)	(1,364,729)	(5,577,647)	(2,292,792)	(9,423,375)	(1,362,239)	(5,567,471)
Exchange difference on translation	-	(14,191)	-	71,284	-	(14,020)	-	71,252
At 31 December	**39,797**	**162,571**	**1,885,308**	**7,761,813**	**32,898**	**134,388**	**1,885,308**	**7,761,813**

12. INCOME TAX (continued)

12.3 Deferred tax liabilities, net

Deferred tax assets and deferred tax liabilities is recognised for the temporary difference arising from the followings:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Deferred tax assets				
Tax loss carried forward	498,849	2,037,798	-	-
Deferred revenue	62,678	256,040	395,027	1,626,326
Lease liabilities	732,139	2,990,787	641,695	2,641,859
Unused annual leave	24,973	102,015	58,362	240,276
Provision for seniority indemnity	21,338	87,166	37,063	152,588
Allowance for ECLs	-	-	285,391	1,174,955
	1,339,977	**5,473,806**	**1,417,538**	**5,836,004**
Deferred tax liabilities				
Allowance for ECLs	664,963	2,716,373	-	-
Property and equipment	284,184	1,160,892	162,103	667,378
Unrealized foreign exchange gain	60,067	245,374	47,906	197,229
Right-of-use assets	673,498	2,751,239	581,050	2,392,183
	1,682,712	**6,873,878**	**791,059**	**3,256,790**
Deferred tax (liabilities) assets – net	**(342,735)**	**(1,400,072)**	**626,479**	**2,579,214**

12.4 Tax loss carried forward

In accordance with the Prakas on Tax on Income for the tax losses to be carried forward for a period of five consecutive years and utilized against taxable profit in subsequent years, the following conditions should be met:

- Tax loss has been calculated based on the tax rules and reported in the annual tax return to the GDT;
- The ownership of the Bank must not have changed (for tax loss incurred in 2019 and prior);
- The business activity of the Bank must not have changed; and
- No tax unilateral reassessment on the tax losses has been made by the GDT.

Tax loss is subject to assessment by the GDT and may not be utilized if one of the criteria mentioned above will not be met.

The details of the tax loss is as follows:

Originating year	Can be utilized up to 31 December	Tax loss amount US$	Utilized US$	Forfeited US$	Unutilized US$
2023	2028	2,494,243	-	-	2,494,243

13. OTHER ASSETS

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Deposits	1,459,165	5,960,689	1,313,582	5,408,017	1,459,165	5,960,689	1,313,582	5,408,017
Credit card receivables	1,041,128	4,253,008	965,715	3,975,849	1,041,128	4,253,008	965,715	3,975,849
Prepayment	638,874	2,609,800	537,403	2,212,488	638,874	2,609,800	537,403	2,212,488
Card inventories	18,783	76,729	29,526	121,558	16,720	68,300	29,526	121,559
Other receivables	385,615	1,575,237	254,209	1,046,578	385,615	1,575,237	248,163	1,021,687
Carrying amount - gross	**3,543,565**	**14,475,463**	**3,100,435**	**12,764,490**	**3,541,502**	**14,467,034**	**3,094,389**	**12,739,600**
Allowance for ECLs	(14,955)	(61,091)	(10,806)	(44,488)	(14,955)	(61,091)	(10,806)	(44,488)
Carrying amount - net	**3,528,610**	**14,414,372**	**3,089,629**	**12,720,002**	**3,526,547**	**14,405,943**	**3,083,583**	**12,695,112**

The movements of allowance for ECLs on other assets are as follows:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	10,806	44,488	6,628	27,002
Provision for the year *(Note 25)*	393,501	1,617,289	4,178	17,075
Write-off	(389,352)	(1,600,237)	-	-
Exchange difference on translation	-	(449)	-	411
At 31 December	**14,955**	**61,091**	**10,806**	**44,488**

14. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS

Deposits from other financial institutions comprise:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Current deposits	2,339,522	9,556,948	20,575,319	84,708,588
Saving deposits	14,708	60,082	37,734	155,351
Term deposits	98,882,393	403,934,575	44,879,941	184,770,717
	101,236,623	**413,551,605**	**65,492,994**	**269,634,656**

Deposits from other financial institutions are analysed as follows:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
A. By maturity:				
Within 1 month	12,453,682	50,873,291	30,477,373	125,475,345
> 1 to 3 months	29,544,103	120,687,661	14,910,353	61,385,923
> 3 to 12 months	59,238,838	241,990,653	20,105,268	82,773,388
	101,236,623	**413,551,605**	**65,492,994**	**269,634,656**
B. By residency:				
Residents	78,987,649	322,664,546	43,357,785	178,504,001
Non-residents	22,248,974	90,887,059	22,135,209	91,130,655
	101,236,623	**413,551,605**	**65,492,994**	**269,634,656**
C. By relationship:				
Related parties	22,029,926	89,992,248	22,567,851	92,911,842
Non-related parties	79,206,697	323,559,357	42,925,143	176,722,814
	101,236,623	**413,551,605**	**65,492,994**	**269,634,656**

D. By interest rate (per annum):

Annual interest rates applicable to Deposits from other financial institutions are as follows:

	Group and Bank	
	2023	2022
Current deposits	0.00% - 0.70%	0.5% - 0.70%
Savings deposits	0.25% - 2.00%	0.25 – 2.00%
Time deposits	5.00% - 7.50%	2.50% - 5.54%

15. DEPOSITS FROM CUSTOMERS

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Current deposits	30,284,909	123,713,853	39,889,151	164,223,634	30,467,210	124,458,553	40,075,308	164,990,042
Savings deposits	98,091,982	400,705,746	86,953,239	357,986,485	98,091,982	400,705,746	86,953,239	357,986,485
Term deposits	124,413,373	508,228,629	117,350,526	483,132,116	124,413,373	508,228,629	117,350,526	483,132,117
Margin deposits	141,000	575,985	241,000	992,197	141,000	575,985	241,000	992,197
	252,931,264	**1,033,224,213**	**244,433,916**	**1,006,334,432**	**253,113,565**	**1,033,968,913**	**244,620,073**	**1,007,100,841**

Deposits from customers are analysed as follows:

A. By maturity:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Within 1 month	142,067,989	580,347,734	152,247,555	626,803,184	142,250,290	581,092,434	152,433,712	627,569,593
> 1 to 3 months	17,856,730	72,944,742	26,220,611	107,950,255	17,856,730	72,944,742	26,220,611	107,950,255
> 3 to 12 months	91,899,207	375,408,261	65,795,750	270,881,103	91,899,207	375,408,261	65,795,750	270,881,103
> 1 to 5 years	1,107,338	4,523,476	170,000	699,890	1,107,338	4,523,476	170,000	699,890
	252,931,264	**1,033,224,213**	**244,433,916**	**1,006,334,432**	**253,113,565**	**1,033,968,913**	**244,620,073**	**1,007,100,841**

15. DEPOSITS FROM CUSTOMERS (continued)

Deposits from customers are analysed as follows: (continued)

B. By residency:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Residents	170,358,082	695,912,765	186,964,955	769,734,720	170,540,383	696,657,465	187,151,112	770,501,129
Non-residents	82,573,182	337,311,448	57,468,961	236,599,712	82,573,182	337,311,448	57,468,961	236,599,712
	252,931,264	**1,033,224,213**	**244,433,916**	**1,006,334,432**	**253,113,565**	**1,033,968,913**	**244,620,073**	**1,007,100,841**

C. By relationship:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Related parties	169,219	691,260	136,674	562,687	240,136	980,956	322,831	1,329,095
Non-related parties	252,762,045	1,032,532,953	244,297,242	1,005,771,745	252,873,429	1,032,987,957	244,297,242	1,005,771,746
	252,931,264	**1,033,224,213**	**244,433,916**	**1,006,334,432**	**253,113,565**	**1,033,968,913**	**244,620,073**	**1,007,100,841**

15. DEPOSITS FROM CUSTOMERS (continued)

Deposits from customers are analysed as follows: (continued)

D. By interest rate (per annum):

Annual interest rates applicable to deposits from customers are as follows:

	Group and Bank	
	2023	2022
Current deposits	0.00% - 1.50%	0.50%
Savings deposits	0.00% - 2.50%	0.25% - 2.00%
Term deposits	1.75% - 8.25%	2.00% - 7.25%
Margin deposits	Nil	Nil

The margin deposits are interest free and are encumbered for trade finance transactions.

16. BORROWINGS

Gross carrying amount of the borrowings is from:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Cathay United Bank Limited ("CUB")	**175,359,353**	**716,342,957**	**135,020,860**	**555,880,881**

The gross movements of the borrowings are as follows:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	135,020,860	555,880,881	4,568,168	18,610,716
Additions	96,000,000	394,560,000	352,000,000	1,438,624,000
Interest expense *(Note 23)*	9,994,243	41,076,339	1,841,012	7,524,216
Payments during the year	(65,655,750)	(269,845,133)	(223,388,320)	(912,988,064)
Exchange difference on translation	-	(5,329,130)	-	4,110,013
At 31 December	**175,359,353**	**716,342,957**	**135,020,860**	**555,880,881**

Borrowings from Cathay United Bank Limited ("CUB") is unsecured and bear interest ranging from 5.40% to 6.03% per annum (2022: 2.20% to 5.50% per annum).

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

17. LEASE LIABILITIES

The Group and the Bank lease buildings and motor vehicles. Information about leases for which the Group and the Bank are lessee presented below.

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Maturity analysis – contractual undiscounted cash flows								
Less than 1 year	1,135,844	4,639,923	881,324	3,628,411	1,192,352	4,870,758	937,832	3,861,054
Between 1 year and 5 years	1,739,624	7,106,364	1,422,003	5,854,386	1,965,656	8,029,705	1,648,035	6,784,960
More than 5 years	-	-	-	-	1,977,780	8,079,231	2,034,288	8,375,164
Total undiscounted lease liabilities	**2,875,468**	**11,746,287**	**2,303,327**	**9,482,797**	**5,135,788**	**20,979,694**	**4,620,155**	**19,021,178**
Less: unwinding interest	(251,381)	(1,026,892)	(140,280)	(577,533)	(1,475,092)	(6,025,751)	(1,411,680)	(5,811,886)
	2,624,087	**10,719,395**	**2,163,047**	**8,905,264**	**3,660,696**	**14,953,943**	**3,208,475**	**13,209,292**

17. LEASE LIABILITIES (continued)

The movements of lease liabilities during the year are as follows:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	2,163,047	8,905,264	2,826,418	11,514,827	3,208,475	13,209,292	3,880,270	15,808,220
Additions	1,475,313	6,063,536	104,243	426,041	1,475,313	6,063,536	104,243	426,041
Interest expense (*Note 23*)	164,996	678,134	112,510	459,828	212,685	874,135	160,594	656,348
Payments	(1,179,269)	(4,846,796)	(880,124)	(3,597,067)	(1,235,777)	(5,079,043)	(936,632)	(3,828,015)
Exchange difference on translation	-	(80,743)	-	101,635	-	(113,977)	-	146,698
At 31 December	**2,624,087**	**10,719,395**	**2,163,047**	**8,905,264**	**3,660,696**	**14,953,943**	**3,208,475**	**13,209,292**

17. LEASE LIABILITIES (continued)

Amounts recognized in profit or loss are as follows:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Depreciation of right-of-use assets (*Note 28*)	989,510	4,066,886	794,363	3,246,562	1,013,073	4,163,730	817,927	3,342,868
Lease expenses for leases of low-value assets and short-term leases (*Note 29*)	331,478	1,362,375	260,022	1,062,710	331,478	1,362,375	260,022	1,062,710
Interest expense on lease liabilities *(Note 23)*	164,996	678,134	112,510	459,828	212,685	874,135	160,594	656,348
	1,485,984	**6,107,395**	**1,166,895**	**4,769,100**	**1,557,236**	**6,400,240**	**1,238,543**	**5,061,926**

18. PROVISION FOR OFF-BALANCE SHEET ITEMS

Provision for off-balance sheet items comprise:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Allowance for ECLs on:				
Unused portion of overdraft	35,581	145,349	37,579	154,712
Unused portion of credit card	22,958	93,783	14,347	59,067
Bank guarantees	2,835	11,581	3,116	12,829
	61,374	**250,713**	**55,042**	**226,608**

The movement of provision for off-balance sheet items is as follow:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
At 1 January	55,042	226,608	28,569	116,390
Provision for the year *(Note 25)*	6,332	26,025	26,473	108,196
Exchange difference on translation	-	(1,920)	-	2,022
At 31 December	**61,374**	**250,713**	**55,042**	**226,608**

19. OTHER LIABILITIES

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Provision and tax payables	1,012,237	4,134,989	780,663	3,213,989	1,011,765	4,133,060	780,663	3,213,989
Accrued bonus	840,969	3,435,358	883,885	3,638,955	840,969	3,435,358	883,885	3,638,955
Accounts payables and other accruals	753,215	3,076,883	1,195,735	4,922,841	750,987	3,067,782	1,186,389	4,884,364
Provision for seniority indemnity	106,689	435,825	185,314	762,938	106,689	435,825	185,314	762,938
Pension fund	7,897	32,259	8,739	35,978	7,897	32,259	8,739	35,978
	2,721,007	**11,115,314**	**3,054,336**	**12,574,701**	**2,718,307**	**11,104,284**	**3,044,990**	**12,536,224**

20. SHARE CAPITAL

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Registered, issued and fully paid 100,000,000 ordinary shares of US$1 each	**100,000,000**	**407,500,000**	**100,000,000**	**407,500,000**

21. REGULATORY RESERVE

A regulatory reserve is established for the difference between the allowance for ECLs determined in accordance with CIFRS 9 and the regulatory allowance in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisioning for banks and financial institutions. An entity shall compare the regulatory allowance with the allowance calculated in accordance with CIFRS 9, and:

(I) In case the regulatory allowance is lower than the allowance based on CIFRS 9, the entity records the allowance calculated in accordance with CIFRS 9; and

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

Comparison of regulatory and CIFRS 9 provisioning, and required regulatory reserve are as follows:

	Group and Bank					
	Balances with other financial institutions	Loans and advances to customers	Investment in securities	Other assets	Off-balance sheet items	Total
	US$	US$	US$	US$	US$	US$
31 December 2023						
Allowance per NBC	386,739	14,309,711	60,421	28,859	191,544	14,977,274
Allowance per CIFRS 9	270,336	5,736,252	171,571	14,955	61,374	6,254,488
Regulatory reserves (A)	**116,403**	**8,573,459**	**(111,150)**	**13,904**	**130,170**	**8,722,786**
31 December 2022						
Allowance per NBC	341,916	7,155,887	50,565	25,939	199,077	7,773,384
Allowance per CIFRS 9	260,427	3,659,392	99,324	10,806	55,042	4,084,991
Regulatory reserves (B)	**81,489**	**3,496,495**	**-48,759**	**15,133**	**144,035**	**3,688,393**
Transfer from retained earnings to regulatory reserves (A - B)						**5,034,393**
In KHR’000 *(Note 2.5)*						**20,691,355**

22. INTEREST INCOME

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Loans and advances to customers	41,849,657	172,002,090	30,182,772	123,356,989
Balances with other financial institutions	1,270,824	5,223,087	726,340	2,968,552
Investment in securities measured at amortised cost	298,526	1,226,942	56,507	230,944
Balances with the NBC	175,873	722,838	66,698	272,595
	43,594,880	**179,174,957**	**31,032,317**	**126,829,080**

23. INTEREST EXPENSE

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Borrowings *(Note 16)*	9,994,243	41,076,339	1,841,012	7,524,216	9,994,243	41,076,339	1,841,012	7,524,216
Deposits from customers	6,585,724	27,067,325	4,946,822	20,217,662	6,585,724	27,067,325	4,946,822	20,217,661
Deposits from other financial institutions	4,346,415	17,863,766	1,651,979	6,751,638	4,346,415	17,863,766	1,651,979	6,751,638
Lease liabilities *(Note 17)*	164,996	678,134	112,510	459,828	212,685	874,135	160,594	656,348
	21,091,378	**86,685,564**	**8,552,323**	**34,953,344**	**21,139,067**	**86,881,565**	**8,600,407**	**35,149,863**

24. NET FEES AND COMMISSION INCOME

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Fees and commission income:								
Remittance	651,566	2,677,936	900,097	3,678,696	651,566	2,677,936	900,097	3,678,696
Credit card	505,451	2,077,404	420,694	1,719,376	505,451	2,077,404	420,694	1,719,376
Loan and trade finance	392,421	1,612,850	403,914	1,650,797	392,421	1,612,850	403,914	1,650,797
Service charges and fees	242,588	997,037	225,670	922,313	242,588	997,037	225,673	922,326
	1,792,026	**7,365,227**	**1,950,375**	**7,971,182**	**1,792,026**	**7,365,227**	**1,950,378**	**7,971,195**
Fees and commission expense:								
ATM and credit card	705,330	2,898,906	553,639	2,262,723	705,330	2,898,906	553,639	2,262,723
Bank charges	66,737	274,289	73,290	299,536	66,725	274,240	73,290	299,536
Swift charges	11,463	47,113	13,153	53,756	11,463	47,113	13,153	53,756
Others	81,892	336,576	49,761	203,373	81,891	336,572	49,761	203,373
	865,422	**3,556,884**	**689,843**	**2,819,388**	**865,409**	**3,556,831**	**689,843**	**2,819,388**
Net fees and commission income	**926,604**	**3,808,343**	**1,260,532**	**5,151,794**	**926,617**	**3,808,396**	**1,260,535**	**5,151,807**

25. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Impairment losses on financial assets comprise:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Loans and advances to customers *(Note 6)*	2,842,445	11,682,449	1,319,107	5,391,190
Other assets *(Note 13)*	393,501	1,617,289	4,178	17,075
Investment in securities at amortized cost *(Note 7)*	72,247	296,935	99,324	405,937
Balances with other financial institutions *(Note 5)*	9,909	40,726	31,168	127,384
Loan commitments and guarantees *(Note 18)*	6,332	26,025	26,473	108,196
	3,324,434	**13,663,424**	**1,480,250**	**6,049,782**

26. OTHER OPERATING INCOME

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Recovery of loans previously written off	1,050,790	4,318,747	808,495	3,304,319	1,050,790	4,318,747	808,495	3,304,319
Foreign exchange gain (loss)	310,274	1,275,226	(216,670)	(885,531)	310,274	1,275,226	(216,649)	(885,445)
Others	102,697	422,085	24,236	99,053	102,697	422,085	24,236	99,053
	1,463,761	**6,016,058**	**616,061**	**2,517,841**	**1,463,761**	**6,016,058**	**616,082**	**2,517,927**

27. PERSONNEL EXPENSES

Personnel expenses comprise:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Salaries and bonuses	8,420,642	34,608,839	7,117,238	29,088,152
Seniority payments	401,096	1,648,505	372,949	1,524,243
Other personnel expenses	792,182	3,255,867	789,368	3,226,146
	9,613,920	**39,513,211**	**8,279,555**	**33,838,541**

28. DEPRECIATION AND AMORTIZATION

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Right-of-use assets *(Note 10,12)*	989,510	4,066,886	794,363	3,246,562	1,013,073	4,163,730	817,927	3,342,868
Property and equipment *(Note 9)*	998,039	4,101,940	926,292	3,785,755	998,039	4,101,940	926,292	3,785,755
Software *(Note 11)*	578,650	2,378,252	473,842	1,936,592	578,650	2,378,252	473,842	1,936,592
	2,566,199	**10,547,078**	**2,194,497**	**8,968,909**	**2,589,762**	**10,643,922**	**2,218,061**	**9,065,215**

29. OTHER OPERATING EXPENSES

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Taxes	2,942,854	12,095,129	1,678,472	6,859,916	2,902,543	11,929,452	1,660,759	6,787,522
Professional services (*)	791,163	3,251,680	909,728	3,718,058	774,492	3,183,162	829,699	3,390,980
License fee	583,232	2,397,084	577,843	2,361,644	583,232	2,397,084	577,843	2,361,644
Repairs and maintenance	436,861	1,795,499	442,649	1,809,106	436,861	1,795,499	442,649	1,809,107
Marketing and advertising	410,601	1,687,570	335,907	1,372,852	410,601	1,687,570	335,907	1,372,852
Communication	392,706	1,614,022	364,339	1,489,053	392,706	1,614,022	364,339	1,489,054
Expenses relating to short-term leases *(Note 17)*	331,478	1,362,375	260,022	1,062,710	331,478	1,362,375	260,022	1,062,710
Utilities	272,974	1,121,923	258,174	1,055,157	272,974	1,121,923	258,174	1,055,157
Office supplies and non-capitalised purchases	177,841	730,927	174,644	713,770	177,841	730,927	174,644	713,770
Security	169,172	695,297	163,574	668,527	169,172	695,297	163,574	668,527
Others	533,286	2,191,804	456,823	1,867,036	533,098	2,191,031	456,728	1,866,647
	7,042,168	**28,943,310**	**5,622,175**	**22,977,829**	**6,984,998**	**28,708,342**	**5,524,338**	**22,577,970**

(*) Auditor's remuneration is recognized in the above professional fees. Breakdown of auditor's remuneration is as follows:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2)	US$	KHR'000 (Note 2)
Audit services (excluding value-added tax)				
The Group and the Bank	68,000	279,480	66,000	269,742
Its subsidiary	5,500	22,605	6,000	24,522
Non-audit services				
The Bank	None	None	None	None
Its subsidiary	None	None	None	None

30. COMMITMENTS AND CONTINGENCIES

Loan commitments and financial guarantee contracts

In the normal course of business, the Group and the Bank make various commitments and incur certain contingencies with legal recourse to its customers. The nominal value of such commitment are listed below:

	Group and Bank			
	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Unused portion of loans and advances to customers	7,137,089	29,155,009	8,741,733	35,989,715
Unused portion of credit card	11,476,319	46,880,763	10,765,904	44,323,227
Bank guarantees	541,000	2,209,985	641,000	2,638,997
	19,154,408	**78,245,757**	**20,148,637**	**82,951,939**

Taxation contingencies

On 19 September 2022, 23 September 2022 and 29 September 2022, the General Department of Taxation ("GDT") issued a Notice of Tax Reassessment ("NTR") on the comprehensive tax audit to the Bank for the period from 1 January 2017 to 31 December 2017, period from 1 January 2018 to 31 December 2018, and period from 1 January 2019 to 31 December 2020, respectively, imposing additional tax including penalty and interest totalling to KHR 6,170,947,571 (US$1,498,894).

On 2 November 2022 and 11 November 2022, the Bank lodged an administrative protest letter to object the comprehensive tax audit cases above to justify the ground on the calculation basis in NTR in accordance with the Cambodian Law on Taxation. The management decided to make provision of US$ 440,427 for these tax liabilities in the 2022 financial statements. The management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. As of date of these financial statements, there has not been any official response from the GDT to the protest letter yet.

The tax returns of the Group and the Bank are subject to periodic examination by the tax authorities. As the application of tax laws and regulations to various types of transactions is susceptible to varying interpretations, amounts reported in the financial statements of the Group and the Bank could be changed at a later date, upon final determination by the tax authorities.

31. RELATED PARTY TRANSACTIONS AND BALANCES

31.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Bank if the Group and the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

31.1 Identity of related parties (continued)

The related parties of the Group and the Bank are as follows:

Related parties	Relationship
Cathay Financial Holdings	Ultimate parent company
Cathay United Bank Limited ("CUB")	Immediate parent company
CUBC Investment Co., Ltd	Subsidiary of the Bank
Key management personnel	Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel include all the Directors of the Group and the Bank, and certain senior management members of the Bank.

31.2 Balances with related parties

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Group and Bank				
CUB				
Placement with CUB	2,992,040	12,222,483	385,312	1,586,330
Deposits from CUB *(Note 14)*	22,029,926	89,992,248	22,567,851	92,911,842
Borrowings from CUB *(Note 16)*	175,359,353	716,342,957	135,020,860	555,880,881
Key management				
Deposits	169,219	691,260	136,674	562,687
Bank				
CUBC Investment Co., Ltd.				
Investment in subsidiary	1,548,400	6,325,214	1,548,400	6,374,763
Deposits	182,300	744,696	186,157	766,408
Lease liabilities	1,036,609	4,234,548	1,045,428	4,304,027
Right-of-use assets	942,550	3,850,317	966,113	3,977,487

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

31.3 Transactions with related parties

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Group and Bank				
Cathay United Bank Limited ("CUB")				
Interest income	27,898	114,661	6,430	26,279
Interest expense on borrowings *(Note 23)*	9,994,243	41,076,339	1,841,012	7,524,216
Interest expense on deposits	1,130,317	4,645,603	537,910	2,198,438
Key management				
Interest expense	2,832	11,640	2,940	12,016

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Bank				
CUBC Investment Co., Ltd.				
Repayment of lease liabilities	56,508	232,248	56,508	230,948
Interest expense on lease liabilities	47,689	196,002	48,084	196,519
Depreciation of right-of-use assets	23,563	96,844	23,563	96,302
Key management				
Interest expense	2,832	11,640	2,940	12,016

31.4 Directors and key management personnel remuneration

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Remuneration and benefits of key management	**285,351**	**1,172,793**	**253,310**	**1,035,278**

32. FINANCIAL RISK MANAGEMENT

A. Introduction and overview

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

32. FINANCIAL RISK MANAGEMENT (continued)

A. Introduction and overview (continued)

The Board of Directors has established the Credit and Risk Committee, which is responsible for approving and monitoring the Group and the Bank risk management policies.

The Group's and the Bank's risk management policies are established to identify and analysed the risks faced by the Group and the Bank, 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 and the Bank's activities.

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

- credit risk;
- liquidity risk;
- market risk;
- operational risk;
- capital risk; and
- climate-related risks

32. FINANCIAL RISK MANAGEMENT (continued)

A. Introduction and overview (continued)

The Group and the Bank hold the following financial assets and liabilities:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Financial assets								
Cash on hand	16,909,877	69,076,848	15,220,906	62,664,470	16,909,877	69,076,848	15,220,906	62,664,470
Balances with the NBC	35,243,397	143,969,276	29,351,824	120,841,460	35,243,397	143,969,276	29,351,824	120,841,460
Balances with other financial institutions	38,403,533	156,878,432	33,931,164	139,694,602	38,403,533	156,878,432	33,931,164	139,694,602
Loans and advances to customers	501,193,533	2,047,375,582	433,802,332	1,785,964,201	501,193,533	2,047,375,582	433,802,332	1,785,964,201
Investment in securities	5,896,072	24,085,454	4,982,771	20,514,068	5,896,072	24,085,454	4,982,771	20,514,068
Investment in subsidiary	-	-	-	-	1,548,400	6,325,214	1,548,400	6,374,763
Other assets	2,870,953	11,727,843	2,522,700	10,385,956	2,870,953	11,727,843	2,516,654	10,361,065
	600,517,365	**2,453,113,435**	**519,811,697**	**2,140,064,757**	**602,065,765**	**2,459,438,649**	**521,354,051**	**2,146,414,629**
Financial liabilities								
Deposits from other financial institutions	101,236,623	413,551,605	65,492,994	269,634,656	101,236,623	413,551,605	65,492,994	269,634,656
Deposits from customers	252,931,264	1,033,224,213	244,433,916	1,006,334,432	253,113,565	1,033,968,913	244,620,073	1,007,100,841
Borrowings	175,359,353	716,342,957	135,020,860	555,880,881	175,359,353	716,342,957	135,020,860	555,880,881
Lease liabilities	2,624,087	10,719,395	2,163,047	8,905,264	3,660,696	14,953,943	3,208,475	13,209,292
Other liabilities	1,593,164	6,508,075	2,078,600	8,557,596	1,591,956	6,503,140	2,070,274	8,523,319
	533,744,491	**2,180,346,245**	**449,189,417**	**1,849,312,829**	**534,962,193**	**2,185,320,558**	**450,412,676**	**1,854,348,989**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk

Credit risk refers to risk of financial loss to the Group and the Bank 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 and advances to customers (including commitment to lend such loans). The Group and the Bank consider 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.

(i) Credit risk management

The Group's and the Bank's Credit and Risk Committee are responsible for managing the Group's and the Bank's credit risk by:

- Ensuring that the Group and the Bank have appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's and the Bank's stated policies and procedures, CIFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Group and the Bank, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group and the Bank 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 authorization structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's and the Bank's risk grading to categorize exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's and the Bank'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 and the Bank have 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 and the Bank 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.

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(ii) 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.

	2023				2022			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Group and Bank								
Balances with other financial institutions:								
Normal	38,673,869	-	-	38,673,869	34,191,591	-	-	34,191,591
Allowance for ECLs	(270,336)	-	-	(270,336)	(260,427)	-	-	(260,427)
Carrying amount	**38,403,533**	**-**	**-**	**38,403,533**	**33,931,164**	**-**	**-**	**33,931,164**
KHR'000 *(Note 2.5)*	**156,878,432**	**-**	**-**	**156,878,432**	**139,694,602**	**-**	**-**	**139,694,602**
Loans and advances to customers:								
Normal	479,999,026	1,158,253	-	481,157,279	424,352,062	-	-	424,352,062
Special mention	-	8,239,605	-	8,239,605	-	7,299,279	-	7,299,279
Substandard	-	-	4,728,850	4,728,850	-	-	2,952,720	2,952,720
Doubtful	-	-	9,004,011	9,004,011	-	-	1,549,143	1,549,143
Loss	-	-	3,800,040	3,800,040	-	-	1,308,520	1,308,520
Gross loan	**479,999,026**	**9,397,858**	**17,532,901**	**506,929,785**	**424,352,062**	**7,299,279**	**5,810,383**	**437,461,724**
Allowance for ECLs	(1,830,591)	(118,972)	(3,786,689)	(5,736,252)	(1,622,055)	(172,778)	(1,864,559)	(3,659,392)
Carrying amounts	**478,168,435**	**9,278,886**	**13,746,212**	**501,193,533**	**422,730,007**	**7,126,501**	**3,945,824**	**433,802,332**
KHR'000 *(Note 2.5)*	**1,953,318,057**	**37,904,249**	**56,153,276**	**2,047,375,582**	**1,740,379,439**	**29,339,805**	**16,244,957**	**1,785,964,201**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(ii) Credit quality analysis (continued)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Investment in securities at amortized cost:								
Normal	6,042,055	-	-	6,042,055	5,056,507	-	-	5,056,507
Allowance for ECLs	(171,571)	-	-	(171,571)	(99,324)	-	-	(99,324)
Carrying amounts	**5,870,484**	**-**	**-**	**5,870,484**	**4,957,183**	**-**	**-**	**4,957,183**
KHR'000 *(Note 2.5)*	**23,980,927**	**-**	**-**	**23,980,927**	**20,408,722**	**-**	**-**	**20,408,722**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(ii) Credit quality analysis (continued)

	2023				2022			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Group and Bank								
Unused portion of overdraft:								
Normal	7,137,089	-	-	7,137,089	8,741,733	-	-	8,741,733
Allowance for ECLs	(35,581)	-	-	(35,581)	(37,579)	-	-	(37,579)
Carrying amounts	**7,101,508**	**-**	**-**	**7,101,508**	**8,704,154**	**-**	**-**	**8,704,154**
KHR'000 *(Note 2.5)*	**29,009,660**	**-**	**-**	**29,009,660**	**35,835,002**	**-**	**-**	**35,835,002**
Bank guarantees:								
Normal	541,000	-	-	541,000	641,000	-	-	641,000
Allowance for ECLs	(2,835)	-	-	(2,835)	(3,116)	-	-	(3,116)
Carrying amounts	**538,165**	**-**	**-**	**538,165**	**637,884**	**-**	**-**	**637,884**
KHR'000 *(Note 2.5)*	**2,198,404**	**-**	**-**	**2,198,404**	**2,626,168**	**-**	**-**	**2,626,168**
Unused portion of credit card:								
Normal	11,400,853	-	-	11,400,853	10,601,189	-	-	10,601,189
Special mention	-	61,484	-	61,484	-	128,933	-	128,933
Substandard	-	-	4,631	4,631	-	-	32,586	32,586
Doubtful	-	-	9,345	9,345	-	-	980	980
Loss	-	-	6	6	-	-	2,216	2,216
Gross carrying amount	**11,400,853**	**61,484**	**13,982**	**11,476,319**	**10,601,189**	**128,933**	**35,782**	**10,765,904**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(ii) Credit quality analysis (continued)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Gross carrying amount	**11,400,853**	**61,484**	**13,982**	**11,476,319**	**10,601,189**	**128,933**	**35,782**	**10,765,904**
Allowance for ECLs	(22,479)	(479)	-	(22,958)	(13,895)	(452)	-	(14,347)
Carrying amounts	**11,378,374**	**61,005**	**13,982**	**11,453,361**	**10,587,294**	**128,481**	**35,782**	**10,751,557**
KHR'000 *(Note 2.5)*	**46,480,658**	**249,205**	**57,116**	**46,786,979**	**43,587,890**	**528,956**	**147,314**	**44,264,160**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(ii) Credit quality analysis (continued)

	2023				2022			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Group								
Other assets:								
Normal	2,885,908	-	-	2,885,908	2,533,506	-	-	2,533,506
Allowance for ECLs	(14,955)	-	-	(14,955)	(10,806)	-	-	(10,806)
Carrying amounts	**2,870,953**	**-**	**-**	**2,870,953**	**2,522,700**	**-**	**-**	**2,522,700**
KHR'000 *(Note 2.5)*	**11,727,843**	**-**	**-**	**11,727,843**	**10,385,956**	**-**	**-**	**10,385,956**
Bank								
Other assets:								
Normal	2,885,908	-	-	2,885,908	2,527,460	-	-	2,527,460
Allowance for ECLs	(14,955)	-	-	(14,955)	(10,806)	-	-	(10,806)
Carrying amounts	**2,870,953**	**-**	**-**	**2,870,953**	**2,516,654**	**-**	**-**	**2,516,654**
KHR'000 *(Note 2.5)*	**11,727,843**	**-**	**-**	**11,727,843**	**10,361,065**	**-**	**-**	**10,361,065**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(ii) Credit quality analysis (continued)

The table below summarizes the Group's and the Bank's loss allowance as of the year end by class of exposure.

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Loans and advances to customers at amortized cost	5,736,252	23,432,589	3,659,392	15,065,717
Balances with other financial institutions at amortized cost	270,336	1,104,323	260,427	1,072,178
Investment in securities at amortized cost	171,571	700,868	99,324	408,917
Loan commitments and financial guarantee contracts	61,374	250,713	55,042	226,608
Other assets	14,955	61,091	10,806	44,488
	6,254,488	**25,549,584**	**4,084,991**	**16,817,908**

(iii) Collateral held

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

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

Cash and cash equivalents, Balances with other financial institutions, investments, and other assets

Collateral is generally not sought for these assets.

Small and Medium Entity (SME) Retail Loans and Mortgage Loans (secured loans)

The Group and the Bank hold 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 and the Bank set Loan-To-Collateral Value ("LTV") < 80% as the maximum eligible ratio for loan disbursement to customers.

as at 31 December 2023 and for the year then ended

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iii) Collateral held (continued)

The table below summarizes the Group's and the Bank's security coverage of its financial assets:

	Collateral/credit enhancement					
	Properties US$	Floating assets US$	Fixed deposits US$	Others US$	Unsecured credit exposure US$	Total US$
31 December 2023						
Loans and advances to customers	451,267,352	-	23,426	-	55,639,007	506,929,785
Commitments	7,537,089	-	1,495,181	-	10,122,138	19,154,408
Total US$	**458,804,441**	**-**	**1,518,607**	**-**	**65,761,145**	**526,084,193**
Total KHR'000 *(Note 2.5)*	**1,874,216,141**	**-**	**6,203,510**	**-**	**268,634,277**	**2,149,053,928**
31 December 2022						
Loans and advances to customers	359,987,839	-	-	108,408	77,365,477	437,461,724
Commitments	-	-	641,000	-	19,507,637	20,148,637
Total US$	**359,987,839**	**-**	**641,000**	**108,408**	**96,873,114**	**457,610,361**
Total KHR'000 *(Note 2.5)*	**1,482,069,934**	**-**	**2,638,997**	**446,316**	**398,826,610**	**1,883,981,857**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

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

- Balances with other financial institutions,
- Loans and advances to customers;
- Loan commitments issued;
- Financial guarantee contracts issued; and
- Other financial assets.

No impairment loss is recognized on equity investments.

The Group and the Bank measure 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 and the Bank do 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 recognized 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 recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Credit-impaired financial assets

At each reporting date, the Group and the Bank assess 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 and the Bank on terms that the Group and the Bank would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

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 31 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 and advances to customers are graded as substandard, doubtful and loss in the Group's and the Bank's internal credit risk grading system.

Credit risk grades

The Group and the Bank allocate 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.

Significant increase in credit risk

The Group and the Bank consider 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; and
- Use of other qualitative indicators

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Significant increase in credit risk (continued)

The Group and the Bank use 30+ DPD for long-term loans and 15+ DPD for short-term loans 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 30+ DPD for long-term loans and 15+ DPD for short-term loans. 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 reorganization;
- 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 (TDR) unsuccessful.

The Group and the Bank also apply 90+ DPD for long-term loans and 31+ 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.

The Group and the Bank are monitoring the economic environment and is taking actions to limit its exposure to customers that are severely impacted. In 2023, certain loan limits have been reduced, particularly for customers operating in the impacted industries.

Definition of default

The Group and the Bank consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group and the Bank in full, without recourse by the Group and the Bank to actions such as realizing security (if any is held);
- the borrower is on any material credit obligation to the Group and the Bank; 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.

  The Group and the Bank analysed forward-looking information by using the statistical regression model for assessment to see whether the credit risk of an instrument has

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Incorporation of forward-looking information

increased significantly for measurement of ECL.

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

The Group and the Bank have 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.

Modified financial assets

The Group and the Bank renegotiate Loans and advances to customers in financial difficulties (referred to as restructure activities) to maximize collection opportunities and minimize the risk of default. Under the Group's and the Bank'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 and the Bank's restructure policy, the estimate of PD reflects whether the modification has improved or restored the Group's and the Bank's ability to collect interest and principal and the Group's and the Bank's previous experience. As part of this process, the Group and the Bank evaluate the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

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.

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 and the Bank 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 and the Bank 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.

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Measurement of ECL

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.

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

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Measurement of ECL (continued)

The Group's and the Bank's Loss allowance – Loans and advances to customers at amortised cost:

	2023				2022			
	Stage 1 2-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$
At 1 January	1,622,055	172,778	1,864,559	3,659,392	894,680	519,670	3,124,837	4,539,187
Changes in the loss allowance:								
Transfer to stage 1	104,294	(98,452)	(5,842)	-	165,943	(158,423)	(7,520)	-
Transfer to stage 2	(13,605)	173,527	(159,922)	-	(3,994)	24,415	(20,421)	-
Transfer to stage 3	(20,571)	(26,255)	46,826	-	(1,456)	(19,445)	20,901	-
Net remeasurement of loss allowances	(160,237)	(114,830)	2,243,071	1,968,004	94,107	(109,301)	430,040	414,846
New financial assets originated	516,666	20,517	258,734	795,917	713,656	33,124	932,219	1,678,999
Financial assets that have been derecognized	(218,011)	(8,313)	304,848	78,524	(240,881)	(117,262)	(416,595)	(774,738)
Write-offs	-	-	(765,585)	(765,585)	-	-	(2,198,902)	(2,198,902)
At 31 December	**1,830,591**	**118,972**	**3,786,689**	**5,736,252**	**1,622,055**	**172,778**	**1,864,559**	**3,659,392**
KHR'000 *(Note 2.5)*	**7,477,964**	**486,001**	**15,468,624**	**23,432,589**	**6,678,001**	**711,327**	**7,676,389**	**15,065,717**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Measurement of ECL (continued)

The Group's and the Bank's Loss allowance – Balances with other financial institutions at amortised cost:

	2023				2022			
	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$
At 1 January	260,427	-	-	260,427	229,259	-	-	229,259
New financial assets originated	9,909	-	-	9,909	31,168	-	-	31,168
At 31 December	**270,336**	**-**	**-**	**270,336**	**260,427**	**-**	**-**	**260,427**
KHR'000 *(Note 2.5)*	**1,104,323**	**-**	**-**	**1,104,323**	**1,072,178**	**-**	**-**	**1,072,178**

The Group and the Bank's Loss allowance – Investment in securities as at amortised cost:

	2023				*2022*			
	Stage 1 12-month ECL US$	*Stage 2 Lifetime ECL US$*	*Stage 3 Lifetime ECL US$*	*Total US$*	*Stage 1 12-month ECL US$*	*Stage 2 Lifetime ECL US$*	*Stage 3 Lifetime ECL US$*	*Total US$*
At 1 January	99,324	-	-	99,324	-	-	-	-
New financial assets originated	72,247	-	-	72,247	99,324	-	-	99,324
At 31 December	**171,571**	**-**	**-**	**171,571**	**99,324**	**-**	**-**	**99,324**
KHR'000 *(Note 2.5)*	**700,868**	**-**	**-**	**700,868**	**408,917**	**-**	**-**	**408,917**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Measurement of ECL (continued)

The Group's and the Bank's loss allowance – Loan commitments and financial guarantee contracts:

	2023				2022			
	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$
At 1 January	54,590	452	-	55,042	28,251	318	-	28,569
Changes in the loss allowance:								
Transfer to stage 1	345	(345)	-	-	139	(139)	-	-
Transfer to stage 2	(123)	123	-	-	(124)	124	-	-
Transfer to stage 3	(38)	(1)	39	-	(20)	(9)	29	-
Net remeasurement of loss allowances	13,569	342	(39)	13,872	23,706	221	(29)	23,898
New financial assets originated	12,238	13	-	12,251	7,698	38	-	7,736
Financial assets that have been derecognized	(19,686)	(105)	-	(19,791)	(5,060)	(101)	-	(5,161)
At 31 December	**60,895**	**479**	**-**	**61,374**	**54,590**	**452**	**-**	**55,042**
KHR'000 *(Note 2.5)*	**248,756**	**1,957**	**-**	**250,713**	**224,747**	**1,861**	**-**	**226,608**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Measurement of ECL (continued)

The Group and the Bank's loss allowance – Other assets:

	2023				2022			
	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$
At 1 January	10,806	-	-	10,806	6,628	-	-	6,628
New financial assets originated	4,149	-	-	4,149	4,178	-	-	4,178
At 31 December	**14,955**	**-**	**-**	**14,955**	**10,806**	**-**	**-**	**10,806**
KHR'000 *(Note 2.5)*	**61,091**	**-**	**-**	**61,091**	**44,488**	**-**	**-**	**44,488**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Measurement of ECL (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:

The Group and the Bank's Loans and advances to customers at amortised cost:

	2023				2022			
	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$
At 1 January	424,352,062	7,299,279	5,810,383	437,461,724	297,165,469	12,978,826	9,312,946	319,457,241
Changes in gross carrying amounts								
Transfer to stage 1	3,343,552	(3,335,243)	(8,309)	-	5,655,539	(5,588,439)	(67,100)	-
Transfer to stage 2	(11,381,516)	13,085,433	(1,703,917)	-	(3,067,395)	3,182,342	(114,947)	-
Transfer to stage 3	(6,195,374)	(4,043,176)	10,238,550	-	(888,021)	(770,183)	1,658,204	-
Net remeasurement of loss allowances	(56,532,323)	(2,852,269)	4,792,678	(54,591,914)	(21,739,266)	(250,878)	(132,496)	(22,122,640)
New financial assets originated	160,959,687	1,830,646	1,504,381	164,294,714	209,686,298	2,223,165	2,102,479	214,011,942
Financial assets that have been derecognized	(34,547,062)	(2,586,812)	(2,335,280)	(39,469,154)	(62,460,562)	(4,475,554)	(4,749,801)	(71,685,917)
Write-offs	-	-	(765,585)	(765,585)	-	-	(2,198,902)	(2,198,902)
At 31 December	**479,999,026**	**9,397,858**	**17,532,901**	**506,929,785**	**424,352,062**	**7,299,279**	**5,810,383**	**437,461,724**
KHR'000 *(Note 2.5)*	**1,960,796,021**	**38,390,249**	**71,621,901**	**2,070,808,171**	**1,747,057,439**	**30,051,132**	**23,921,347**	**1,801,029,918**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk

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

An analysis of concentration of credit risk is as follows:

	Group					
	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
31 December 2023						
Carrying amounts	38,403,533	501,193,533	5,896,072	2,870,953	(61,374)	548,302,717
Amount committed	-	-	-	-	19,154,408	19,154,408
Concentration by sector:						
External customers:						
Depository institutions	38,403,533	15,485,120	-	-	-	53,888,653
Other financial intuitions	-	37,923,971	-	-	-	37,923,971
Agriculture, forestry and fishing	-	1,870,124	-	-	-	1,870,124
Manufacturing	-	3,642,446	-	-	-	3,642,446
Utilities	-	37,145	-	-	-	37,145
Construction	-	48,660,096	-	-	-	48,660,096
Wholesale trade	-	10,498,528	-	-	-	10,498,528
Retail trade	-	11,062,518	-	-	7,137,089	18,199,607
Subtotal	**38,403,533**	**129,179,948**	**-**	**-**	**7,137,089**	**174,720,570**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

An analysis of concentration of credit risk is as follows: (continued)

	Group					
	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
Concentration by sector:(continued)						
External customers:(continued)						
Hotel and restaurant	-	1,310,616	-	-	-	1,310,616
Transport and storage	-	1,961,343	-	-	-	1,961,343
Rental and operational leasing Activities, excluded real estate leasing and rentals	-	602,140	-	-	-	602,140
Real estate activities	-	9,643,091	-	-	-	9,643,091
Personal lending	-	7,072,751	-	-	11,476,319	18,549,070
Credit cards	-	2,141,781	-	-	-	2,141,781
Mortgages, owner-occupied housing only	-	346,452,371	-	-	-	346,452,371
Import/export	-	-	-	-	541,000	541,000
Others	-	2,829,492	5,896,072	2,870,953	-	11,596,517
Subtotal	**-**	**372,013,585**	**5,896,072**	**2,870,953**	**12,017,319**	**392,797,929**
Grand total	**38,403,533**	**501,193,533**	**5,896,072**	**2,870,953**	**19,154,408**	**567,518,499**
KHR'000 *(Note 2.5)*	**156,878,432**	**2,047,375,582**	**24,085,454**	**11,727,843**	**78,245,757**	**2,318,313,068**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

An analysis of concentration of credit risk is as follows: (continued)

	Group					
	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
31 December 2022						
Carrying amounts	33,931,164	433,802,332	4,982,771	2,522,700	(55,042)	475,183,925
Amount committed	-	-	-	-	20,148,637	20,148,637
Concentration by sector:						
External customers:						
Depository institutions	33,931,164	29,025,954	-	-	-	62,957,118
Other financial intuitions	-	41,849,760	-	-	-	41,849,760
Agriculture, forestry and fishing	-	2,439,901	-	-	-	2,439,901
Manufacturing	-	3,259,400	-	-	-	3,259,400
Utilities	-	93,049	-	-	-	93,049
Construction	-	57,584,386	-	-	-	57,584,386
Wholesale trade	-	12,792,660	-	-	-	12,792,660
Retail trade	-	10,015,902	-	-	8,741,733	18,757,635
Subtotal	**33,931,164**	**157,061,012**	**-**	**-**	**8,741,733**	**199,733,909**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

An analysis of concentration of credit risk is as follows: (continued)

	Group					
	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
Concentration by sector:(continued)						
External customers:(continued)						
Hotel and restaurant	-	1,238,433	-	-	-	1,238,433
Transport and storage	-	1,224,773	-	-	-	1,224,773
Rental and operational leasing activities (excluding real estate leasing and rentals)	-	1,138,339	-	-	-	1,138,339
Real estate activities	-	7,257,793	-	-	-	7,257,793
Personal lending	-	8,291,280	-	-	10,765,904	19,057,184
Credit cards	-	1,555,314	-	-	-	1,555,314
Mortgages, owner-occupied housing only	-	250,599,030	-	-	-	250,599,030
Import/export	-	5,436,358	-	-	641,000	6,077,358
Others	-	-	4,982,771	2,522,700	-	7,505,471
Subtotal	**-**	**276,741,320**	**4,982,771**	**2,522,700**	**11,406,904**	**295,653,695**
Grand total	**33,931,164**	**433,802,332**	**4,982,771**	**2,522,700**	**20,148,637**	**495,387,604**
KHR'000 *(Note 2.5)*	**139,694,602**	**1,785,964,201**	**20,514,068**	**10,385,956**	**82,951,939**	**2,039,510,766**

as at 31 December 2023 and for the year then ended

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

An analysis of concentration of credit risk is as follows:

	Bank						
	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Investment in subsidiary US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
31 December 2023							
Carrying amounts	38,403,533	501,193,533	5,896,072	1,548,400	2,870,953	(61,374)	549,851,117
Amount committed	-	-	-	-	-	19,154,408	19,154,408
Concentration by sector:							
External customers:							
Depository institutions	38,403,533	15,485,120	-	-	-	-	53,888,653
Other financial intuitions	-	37,923,971	-	-	-	-	37,923,971
Agriculture, forestry and fishing	-	1,870,124	-	-	-	-	1,870,124
Manufacturing	-	3,642,446	-	-	-	-	3,642,446
Utilities	-	37,145	-	-	-	-	37,145
Construction	-	48,660,096	-	-	-	-	48,660,096
Wholesale trade	-	10,498,528	-	-	-	-	10,498,528
Retail trade	-	11,062,518	-	-	-	7,137,089	18,199,607
Subtotal	**38,403,533**	**129,179,948**	**-**	**-**	**-**	**7,137,089**	**174,720,570**

as at 31 December 2023 and for the year then ended

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

An analysis of concentration of credit risk is as follows: (continued)

	Bank						
	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Investment in subsidiary US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
Concentration by sector:(continued)							
External customers:(continued)							
Hotel and restaurant	-	1,310,616	-	-	-	-	1,310,616
Transport and storage	-	1,961,343	-	-	-	-	1,961,343
Rental and operational leasing Activities, excluded real estate leasing and rentals	-	602,140	-	-	-	-	602,140
Real estate activities	-	9,643,091	-	-	-	-	9,643,091
Personal lending	-	7,072,751	-	-	-	11,476,319	18,549,070
Credit cards	-	2,141,781	-	-	-	-	2,141,781
Mortgages, owner-occupied housing only	-	346,452,371	-	-	-	-	346,452,371
Import/export	-	-	-	-	-	541,000	541,000
Others	-	2,829,492	5,896,072	1,548,400	2,870,953	-	13,144,917
Subtotal	**-**	**372,013,585**	**5,896,072**	**1,548,400**	**2,870,953**	**12,017,319**	**394,346,329**
Grand total	**38,403,533**	**501,193,533**	**5,896,072**	**1,548,400**	**2,870,953**	**19,154,408**	**569,066,899**
KHR'000 *(Note 2.5)*	**156,878,432**	**2,047,375,582**	**24,085,454**	**6,325,214**	**11,727,843**	**78,245,757**	**2,324,638,282**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

An analysis of concentration of credit risk is as follows: (continued)

	Bank						
	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Investment in subsidiary US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
31 December 2022							
Carrying amounts	33,931,164	433,802,332	4,982,771	1,548,400	2,516,654	(55,042)	476,726,279
Amount committed	-	-	-	-	-	20,148,637	20,148,637
Concentration by sector:							
External customers:							
Depository institutions	33,931,164	29,025,954	-	-	-	-	62,957,118
Other financial intuitions	-	41,849,760	-	-	-	-	41,849,760
Agriculture, forestry and fishing	-	2,439,901	-	-	-	-	2,439,901
Manufacturing	-	3,259,400	-	-	-	-	3,259,400
Utilities	-	93,049	-	-	-	-	93,049
Construction	-	57,584,386	-	-	-	-	57,584,386
Wholesale trade	-	12,792,660	-	-	-	-	12,792,660
Retail trade	-	10,015,902	-	-	-	8,741,733	18,757,635
Subtotal	**33,931,164**	**157,061,012**	**-**	**-**	**-**	**8,741,733**	**199,733,909**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

An analysis of concentration of credit risk is the follows: (continued)

	Balances with other financial institutions US$	Loans and advances to customers US$	Investment in securities US$	Bank Investment in subsidiary US$	Other assets US$	Loan commitments and financial guarantee contracts US$	Total US$
Concentration by sector:(continued)							
External customers:(continued)							
Hotel and restaurant	-	1,238,433	-	-	-	-	1,238,433
Transport and storage	-	1,224,773	-	-	-	-	1,224,773
Rental and operational leasing activities (excluding real estate leasing and rentals)	-	1,138,339	-	-	-	-	1,138,339
Real estate activities	-	7,257,793	-	-	-	-	7,257,793
Personal lending	-	8,291,280	-	-	-	10,765,904	19,057,184
Credit cards	-	1,555,314	-	-	-	-	1,555,314
Mortgages, owner-occupied housing only	-	250,599,030	-	-	-	-	250,599,030
Import/export	-	5,436,358	-	-	-	641,000	6,077,358
Others	-	-	4,982,771	1,548,400	2,516,654	-	9,047,825
Subtotal	**-**	**276,741,320**	**4,982,771**	**1,548,400**	**2,516,654**	**11,406,904**	**297,196,049**
Grand total	**33,931,164**	**433,802,332**	**4,982,771**	**1,548,400**	**2,516,654**	**20,148,637**	**496,929,958**
KHR'000 *(Note 2.5)*	**139,694,602**	**1,785,964,201**	**20,514,068**	**6,374,763**	**10,361,065**	**82,951,939**	**2,045,860,638**

32. FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

(v) Concentration of credit risk (continued)

The Group's and the Bank's concentration risk by residency and relationship, and large-exposures for net loans and advances to customers:

	2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
By residency status:				
Non-residents	--	-	-	-
Residents	501,193,533	2,047,375,582	433,802,332	1,785,964,201
	501,193,533	**2,047,375,582**	**433,802,332**	**1,785,964,201**
By relationship:				
Related parties	-	-	-	-
Non related parties	501,193,533	2,047,375,582	433,802,332	1,785,964,201
	501,193,533	**2,047,375,582**	**433,802,332**	**1,785,964,201**
By exposure:				
Large exposures (*)	51,469,520	210,252,989	-	-
Non-large exposures	449,724,013	1,837,122,593	433,802,332	1,785,964,201
	501,193,533	**2,047,375,582**	**433,802,332**	**1,785,964,201**
By concession:				
Restructure (**)	12,359,627	50,489,076	15,825,317	65,152,830
Non-restructure	488,833,906	1,996,886,506	417,977,015	1,720,811,371
	501,193,533	**2,047,375,582**	**433,802,332**	**1,785,964,201**

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

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

C. Liquidity risk

Liquidity risk refers 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 and the Bank's operations and investments.

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(i) Liquidity risk management

The Group and the Bank established a comprehensive policy and control framework for managing liquidity risk. The Group's and the Bank's Asset and Liability Management Committee (ALCO) is responsible for managing the Group's and the Bank'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 and the Bank:

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

There are daily controls in place to define and monitor compliance with the Group's and the Bank's liquidity risk appetite. The principal metric used is the result of the Group's and the Bank'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).

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 and the Bank also combine 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.

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(ii) Exposure to liquidity risk

The key measure used by the Group and the Bank 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 financial institutions); 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	
	2023	2022	2023	2022
At end of the year	140%	140%	140%	140%
Average for the year	158%	165%	158%	165%
Maximum for the year	187%	327%	187%	327%
Minimum for the year	125%	101%	125%	101%

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(iii) Maturity analysis for financial liabilities and financial assets

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

	2023							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Group								
Financial liabilities by type								
Non-derivative financial liabilities								
Deposits from other financial institutions	101,236,623	(103,132,058)	(12,498,888)	(29,882,934)	(60,750,236)	-	-	-
Deposits from customers	252,931,264	(256,313,656)	(142,088,990)	(18,024,385)	(95,034,373)	(1,165,908)	-	-
Borrowings	175,359,353	(177,697,035)	(35,993,198)	(57,715,981)	(83,987,856)	-	-	-
Lease liabilities	2,624,087	(2,875,468)	(96,549)	(193,153)	(846,142)	(1,739,624)	-	-
Other liabilities	1,593,164	(1,707,750)	(1,707,750)	-	-	-	-	-
	533,744,491	**(541,725,967)**	**(192,385,375)**	**(105,816,453)**	**(240,618,607)**	**(2,905,532)**	**-**	**-**
Loan commitments and guarantees	-	19,154,408	18,613,408	30,000	511,000	-	-	-
In US$	**533,744,491**	**(522,571,559)**	**(173,771,967)**	**(105,786,453)**	**(240,107,607)**	**(2,905,532)**	**-**	**-**
In KHR'000 *(Note 2.5)*	**2,180,346,245**	**(2,134,704,819)**	**(709,858,485)**	**(432,137,661)**	**(980,839,575)**	**(11,869,098)**	**-**	**-**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

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

The following tables set out the remaining contractual maturities of financial liabilities and financial assets. (continued)

	2023							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Group								
Financial assets by type								
Non-derivative financial assets								
Cash on hand	16,909,877	16,909,877	16,909,877	-	-	-	-	-
Balance with the NBC	35,243,397	35,243,397	35,243,397	-	-	-	-	-
Balances with other financial institutions	38,403,533	38,728,131	3,070,573	22,056,366	2,131,542	-	-	11,469,650
Loans and advance to customers	501,193,533	849,835,817	6,464,883	14,848,231	61,326,818	263,518,974	503,676,911	-
Investment in securities	5,896,072	6,318,983	-	-	972,254	5,346,729	-	-
Other assets	2,870,953	2,873,015	2,873,015	-	-	-	-	-
In US$	**600,517,365**	**949,909,220**	**64,561,745**	**36,904,597**	**64,430,614**	**268,865,703**	**503,676,911**	**11,469,650**
In KHR'000 *(Note 2.5)*	**2,453,113,435**	**3,880,379,164**	**263,734,728**	**150,755,279**	**263,199,058**	**1,098,316,397**	**2,057,520,181**	**46,853,520**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

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

The following tables set out the remaining contractual maturities of financial liabilities and financial assets. (continued)

	2022							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Group								
Financial liabilities by type								
Non-derivative financial liabilities								
Deposits from other financial institutions	65,492,994	(66,458,196)	(30,484,420)	(15,031,535)	(20,942,241)	-	-	-
Deposits from customers	244,433,916	(246,412,797)	(151,877,689)	(26,405,340)	(68,129,768)	-	-	-
Borrowings	135,020,860	(136,581,098)	(25,069,743)	(49,368,722)	(62,142,633)	-	-	-
Lease liabilities	2,163,047	(2,276,727)	(65,478)	(166,711)	(632,335)	(1,412,203)	-	-
Other liabilities	2,078,600	(2,272,656)	(2,272,656)	-	-	-	-	-
	449,189,417	**(454,001,474)**	**(209,769,986)**	**(90,972,308)**	**(151,846,977)**	**(1,412,203)**	**-**	**-**
Loan commitments and guarantees	-	20,148,637	19,507,637	-	641,000	-	-	-
In US$	**449,189,417**	**(433,852,837)**	**(190,262,349)**	**(90,972,308)**	**(151,205,977)**	**(1,412,203)**	**-**	**-**
In KHR'000 *(Note 2.5)*	**1,849,312,829**	**(1,786,172,130)**	**(783,310,091)**	**(374,532,992)**	**(622,515,007)**	**(5,814,040)**	**-**	**-**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

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

The following tables set out the remaining contractual maturities of financial liabilities and financial assets. (continued)

	2022							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Group								
Financial assets by type								
Non-derivative financial assets								
Cash on hand	15,220,906	15,220,906	15,220,906	-	-	-	-	-
Balances with the NBC	29,351,824	29,342,973	2,797,228	-	-	-	-	26,545,745
Balances with other financial institutions	33,931,164	34,278,535	7,007,411	20,170,247	-	-	-	7,100,877
Loans and advance to customers	433,802,332	637,846,280	5,166,647	3,691,831	30,630,043	181,908,633	416,449,126	-
Investment in securities	4,982,771	5,794,835	-	-	-	5,769,247	-	25,588
Other assets	2,522,700	2,522,700	2,522,700	-	-	-	-	-
In US$	**519,811,697**	**725,006,229**	**32,714,892**	**23,862,078**	**30,630,043**	**187,677,880**	**416,449,126**	**33,672,210**
In KHR'000 *(Note 2.5)*	**2,140,064,757**	**2,984,850,645**	**134,687,210**	**98,240,175**	**126,103,887**	**772,669,832**	**1,714,521,052**	**138,628,489**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

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

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

	2023							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Bank								
Financial liabilities by type								
Non-derivative financial liabilities:								
Deposits from other financial institutions	101,236,623	(103,132,058)	(12,498,888)	(29,882,934)	(60,750,236)	-	-	-
Deposits from customers	253,113,565	(256,495,957)	(142,271,291)	(18,024,385)	(95,034,373)	(1,165,908)	-	-
Borrowings	175,359,353	(177,697,035)	(35,993,198)	(57,715,981)	(83,987,856)	-	-	-
Lease liabilities	3,660,696	(5,135,788)	(101,258)	(202,571)	(888,523)	(1,965,656)	(1,977,780)	-
Other liabilities	1,591,956	(1,707,750)	(1,707,750)	-	-	-	-	-
	534,962,193	**(544,168,588)**	**(192,572,385)**	**(105,825,871)**	**(240,660,988)**	**(3,131,564)**	**(1,977,780)**	**-**
Loan commitments and guarantees	-	19,154,408	18,613,408	30,000	511,000	-	-	-
In US$	**534,962,193**	**(525,014,180)**	**(173,958,977)**	**(105,795,871)**	**(240,149,988)**	**(3,131,564)**	**(1,977,780)**	**-**
In KHR'000 *(Note 2.5)*	**2,185,320,558**	**(2,144,682,925)**	**(710,622,421)**	**(432,176,133)**	**(981,012,701)**	**(12,792,439)**	**(8,079,231)**	**-**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

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

The following tables set out the remaining contractual maturities of financial liabilities and financial assets. (continued)

	2023							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Bank								
Financial assets by type								
Non-derivative financial assets:								
Cash on hand	16,909,877	16,909,877	16,909,877	-	-	-	-	-
Balances with the NBC	35,243,397	35,243,397	35,243,397	-	-	-	-	-
Balances with other financial institutions	38,403,533	38,728,131	3,070,573	22,056,366	2,131,542	-	-	11,469,650
Loans and advance to customers	501,193,533	849,835,817	6,464,883	14,848,231	61,326,818	263,518,974	503,676,911	-
Investment in securities	5,896,072	6,318,983	-	-	972,254	5,346,729	-	-
Investment in subsidiary	1,548,400	1,548,400	-	-	-	-	-	1,548,400
Other assets	2,870,953	2,870,953	2,870,953	-	-	-	-	-
In US$	**602,065,765**	**951,455,558**	**64,559,683**	**36,904,597**	**64,430,614**	**268,865,703**	**503,676,911**	**13,018,050**
In KHR'000 *(Note 2.5)*	**2,459,438,649**	**3,886,695,954**	**263,726,305**	**150,755,279**	**263,199,058**	**1,098,316,397**	**2,057,520,181**	**53,178,734**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

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

The following tables set out the remaining contractual maturities of financial liabilities and financial assets. (continued)

	2022							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Bank								
Financial liabilities by type								
Non-derivative financial liabilities:								
Deposits from other financial institutions	65,492,994	(66,458,196)	(30,484,420)	(15,031,535)	(20,942,241)	-	-	-
Deposits from customers	244,620,073	(246,598,958)	(152,063,848)	(26,405,342)	(68,129,768)	-	-	-
Borrowings	135,020,860	(136,581,098)	(25,069,743)	(49,368,722)	(62,142,633)	-	-	-
Lease liabilities	3,208,475	(4,593,555)	(70,187)	(176,129)	(674,716)	(1,638,235)	(2,034,288)	-
Other liabilities	2,264,327	(2,264,326)	(2,264,326)	-	-	-	-	-
	450,606,729	**(456,496,133)**	**(209,952,524)**	**(90,981,728)**	**(151,889,358)**	**(1,638,235)**	**(2,034,288)**	**-**
Loan commitments and guarantees	-	20,148,637	19,507,637	-	641,000	-	-	-
In US$	**450,606,729**	**(436,347,496)**	**(190,444,887)**	**(90,981,728)**	**(151,248,358)**	**(1,638,235)**	**(2,034,288)**	**-**
In KHR'000 *(Note 2.5)*	**1,855,147,905**	**(1,796,442,641)**	**(784,061,600)**	**(374,571,774)**	**(622,689,490)**	**(6,744,613)**	**(8,375,164)**	**-**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

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

The following tables set out the remaining contractual maturities of financial liabilities and financial assets. (continued)

	2022							
	Carrying amount US$	Gross nominal inflow/(outflow) US$	Up to 1 month US$	> 1 – 3 months US$	> 3 – 12 months US$	> 1 – 5 years US$	Over 5 years US$	No maturity US$
Bank								
Financial assets by type								
Non-derivative financial assets:								
Cash on hand	15,220,906	15,220,906	15,220,906	-	-	-	-	-
Balances with the NBC	29,351,824	29,342,973	2,797,228	-	-	-	-	26,545,745
Balances with other financial institutions	33,931,164	34,278,535	7,007,411	20,170,247	-	-	-	7,100,877
Loans and advance to customers	433,802,332	637,846,280	5,166,647	3,691,831	30,630,043	181,908,633	416,449,126	-
Investment in securities	4,982,771	5,794,835	-	-	-	5,769,247	-	25,588
Investment in subsidiary	1,548,400	1,548,400	-	-	-	-	-	1,548,400
Other assets	2,516,654	2,516,654	2,516,654	-	-	-	-	-
In US$	**521,354,051**	**726,548,583**	**32,708,846**	**23,862,078**	**30,630,043**	**187,677,880**	**416,449,126**	**35,220,610**
In KHR'000 *(Note 2.5)*	**2,146,414,629**	**2,991,200,516**	**134,662,319**	**98,240,175**	**126,103,887**	**772,669,832**	**1,714,521,052**	**145,003,251**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(iii) 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	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 and the Bank hold liquid assets comprising cash and cash equivalents, which can be readily to meet liquidity requirements. In addition, the Group and the Bank maintain agreed lines of credit with other financial institutions.

(iv) Liquidity reserves

The following table sets out the components of the Group's and the Bank's liquidity reserves:

	2023		2022	
	Gross carrying amounts US$	Fair value US$	Gross carrying amounts US$	Fair value US$
Financial assets				
Cash on hand	16,909,877	16,909,877	15,220,906	15,220,906
Balances with the NBC	34,420,435	34,420,435	26,545,745	26,545,745
Balances with other financial institutions	16,377,590	16,377,590	32,154,550	32,154,550
Total liquidity reserves	**67,707,902**	**67,707,902**	**73,921,201**	**73,921,201**
In KHR'000 *(Note 2.5)*	**276,586,779**	**276,586,779**	**304,333,585**	**304,333,585**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(v) Financial assets available to support future funding

The following table sets out the availability of financial assets to support future funding:

	Encumbered		Unencumbered		
	Pledged as collateral US$	Other* US$	Available as collateral US$	Other** US$	Total US$
Group					
31 December 2023					
Cash on hand	-	-	-	16,909,877	16,909,877
Balances with the NBC	822,962	-	-	34,420,435	35,243,397
Balances with other financial institutions	-	-	-	38,403,533	38,403,533
Loans and advances to customers	-	-	-	501,193,533	501,193,533
Investment in securities	-	-	-	5,896,072	5,896,072
Other assets	-	-	-	2,870,953	2,870,953
In US$	**822,962**	**-**	**-**	**599,694,403**	**600,517,365**
In KHR'000 *(Note 2.5)*	**3,361,800**	**-**	**-**	**2,449,751,635**	**2,453,113,435**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(v) Financial assets available to support future funding (continued)

	Encumbered		Unencumbered		
	Pledged as collateral US$	Other* US$	Available as collateral US$	Other** US$	Total US$
Group					
31 December 2022					
Cash on hand	-	-	-	15,220,906	15,220,906
Balances with the NBC	2,806,079	-	-	26,545,745	29,351,824
Balances with other financial institutions	-	-	-	33,931,164	33,931,164
Loans and advances to customers	-	-	-	433,802,332	433,802,332
Investment in securities	-	-	-	4,982,771	4,982,771
Other assets	-	-	-	2,522,700	2,522,700
In US$	**2,806,079**	**-**	**-**	**517,005,618**	**519,811,697**
In KHR'000 *(Note 2.5)*	**11,552,627**	**-**	**-**	**2,128,512,130**	**2,140,064,757**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(v) Financial assets available to support future funding (continued)

The following table sets out the availability of financial assets to support future funding:

	Encumbered		Unencumbered		
	Pledged as collateral US$	Other* US$	Available as collateral US$	Other** US$	Total US$
Bank					
31 December 2023					
Cash on hand	-	-	-	16,909,877	16,909,877
Balances with the NBC	822,962	-	-	34,420,435	35,243,397
Balances with other financial institutions	-	-	-	38,403,533	38,403,533
Loans and advances to customers	-	-	-	501,193,533	501,193,533
Investment in securities	-	-	-	5,896,072	5,896,072
Investment in subsidiary	-	-	-	1,548,400	1,548,400
Other assets	-	-	-	2,870,953	2,870,953
In US$	**822,962**	**-**	**-**	**601,242,803**	**602,065,765**
In KHR'000 *(Note 2.5)*	**3,361,800**	**-**	**-**	**2,456,076,849**	**2,459,438,649**

32. FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

(v) Financial assets available to support future funding (continued)

The following table sets out the availability of financial assets to support future funding. (continued)

	Encumbered		Unencumbered		
	Pledged as collateral	Other*	Available as collateral	Other**	Total
	US$	US$	US$	US$	US$
Bank					
31 December 2022					
Cash on hand	-	-	-	15,220,906	15,220,906
Balances with the NBC	2,806,079	-	-	26,545,745	29,351,824
Balances with other financial institutions	-	-	-	33,931,164	33,931,164
Loans and advances to customers	-	-	-	433,802,332	433,802,332
Investment in securities	-	-	-	4,982,771	4,982,771
Investment in subsidiary	-	-	-	1,548,400	1,548,400
Other assets	-	-	-	2,516,654	2,516,654
In US$	**2,806,079**	**-**	**-**	**518,547,972**	**521,354,051**
In KHR'000 *(Note 2.5)*	**11,552,627**	**-**	**-**	**2,134,862,002**	**2,146,414,629**

(*) Represents assets that are not pledged but the Group and the Bank 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 the Group and the Bank would not consider readily available to secure funding in the normal course of business.

32. FINANCIAL RISK MANAGEMENT (continued)

D. 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 and the Bank's income or the value of its holdings of financial instruments. The objective of the Group's and the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's and the Bank's solvency while optimizing the return on risk.

The Group and the Bank do 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 and the Bank because of a change in market interest rates.

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

as at 31 December 2023 and for the year then ended

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(i) Interest rate risk (continued)

	Group						
	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$	Total US$
31 December 2023							
Financial assets							
Cash on hand	-	-	-	-	-	16,909,877	16,909,877
Balances with the NBC	-	822,962	-	-	-	34,420,435	35,243,397
Balances with other financial institutions	14,529,427	21,865,480	2,008,626	-	-	-	38,403,533
Loans and advances to customers	3,940,506	4,096,179	20,258,361	120,545,386	352,353,101	-	501,193,533
Investment in securities	-	968,360	4,902,124	-	-	25,588	5,896,072
Other assets	-	-	-	-	-	2,870,953	2,870,953
	18,469,933	**27,752,981**	**27,169,111**	**120,545,386**	**352,353,101**	**54,226,853**	**600,517,365**
Financial liabilities							
Deposits from other financial institutions	12,453,682	29,544,103	59,238,838	-	-	-	101,236,623
Deposits from customers	142,067,989	17,856,730	91,899,207	1,107,338	-	-	252,931,264
Borrowings	35,904,554	57,194,707	82,260,092	-	-	-	175,359,353
Lease liabilities	-	-	89,951	2,534,136	-	-	2,624,087
Other liabilities	-	-	-	-	-	1,593,164	1,593,164
	190,426,225	**104,595,540**	**233,488,088**	**3,641,474**	**-**	**1,593,164**	**533,744,491**
Net asset (liability) position	**(171,956,292)**	**(76,842,559)**	**(206,318,977)**	**116,903,912**	**352,353,101**	**52,633,689**	**66,772,874**
In KHR'000 *(Note 2.5)*	**(702,441,453)**	**(313,901,854)**	**(842,813,021)**	**477,552,481**	**1,439,362,418**	**215,008,619**	**272,767,190**

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(i) Interest rate risk (continued)

	Group						
	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$	Total US$
31 December 2022							
Financial assets							
Cash on hand	-	-	-	-	-	15,220,906	15,220,906
Balances with the NBC	-	2,806,079	-	-	-	26,545,745	29,351,824
Balances with other financial institutions	14,864,223	9,948,603	2,017,461	-	-	7,100,877	33,931,164
Loans and advances to customers	4,571,863	2,969,852	26,258,789	139,792,730	260,209,098	-	433,802,332
Investment in securities	-	4,957,183	-	-	-	25,588	4,982,771
Other assets	-	-	-	-	-	2,522,700	2,522,700
	19,436,086	**20,681,717**	**28,276,250**	**139,792,730**	**260,209,098**	**51,415,816**	**519,811,697**
Financial liabilities							
Deposits from other financial institutions	30,477,373	14,910,353	20,105,268	-	-	-	65,492,994
Deposits from customers	152,247,555	26,220,611	65,795,750	170,000	-	-	244,433,916
Borrowings	30,042,688	74,582,472	30,395,700	-	-	-	135,020,860
Lease liabilities	57,435	151,526	569,160	1,384,926	-	-	2,163,047
Other liabilities	-	-	-	-	-	2,078,600	2,078,600
	212,825,051	**115,864,962**	**116,865,878**	**1,554,926**	**-**	**2,078,600**	**449,189,417**
Net asset (liability) position	**(193,388,965)**	**(95,183,245)**	**(88,589,628)**	**138,237,804**	**260,209,098**	**49,337,216**	**70,622,280**
In KHR'000 *(Note 2.5)*	**(796,182,369)**	**(391,869,420)**	**(364,723,498)**	**569,125,039**	**1,071,280,856**	**203,121,319**	**290,751,927**

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(i) Interest rate risk (continued)

	Bank						
	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$	Total US$
31 December 2023							
Financial assets							
Cash on hand	-	-	-	-	-	16,909,877	16,909,877
Balances with the NBC	-	822,962	-	-	-	34,420,435	35,243,397
Balances with other financial institutions	14,529,427	21,865,480	2,008,626	-	-	-	38,403,533
Loans and advances to customers	3,940,506	4,096,179	20,258,361	120,545,386	352,353,101	-	501,193,533
Investment in securities	-	968,360	4,902,124	-	-	25,588	5,896,072
Investment in subsidiary	-	-	-	-	-	1,548,400	1,548,400
Other assets	-	-	-	-	-	2,870,953	2,870,953
	18,469,933	**27,752,981**	**27,169,111**	**120,545,386**	**352,353,101**	**55,775,253**	**602,065,765**
Financial liabilities							
Deposits from other financial institutions	12,453,682	29,544,103	59,238,838	-	-	-	101,236,623
Deposits from customers	142,250,290	17,856,730	91,899,207	1,107,338	-	-	253,113,565
Borrowings	35,904,554	57,194,707	82,260,092	-	-	-	175,359,353
Lease liabilities	-	-	89,951	2,534,136	1,036,609	-	3,660,696
Other liabilities	-	-	-	-	-	1,591,956	1,591,956
	190,608,526	**104,595,540**	**233,488,088**	**3,641,474**	**1,036,609**	**1,591,956**	**534,962,193**
Net asset (liability) position	**(172,138,593)**	**(76,842,559)**	**(206,318,977)**	**116,903,912**	**351,316,492**	**54,183,297**	**67,103,572**
In KHR'000 *(Note 2.5)*	**(703,186,152)**	**(313,901,854)**	**(842,813,021)**	**477,552,481**	**1,435,127,870**	**221,338,768**	**274,118,092**

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(i) Interest rate risk (continued)

	Bank						
	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$	Total US$
31 December 2022							
Financial assets							
Cash on hand	-	-	-	-	-	15,220,906	15,220,906
Balances with the NBC	-	2,806,079	-	-	-	26,545,745	29,351,824
Balances with other financial institutions	14,864,223	9,948,603	2,017,461	-	-	7,100,877	33,931,164
Loans and advances to customers	4,571,863	2,969,852	26,258,789	139,792,730	260,209,098	-	433,802,332
Investment in securities	-	4,957,183	-	-	-	25,588	4,982,771
Investment in subsidiary						1,548,400	1,548,400
Other assets	-	-	-	-	-	2,516,654	2,516,654
	19,436,086	**20,681,717**	**28,276,250**	**139,792,730**	**260,209,098**	**52,958,170**	**521,354,051**
Financial liabilities							
Deposits from other financial institutions	30,477,373	14,910,353	20,105,268	-	-	-	65,492,994
Deposits from customers	152,433,712	26,220,611	65,795,750	170,000	-	-	244,620,073
Borrowings	30,042,688	74,582,472	30,395,700	-	-	-	135,020,860
Lease liabilities	58,154	152,973	575,813	1,424,546	996,989	-	3,208,475
Other liabilities	-	-	-	-	-	2,070,274	2,070,274
	213,011,927	**115,866,409**	**116,872,531**	**1,594,546**	**996,989**	**2,070,274**	**450,412,676**
Net asset (liability) position	**(193,575,841)**	**(95,184,692)**	**(88,596,281)**	**138,198,184**	**259,212,109**	**50,887,896**	**70,941,375**
In KHR'000 *(Note 2.5)*	**(796,951,737)**	**(391,875,377)**	**(364,750,889)**	**568,961,924**	**1,067,176,252**	**209,505,468**	**292,065,641**

as at 31 December 2023 and for the year then ended

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(ii) Foreign currency exchange risk

The Group and the Bank operate in the Kingdom of Cambodia and transacts in many currencies, and is exposed to various currency risks.

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

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(ii) Foreign currency exchange risk (continued)

Concentration of currency risk

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

	Denomination - US$ equivalents							
	2023				2022			
	KHR	US$	Others	Total	KHR	US$	Others	Total
Group								
Financial assets								
Cash on hand	783,339	16,126,538	-	16,909,877	890,020	14,330,886	-	15,220,906
Balances with the NBC	9,742,124	25,501,273	-	35,243,397	5,294,206	24,057,618	-	29,351,824
Balances with other financial institutions	4,859,275	33,408,570	135,688	38,403,533	-	33,809,682	121,482	33,931,164
Loans and advances to customers	50,463,761	450,729,772	-	501,193,533	59,805,672	373,996,660	-	433,802,332
Investment in securities	985,548	4,910,524	-	5,896,072	-	4,982,771	-	4,982,771
Other assets	-	2,870,953	-	2,870,953	-	2,522,700	-	2,522,700
	66,834,047	**533,547,630**	**135,688**	**600,517,365**	**65,989,898**	**453,700,317**	**121,482**	**519,811,697**
Financial liabilities								
Deposits from other financial institutions	7,140,590	94,096,033	-	101,236,623	12,724,530	52,768,464	-	65,492,994
Deposits from customers	28,249,014	224,682,250	-	252,931,264	26,819,114	217,614,802	-	244,433,916
Borrowings	-	175,359,353	-	175,359,353	-	135,020,860	-	135,020,860
Lease liabilities	-	2,624,087	-	2,624,087	-	2,163,047	-	2,163,047
Other liabilities	-	1,593,164	-	1,593,164	-	2,078,600	-	2,078,600
	35,389,604	**498,354,887**	**-**	**533,744,491**	**39,543,644**	**409,645,773**	**-**	**449,189,417**
Net asset position	**31,444,443**	**35,192,743**	**135,688**	**66,772,874**	**26,446,254**	**44,054,544**	**121,482**	**70,622,280**
In KHR'000 *(Note 2.5)*	**128,450,550**	**143,762,355**	**554,285**	**272,767,190**	**108,879,228**	**181,372,558**	**500,141**	**290,751,927**

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(ii) Foreign currency exchange risk (continued)

Concentration of currency risk (continued)

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

	Denomination - US$ equivalents							
	2023				2022			
	KHR	US$	Others	Total	KHR	US$	Others	Total
Bank								
Financial assets								
Cash on hand	783,339	16,126,538	-	16,909,877	890,020	14,330,886	-	15,220,906
Balances with the NBC	9,742,124	25,501,273	-	35,243,397	5,294,206	24,057,618	-	29,351,824
Balances with other financial institutions	4,859,275	33,408,570	135,688	38,403,533	-	33,809,682	121,482	33,931,164
Loans and advances to customers	50,463,761	450,729,772	-	501,193,533	59,805,672	373,996,660	-	433,802,332
Investment in securities	985,548	4,910,524	-	5,896,072	-	4,982,771	-	4,982,771
Investment in subsidiary	-	1,548,400	-	1,548,400	-	1,548,400	-	1,548,400
Other assets	-	2,870,953	-	2,870,953	-	2,516,654	-	2,516,654
	66,834,047	**535,096,030**	**135,688**	**602,065,765**	**65,989,898**	**455,242,671**	**121,482**	**521,354,051**
Financial liabilities								
Deposits from other financial institutions	7,140,590	94,096,033	-	101,236,623	12,724,530	52,768,464	-	65,492,994
Deposits from customers	28,249,014	224,864,551	-	253,113,565	26,819,114	217,800,959	-	244,620,073
Borrowings	-	175,359,353	-	175,359,353	-	135,020,860	-	135,020,860
Lease liabilities	-	3,660,696	-	3,660,696	-	3,208,475	-	3,208,475
Other liabilities	-	1,591,956	-	1,591,956	-	2,070,274	-	2,070,274
	35,389,604	**499,572,589**	**-**	**534,962,193**	**39,543,644**	**410,869,032**	**-**	**450,412,676**
Net asset position	**31,444,443**	**35,523,441**	**135,688**	**67,103,572**	**26,446,254**	**44,373,639**	**121,482**	**70,941,375**
In KHR'000 *(Note 2.5)*	**128,450,550**	**145,113,256**	**554,285**	**274,118,091**	**108,879,228**	**182,686,272**	**500,141**	**292,065,641**

32. FINANCIAL RISK MANAGEMENT (continued)

D. Market risk (continued)

(ii) Foreign currency exchange risk (continued)

Sensitivity analysis

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

	2023		2022	
	- 1% Depreciation US$	+ 1% Appreciation US$	- 1% Depreciation US$	+ 1% Appreciation US$
Group				
KHR	(314,444)	314,444	(264,463)	264,463
Others	(1,357)	1,357	(1,215)	1,215
	(315,801)	**315,801**	**(265,678)**	**265,678**
In KHR'000 *(Note 2.5)*	**(1,290,047)**	**1,290,047**	**(1,093,796)**	**1,093,796**
Bank				
KHR	(314,444)	314,444	(264,463)	264,463
Others	(1,357)	1,357	(1,215)	1,215
	(315,801)	**315,801**	**(265,678)**	**265,678**
In KHR'000 *(Note 2.5)*	**(1,290,047)**	**1,290,047**	**(1,093,796)**	**1,093,796**

E. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's and the Bank'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 and the Bank's operations.

The Group's and the Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's and the Bank's reputation with overall cost effectiveness and innovation. In all cases, the Group's and the Bank'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:

32. FINANCIAL RISK MANAGEMENT (continued)

E. Operational risk (continued)

To effectively manage operational risk, the Group and the Bank adopt 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 identified key risk. KRI serve as a monitoring function for the business.
- Operational Risk Event Report (OREP) - 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.

F. Capital risk

Capital risk is the risk that the Group and the Bank have 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 and the Bank'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's return is also recognized, and the Group and the Bank recognized 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 and the Bank's lead regulator, the NBC, sets and monitors capital requirements for the Group and the Bank as a whole.

(i) Capital risk management

As with liquidity and market risks, Risk Management Department is responsible for ensuring the effective management of capital risk throughout the Group and the Bank.

Capital risk is measured and monitored using limits set calculated in accordance with the 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.

32. FINANCIAL RISK MANAGEMENT (continued)

F. Capital risk (continued)

(i) Capital risk management (continued)

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.

Subsequently, on 9 January 2023, the NBC issued a circular on the implementation of Prakas on Capital Buffer in Banking and Financial Institutions, which the institution shall rebuild the capital conservation buffer ratio by 1.25% and 2.5% by 30 June 2023 and 31 December 2023, respectively. For the countercyclical capital buffer, the institution shall keep at level of 0%.

On 23 November 2023, the NBC responded a letter to the Association of Banks in Cambodia allowing commercial banks to maintain the capital conservation buffer ratio by 1.25% until until 31 December 2024.

32. FINANCIAL RISK MANAGEMENT (continued)

F. Capital risk (continued)

(i) Capital risk management (continued)

The below table summarizes the composition of the regulatory capital:

	Group				Bank			
	2023		2022		2023		2022	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Tier 1 capital								
Share capital	100,000,000	407,500,000	100,000,000	407,500,000	100,000,000	407,500,000	100,000,000	407,500,000
Retained earnings	13,569,348	55,083,115	9,010,431	36,463,177	13,307,456	54,023,256	8,722,326	35,296,185
Audited net profit for the last financial year	930,133	3,822,848	4,970,779	20,315,574	923,481	3,795,507	4,996,992	20,422,707
Less: Software costs	(1,320,670)	(5,394,937)	(1,519,049)	(6,253,925)	(1,320,670)	(5,394,937)	(1,519,049)	(6,253,925)
	113,178,811	**461,011,026**	**112,462,161**	**458,024,826**	**112,910,267**	**459,923,826**	**112,200,269**	**456,964,967**
Tier 2 complementary capital								
General provision	5,482,270	22,395,073	4,586,517	18,882,690	5,482,270	22,395,073	4,586,517	18,882,690
Less: Equity participation in banking or financial institutions	(25,588)	(104,527)	(25,588)	(105,346)	(25,588)	(104,527)	(25,588)	(105,346)
	5,456,682	**22,290,546**	**4,560,929**	**18,777,344**	**5,456,682**	**22,290,546**	**4,560,929**	**18,777,344**
Total	**118,635,493**	**483,301,572**	**117,023,090**	**476,802,170**	**118,366,949**	**482,214,372**	**116,761,198**	**475,742,311**

32. FINANCIAL RISK MANAGEMENT (continued)

G. Climate related risk

The Group, the Bank and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Group and the Bank is making progress on embedding climate risk in its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Climate Risk Committee, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

33. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

The fair value of the Group's and the Bank's financial instruments such as cash and short-term funds, balances with National Bank of Cambodia, deposits and placements with banks and other financial institutions, deposits from customers and banks, other assets, other liabilities and short- term borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

33. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (continued)

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

A. Balances with the NBC, and Balances with other financial institutions

The fair values of Balances with the NBC, and Balances with other financial institutions with maturity of less than one year approximate their carrying amounts.

B. Loans and advances to customers

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

C. Investment in securities measured at amortised cost

For fixed rate Investment in securities with remaining period to maturity of less than or more than one year, the carrying amounts are generally reasonable estimates of their fair values.

D. Deposits from other financial institutions and deposits from customers

The fair values of deposits payable on demand (current and savings accounts), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for similar Deposits from other financial institutions and customers.

E. Other financial assets and liabilities

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

F. Fair value hierarchy

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

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

33. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (continued)

F. Fair value hierarchy (continued)

The Group's and the Bank's financial assets and liability, except debt investments at FVOCI, are not measured at fair value. As verifiable market prices are not available, market prices are not available for a significant proportion of the Group's and of the Bank's financial assets and liabilities, the fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values.

34. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there are no events which occurred subsequent to 31 December 2023 that had significant impact on the statement of financial position of the Group and the Bank as at 31 December 2023.

35. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain accounts in the financial statements for the year ended 31 December 2022 have been reclassified to conform to the current year's presentation as summarized below:

	Group and Bank					
	As previously presented		Reclassification		As reclassified	
	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)	US$	KHR'000 (Note 2.5)
Statement of financial position						
Loans and advances to other financial institutions	70,875,714	291,795,315	(70,875,714)	(291,795,315)	-	-
Loans and advances to customers	362,926,618	1,494,168,886	70,875,714	291,795,315	433,802,332	1,785,964,201

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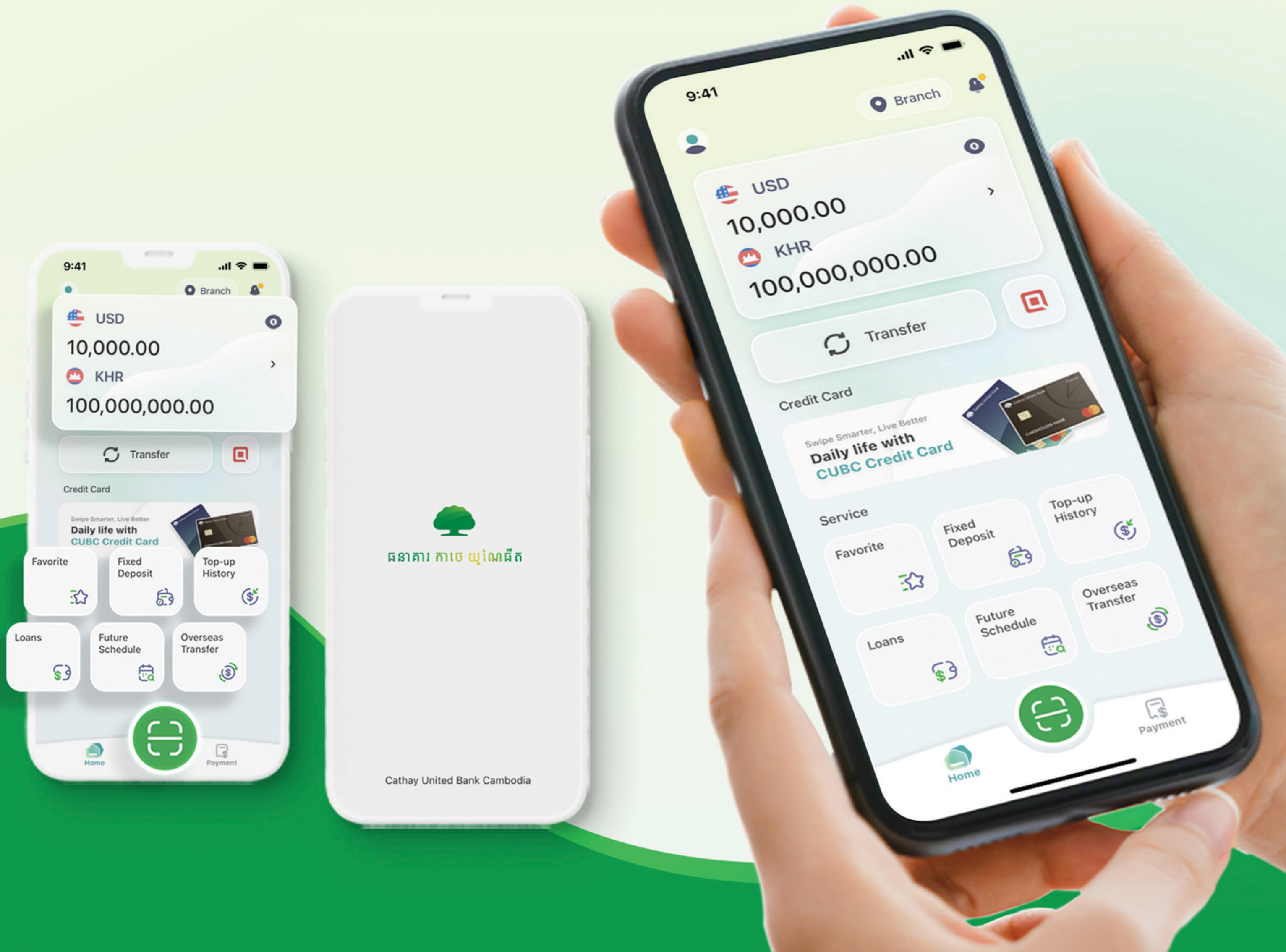

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