

ANNUAL REPORT

2022



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Oriental Bank | 东方银行

MORE THAN JUST A BANK

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CORPORATE PROFILE



ABOUT US

Oriental Bank is a new start-up founded in the first quarter of 2022 by a group of like-minded, forward-thinking, entrepreneurial shareholders from various backgrounds like banking & finance, retail and manufacturing, with the ambition to fast-track the Cambodian financial service-scape into the digital era. Our shareholders' combined background has equipped us with a good understanding of both the potential challenges and opportunities that arises in a business environment. Hence, we are able to provide the appropriate financial solutions to seize the opportunity.

The positive outlook and promising growth of the economy in Cambodia as well as the surrounding neighboring countries, coupled with the rapid digital transformation of the Banking sector provides an ideal platform for us to establish Oriental Bank.

MORE THAN JUST A BANK

We offer a full range of retail and commercial banking products and services, including Current/Savings Accounts, Fixed Deposits, Remittances, Foreign Exchange Services, Business Loans, Property Loans, Personal Loans and Trade Financing facilities.

We are here to listen and to understand your needs. In turn, we provide tailor-made and customized Financial Services that are created with a vision for you to attain to your business, as well as lifestyle goals; so that you can enjoy today by planning for tomorrow. To further cater to the needs of our valued clients, an Exclusive Banking Centre is located within every Oriental Bank Branch; where dedicated Relationship Managers offer a personalized service to our valued clients to perform Banking transactions with ease and comfort.

We are committed to help you achieve your financial goals and bring you a 'Banking Experience Like Never Before'.

Vision

To be the most trusted and reliable financial partners to our customers by providing convenient and affordable products and services.

Mission

To provide sustainable products and services that will add value to our customers, our society and economy.

BRANCH NETWORK




HEAD OFFICE

Building No. 101, Preah Norodom Blvd. Corner Samdach Pan Ave. (214), Sangkat Boeng Reang Khan Doun Penh, Phnom Penh, Kingdom of Cambodia.

 (855) 23 920 111/23 920 222

 customerservice@orientalbank.com.kh

 www.orientalbank.com.kh

BRANCHES IN PHNOM PENH



PHNOM PENH MAIN

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CHBAR AMPOV

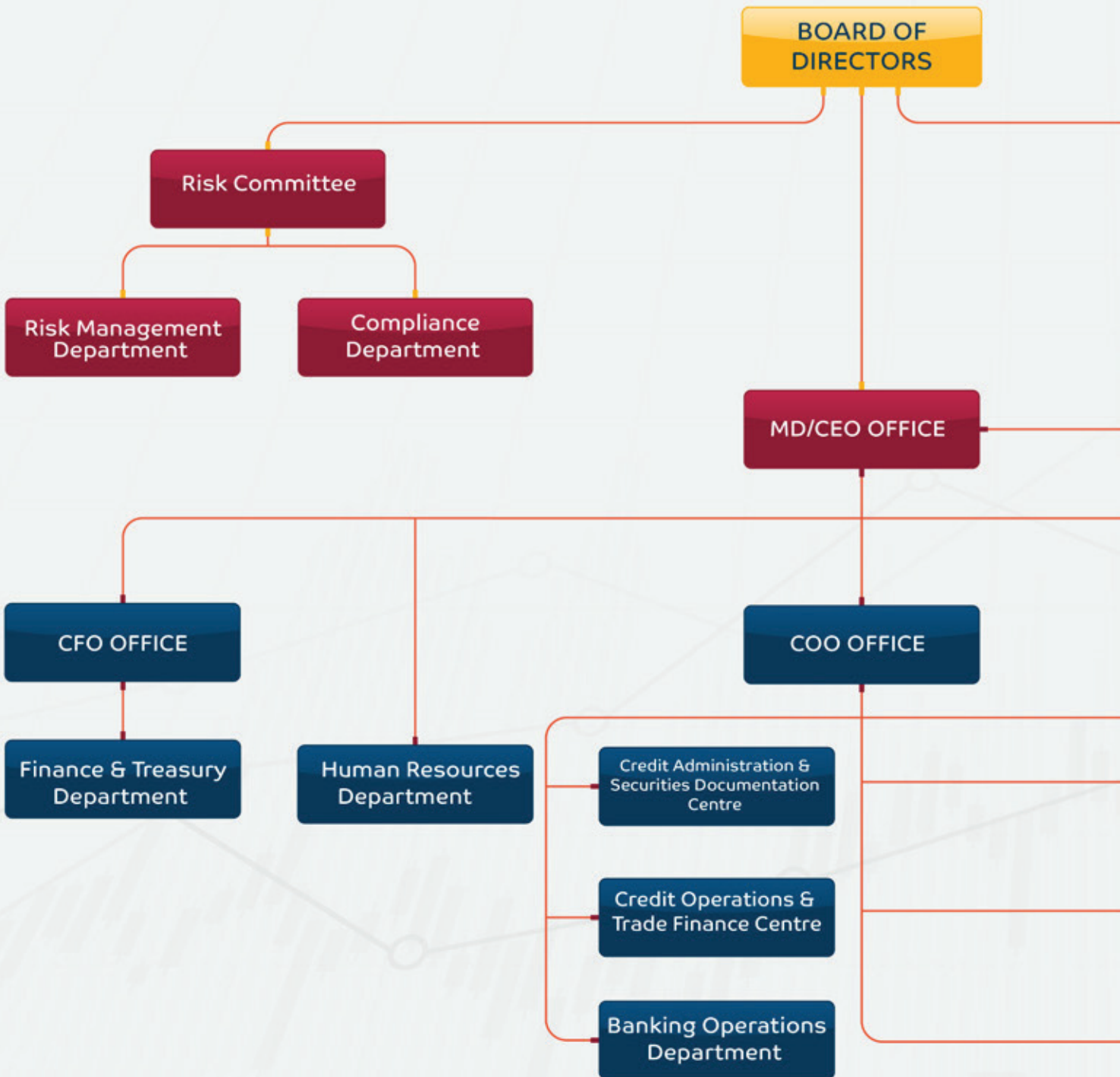
Lot No. EURP1-BLD-SLE09, SLE11 & SLE13 of PH Euro Park, Euro Ville Blvd., Phum Ou Andoung,
Sangkat Preaek Pra, Khan Chbar Ampov, Phnom Penh, Kingdom of Cambodia.

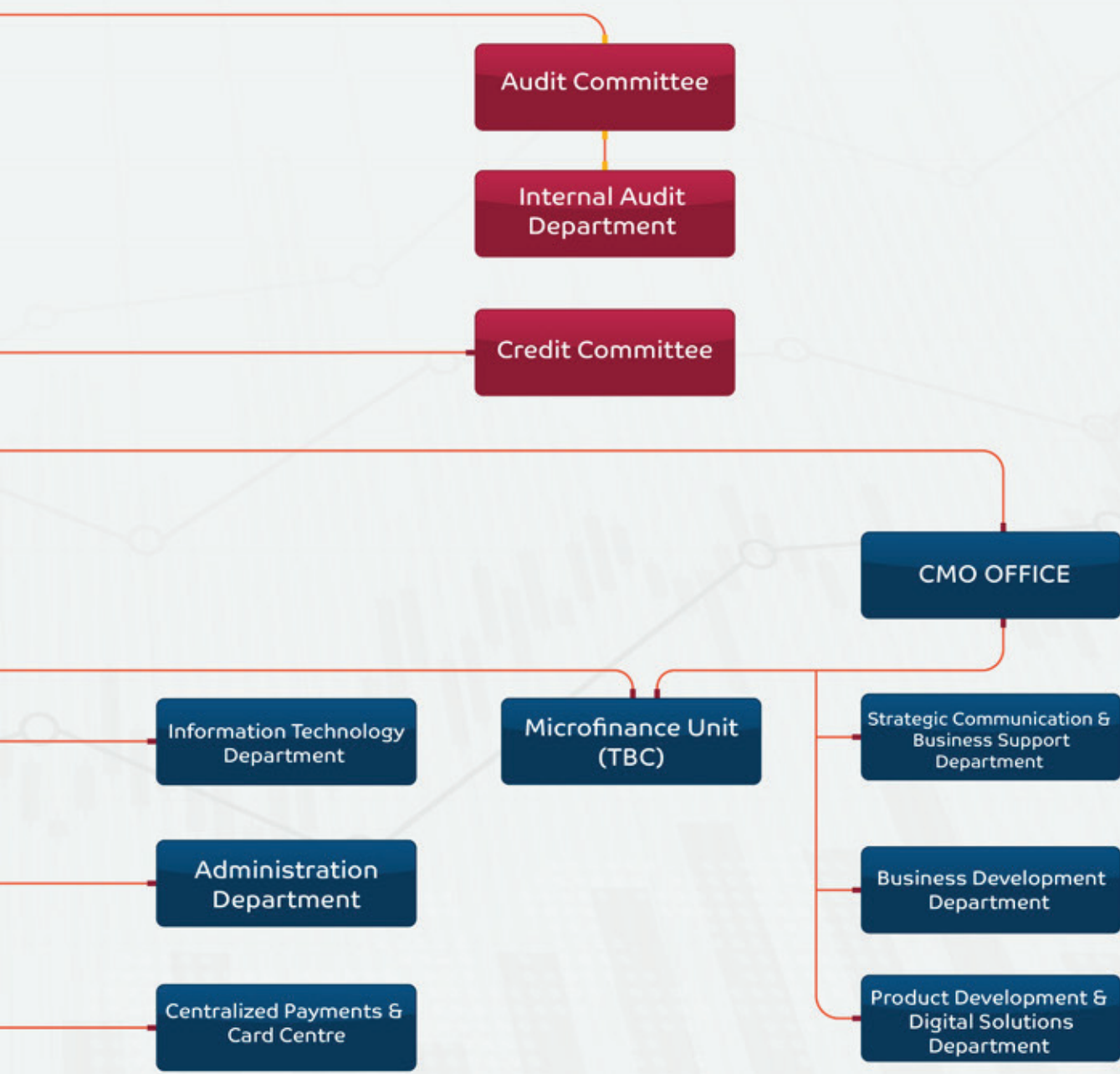
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ORGANISATION CHART





CHAIRMAN STATEMENT

Message from the Chairman



Datuk Phan Ying Tong

Chairman

I am delighted to present to you our maiden Annual Report for Financial Year 2022. This year has been a remarkable year for all of us at Oriental Bank as we have emerged more resilient and reinvigorated. Our confidence in our capabilities is reflected in the trust that our clients have placed in us. I am grateful to our clients, partners, team members, and other stakeholders for their relentless collaboration as well as continuous support in making this possible.

Last year, we were able to steer through the challenges of the unpredictable market conditions effectively and achieved significant growth. We accomplished this by aligning to our clients' vision, relentlessly focusing on growth, and maintaining a strong operational rigour. This is a testament to the unwavering determination of Oriental Bank to partner with our clients to succeed in their respective industries.

At the start of FY2022, the world was beginning to emerge from the pandemic which had ravaged the globe for the past two years. The resurgence of COVID-19 pandemic thereafter in some major economies in March 2022 and the associated lockdowns had further aggravated the global supply bottlenecks and input cost pressures severely impacting the world trade once again. Unfortunately, the global economy was exposed to even more turbulence with the emergence of war, followed by sanctions, escalating geopolitical tensions.

Nevertheless, the Cambodian Economy is relatively well-positioned on the path to recovery, amidst some impact of global spillovers. In February and March 2022, there was a gradual turnaround with an increase in demand for air traffic as many countries eased restrictions and reopened their borders.

The National Bank of Cambodia has been strengthening the country's macroeconomic foundations which has made its financial markets and institutions more stable and resilient, thereby mitigating the impact of turbulence in the global economy. Based on the assessment of the current and evolving macroeconomic situation, the National Bank of Cambodia has implemented effective measures such as revising the Reserve Requirements and Capital Conservation Buffer upwards. These are just a few examples of the measures taken by the National Bank of Cambodia.

Oriental Bank grew and expanded remarkably over the last four quarters. Since our inception in February 2022, we have gone on to launch our state of the art mobile banking app, 'Oriental Mobile' in September 2022 followed by the opening of our second branch in Sen Sok in December 2022.

The Bank has made significant investments in IT infrastructure, hardware and software, as well as a state-of-the-art middleware to establish a strong foundation for our digital initiatives. Our aim is to achieve a 60:40 ratio between our digital and conventional business models. We will continue to invest in both infrastructure and human capital as catalysts for future growth and profitability.

Looking ahead, our focus will remain on introducing new and innovative products and enhancing our Mobile Banking App to provide the best possible service to our customers. We recognize that there will be many challenges in 2023, including a grim global economic outlook, rising inflation, and increased regional competition. Despite these challenges, we remain optimistic about our ability to achieve our key objectives for 2023.

I would like to express my gratitude on behalf of the Board of Directors to the regulatory and supervisory authorities, particularly the National Bank of Cambodia, for their invaluable guidance and continuous support. I would also like to thank our shareholders, customers, and employees for their unwavering support, confidence, and trust in Oriental Bank - More Than Just A Bank!



Datuk Phan Ying Tong

Chairman

MILESTONES

Our Journey

Time flies, it has been one year since we opened our doors and we are proud to have achieved several milestones:

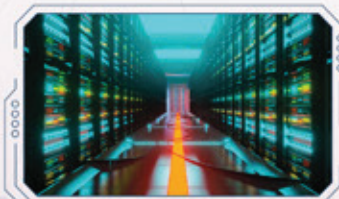
LAUNCHED ORIENTAL MOBILE APP
ON 17TH SEPTEMBER 2022



LINKED AND OPERATIONAL WITH THE NATIONAL BANK OF CAMBODIA'S BAKONG SYSTEM WITH KHQR CONNECTIVITY FULLY INTEGRATED INTO THE BANK'S MOBILE BANKING APP ON THE VERY FIRST DAY OF PUBLIC LAUNCH; ENABLING PEER-TO-PEER FUND TRANSFER SERVICE TO RETAIL CUSTOMER OF LOCAL BANKS, FINANCIAL INSTITUTIONS, AND PAYMENT SERVICES PROVIDERS IN CAMBODIA.



PRE-OPENING
PREPARATION



SETTING UP DATA CENTRE





MORE TO COME



2ND BRANCH OPENING
OF OUR SEN SOK BRANCH
ON 16TH DECEMBER 2022



GRAND OPENING
ON 28TH FEBRUARY 2022
HEAD OFFICE AND PHNOM PENH MAIN



SOFT-OPENING
ON 22ND FEBRUARY 2022
HEAD OFFICE AND PHNOM PENH MAIN

SIGNIFICANT EVENT HIGHLIGHTS IN 2021 & 2022



ORIENTAL BANK AWARDS CORE BANKING SYSTEM

On 9th April 2021, a signing ceremony between **Datuk Phan Ying Tong**, Founder & MD of Oriental Bank, **Mr. KM (Tan)**, MD of Baker Tilly (Cambodia) and **Mr. Terry Liang** (who joined the event virtually), CEO of HSG, for the implementation and development of its Core Banking System.



SOFT-OPENING

On the 22nd February 2022, Oriental Bank opened its doors for business. The soft opening of Oriental's Head Office and Phnom Penh Main Branch, with a warm attendance of about 100 and valued customers in the vicinity.



ORIENTAL BANK INKS DEAL PAVING WAY FOR DIGITAL BANKING REVOLUTION

On 22nd July 2021, Oriental Bank Plc, has signed a landmark deal with local information technology (IT) firm **Biplan Global Co., Ltd**, for the implementation of IT infrastructures.



The ready-made product has been introduced with warm support to open accounts from all our valued customers on the day we opened for business.



GRAND OPENING

On the 28th February 2022, Our Oriental Bank Head Office and Phnom Penh Main Branch was officially grand opened, presided over by H.E. Chea Chanto, Governor of the National Bank of Cambodia, with the guest of honour H.E. Eldeen Husaini Mohd. Hashim, the ambassador of Malaysia to Cambodia, H.E. Hun Manith, Deputy Chief of Samdach Techo Prime Minister Cabinet & Lok Chumteav, H.E. Dr. Som Sinnisith, Deputy Governor of the NBC, H.E. Dr. Chea Serey, Assistant Governor and Director General of the NBC and with an encouraging attendance for more than 200 community leaders and valued customers in the vicinity.



MOBILE BANKING LAUNCH

On 17th September 2022 - Launched Oriental Mobile App linked and operational with the National Bank of Cambodia's Bakong System



with KHQR connectivity fully integrated into the Bank's Mobile Banking App on the very first day of public launch; enabling peer-to-peer fund transfer service to the retail customer of local Banks, financial institutions, and payment services providers in Cambodia.





CORPORATE SOCIAL RESPONSIBILITY INITIATIVE BY ORIENTAL BANK

On 30th November 2022, Oriental Bank partnered with Beyond Retail Business (BRB) Cambodia to sponsor the ceramic handicraft artisans of Kampong Chhnang. As Community Bank, Oriental Bank actively promotes and supports local businesses as a Community Bank.



2ND BRANCH OPENING

On 16th December 2022, Our Sen Sok Branch (2nd branch) was officially opened, presided over by **Mr. Lun Sam Ol**, Director of Banking Supervision Department of the NBC, representative of **H.E. Dr. Chea Serey**, Assistant Governor and Director General of the NBC with a warm attendance of about 80 community leaders and valued customers in the vicinity.



NADRI KOREAN FESTIVAL

On 10th & 11th December 2022, Oriental Bank partnered with the Cambodia-Korea Cooperation Center (CKCC) to sponsor the Nadri Korean Festival. To build strong relationships with our customers and to contribute to the community that we serve.



BOARD OF DIRECTORS

MS. HENG PHUOY EANG

Director

MS. DY SOPHEAK PAGNA

Director

MR. HENG ZE MIN DARREN

Director

MS. RONG RATHAVATEY

Director

MS. LOI JIN CHOO

Independent Director

DATUK PHAN YING TONG

Chairman

MS. SOK VANSEKA

Independent Director



MANAGEMENT TEAM



DATUK PHAN YING TONG

Managing Director &
Chief Executive Officer

MR. CHEONG KIM SOON

Chief Operations Officer

MS. KIM SOTHEAVATEY

Chief Marketing Officer

DATUK PHAN YING TONG

Managing Director & Chief Executive Officer

Oriental Bank is founded by Managing Director & Chief Executive Officer, Datuk Phan Ying Tong, aged 60, a seasoned Banker having more than 40 years of Banking experience regionally; with the last 20 years spent in Cambodia itself. Datuk Phan Ying Tong, holds a Master's Degree in Business Administration from the University of London. He was appointed as the Executive Director and Regional Head at a major regional bank for many years and has held the position until December 2020. During his tenure there, the bank received international recognition and has won numerous awards over the years. In January 2021, he founded Oriental Bank PLC in Cambodia and has been holding the position of Managing Director and Chief Executive Officer since.

CHEONG KIM SOON**Chief Operations Officer**

Mr. Cheong Kim Soon, aged 60, is the current Chief Operations Officer. Before joining Oriental Bank, Mr. Simon has served at multiple regional banks and was holding the position of Chief Operating Officer. He graduated with an Ontario Secondary School Honors Graduation Diploma in 1981 and went on to attend York University in Ontario, Canada. Prior to his posting in Cambodia, he was with one of the major banks in Malaysia for well over 25 years where he rose through the ranks and gained wide ranging exposure in banking operations and support services. He has spearheaded business and technical banking process improvement initiatives as well as research and development into new banking and financial ecosystems.

KIM SOTHEAVATEY**Chief Marketing Officer**

Ms. Kim Sotheavatey, aged 41, is the current Chief Marketing Officer. She graduated with a Bachelor's Degree in IT from Norton University, Phnom Penh in 2004. Prior to joining Oriental Bank, she was with a major regional bank for 16 years where she rose through the ranks, having held the Assistant General Manager position at the major regional bank before joining Oriental Bank in March 2021. She has vast experience in sales, branch management and general bank management.

COMMITTEE

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

- ◆ Audit Committee
- ◆ Risk Committee

AUDIT COMMITTEE



The key responsibilities of the Audit Committee are to ensure high corporate governance practices whilst providing oversight on the Bank's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Bank.

NAME	COMMITTEE POSITION
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Ms. Loi Jin Choo	Chairwoman
Datuk Phan Ying Tong	Member
Ms. Sok Vansaka	Member

RISK COMMITTEE



The committee is responsible in discharging the Board's roles and responsibilities in managing risks including ensuring the risk infrastructures and controls are in place for effective risk management oversight.

NAME

COMMITTEE POSITION

NAME	COMMITTEE POSITION
Ms. Sok Vanseka	Chairwoman
Datuk Phan Ying Tong	Member
Ms. Loi Jin Choo	Member

INTERNAL CONTROL



The Board has overall responsibilities for the Bank's internal control. The system of internal control addresses the need for effective and efficient business operations, sound financial reporting and control procedures, and above all, compliance with the applicable laws, regulations, rules and guidelines. The Board continually reviews the system to ensure that this system of internal controls provides a reasonable but not absolute assurance against any material misstatement of management and financial information and records or against any financial losses or fraud. The Board recognized that the monitoring of internal control is a coordinated and on-going process that takes into accounts changes in technology, business environment and regulatory environment with the aim to identify, evaluate and manage any significant risks. The process is regularly reviewed by the Board.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The enforcement of the internal control implementation is done by Internal Audit Department (IAD) who reports regularly to Audit Committee, a board-level committee. IAD is tasked to identify, report, and recommend deficiencies in internal control from various audit universes ranging from department, location to a specific functions.

RISK MANAGEMENT



RISK MANAGEMENT FRAMEWORK

Oriental Bank's Risk Management Framework operates under the Three Lines of Defense (3LoD) operating model of accountability and as such enables robust risk mitigation by establishing three levels of control. The operating structure ensures that there are clearly defined operational roles and responsibilities throughout Oriental Bank. It sets out Oriental Bank's requirements for the segregation of duties to ensure adequate independence of risk management staff.



1 FIRST LINE OF DEFENSE

refers to each Oriental Bank operational front line and the Business Units. They are responsible for managing day-to-day risks and compliance issues and implementing corrective actions to address process and control deficiencies.

2 SECOND LINE OF DEFENSE

is performed by Risk Management and Compliance Departments. They are responsible for oversight, establishing governance and providing support to business/functional unit on risk and compliance matters for Oriental Bank Executives and the Board.

3 THIRD LINE OF DEFENSE

is performed by the Internal Audit Department. They provide independent assurance to the Board that risk and compliance management functions effectively as designed.

CREDIT RISK

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms.

The Bank has a Key Risk Indicator (KRI) and Credit Risk Appetite, Policies & Frameworks as a pro-active credit risk management tool that identified deteriorating credits at early stages, thereby minimising any potential credit loss.

Credit Exposures are actively monitored, reviewed regularly and reported to Risk Management Committee on monthly basis.

OPERATIONAL RISK

Operational risk refers to loss resulting from inadequate or failed internal processes, people, and systems or from external events.

Operational Risk is embedded as an important element in the assessment of risks within the Bank's products, services, processes and systems.

The Bank shall implement the operational risk management tools and methodology in order to effectively identify, assess, monitor, control and report the operational risks.

Operational Risk Management ("ORM") is a mechanism used in identifying the operational risks in the Oriental Bank business and day-to-day operations, understanding the causes, assessing the risk of loss and taking the appropriate actions to minimize the impact of such loss.

MARKET RISK

Market risk is defined as the uncertainty of market value and earnings from changes in interest rate, exchange rates, market prices and volatilities.

Interest rate risk is the probability that variations in the interest rates will have a negative influence

on the quality of a given financial instrument or portfolio, as well as on the institution's condition as a whole. Assuming that risk is a normal aspect of the bank's activity and can be an important source of profit and share value.

Foreign exchange risk means the loss of earnings and/or shareholder value of the Bank resulting from foreign exchange rate changes which may arise from the exposures in both on and off-balance-sheet, the trading book and/or banking book. The loss is from the devaluation of the conversion of foreign currency position, including any gain or loss from foreign exchange trading transaction to the local currency.

The Bank monitor its foreign currency exposure and interest rate risk regularly and communicated to ALCO for deliberation and actions. The Bank has also maintained a minimum foreign currency exposure ratio in accordance with guidelines issued by the NBC.

LIQUIDITY RISK

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.



The Bank's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

CORPORATE GOVERNANCE

1: OPERATIONAL RISK COMMITTEE

1.1 ROLE & RESPONSIBILITIES

- To review and advise on the Operational Risk Management Procedure, and Key Risk Indicators proposed by Risk Management Department to facilitate such recommendations to BRC and BoD for approval.
- Maintain an appropriate work culture which is conducive to facilitate effective and transparent operational risk management matters.
- To promote, coordinative and drive initiatives to enhance the operational risk management program and system.
- To facilitate discussion on issues which exposes the Bank to significant operational risk.
- To oversee and perform regular reviews of the Bank's operational risk management, and internal control processes as well as technology systems, infrastructure, information security and cybersecurity risks that govern the operations of the Bank by monitoring that they are operating effectively and controls are in place.
- To conduct annual review of the Bank's operational risk management Procedure and Key Risk Indicators (KRIs) as well as technology strategic plan, associated road map and proposed expenditure to ensure that it continues to be sound and that the Bank is operating with due regards to the risk appetite set by BRC and BoD.

1.2 MEMBER COMPOSITION

POSITION	ROLE
Managing Director/Chief Executive Officer	Advisor
Chief Operations Officer (COO)	Chairman
Chief Marketing Officer (CMO)	Vice-Chairwoman
Head of Compliance	Member
Head of Risk Management	Member

POSITION	ROLE
Head of Administration and Properties	Review Member
Head of Business Development & Branch Business	Member
Head of Product Development & Digital Solution	Member
Head of Information Technology	Member
Head of Finance & Treasury	Member
Head of Human Resource	Member
Head of Centralized Payments and Card Centre	Member
Head of Credit Operation & Trade Finance	Member
Head of Banking Operations	Member
Head of Credit Administration & Securities Documentation	Member
Head of Strategic Communication & Business Support	Member
Risk Management Department	Secretariat

2: ASSET AND LIABILITIES COMMITTEE (ALCO)

2.1 ROLE & RESPONSIBILITIES

2.1.1 FINANCIAL RISK MANAGEMENT

The Committee shall be responsible for the balance sheet planning of the Bank within the risk parameter set by the Board and its regulatory limits. It will strategically manage the following market risk:

- ◆ Liquidity risk
- ◆ Interest rate risk including deposits and loans
- ◆ Foreign exchange risk
- ◆ Deposit analysis/Concentration Deposit portfolio risk
- ◆ Managing of investment limit and equity risk if any

2.1.2 ASSETS AND LIABILITIES MANAGEMENT

- ◆ The Committee shall review and manage changes to the Bank's balance sheet, including structural changes and achievement of strategic objectives in relation to growth.
- ◆ To recommend type of products and treasury instruments with an appropriate duration, interest rate to manage the overall balance sheet structure.

2.1.3 LIQUIDITY

- ◆ The Committee shall review changes in the profile of liquidity and compliance with all liquidity set out in the Bank's market risk approved policy.
- ◆ Consider the scenario models as part of liquidity stress testing and identify additional scenarios based on practice and review of monthly stress tests.

2.1.4 PRODUCT PRICING

- ◆ The Committee shall review and approve changes to lending ratios and deposit pricing following a base rate change or for any other reasons.

2.1.5 FUNDING

- ◆ The Committee shall review source of funding, identify and assess the impact of new sources of funding and review all funding limits for compliance with the market risk policy.
- ◆ To review balance between funding and lending plans, ensuring the lending plans are compatible with the funding plan especially, core deposits, including secured and unsecured borrowings.
- ◆ To review overall cash flow position and consider the impact of other inflows and outflows that can be effected overall liquidity such as short-term deposits with other banks, deposits from other banks, NCD, and any other cash balance.
- ◆ Ongoing capital and liquidity management and planning, including capital adequacy, and annual capital and budget plans

2.1.6 NET INTEREST MARGIN

- ◆ The Committee shall review interest margin plans including forecast position, and the variance from the plan's net interest margin, any required action as appropriate including reviewing adverse and positive movement in pricing.

2.1.7 INTEREST RATE RISK

- The Committee shall review/consider and agree to the Bank's interest rate view and change based on changes to the economic outlook and interest rate environment.
- To monitor compliance with limits as per the market risk policy.
- To analyse the impact of changes in interest rate on the economic value of a Bank's assets, liabilities, and off-balance sheet position based on assessment of the present value of its expected net cash flows and discounted to reflect the market rates.

2.1.8 INVESTMENT

- The Committee shall review significant financial risk exposures the Bank generally faces in its investment portfolio, and monitoring of the performance, quality maturity profile, and any action taken by the management.

2.1.9 OTHER MATTERS:

- The Committee shall work closely with HR department and decide upon appropriate requirements of training and development of ALCO members, Senior Management as well as Treasury personnel to ensure the requisite skills are available to monitor and control risk.
- To consider business assurance reviews, feedback from external auditors and other regulators.
- To determine appropriate fund transfer

2.2 MEMBER COMPOSITION

POSITION	ROLE
Managing Director/Chief Executive Officer	Chairman
Chief Operations Officer (COO)	Member
Chief Marketing Officer (CMO)	Member
Head of Finance & Treasury	Member / Secretary
Head of Compliance	Member
Head of Business Development & Branch Review	Member
Head of Product Development & Digital Solution	Member
Head of Credit Operations & Trade Finance	Member
Head of Banking Operations	Member
Manager of Risk Management	Member

3: CREDIT COMMITTEE (CC)

3.1 ROLE & RESPONSIBILITIES

The CRC shall identify, assess, monitor and manage proper risks associated with credit and take appropriate action to meet the risk management objectives as stated in the Bank's Credit Policy. The duties as well as roles & responsibilities of the CRC shall include but not limited to:

- ◆ To approve Credit Facilities based on BoD's delegated authorities.
- ◆ To monitor credit risk to be in line with the Bank's risk appetite and lending direction.
- ◆ To review and comment on the Credit Policy and recommend any changes thereon.
- ◆ To oversight of credit facilities and exposures to related parties.
- ◆ To oversight of credit facilities and exposure to Single Beneficiary.

3.2 MEMBER COMPOSITION

POSITION	ROLE
Managing Director/Chief Executive Officer	Chairman
Chief Operations Officer (COO)	Member
Chief Marketing Officer (CMO)	Member
Head of Credit Operations & Trade Finance	Member / Secretary
Head of Credit Administration & Securities	Member

CUSTOMER PERSPECTIVE

EMPLOYEE IMPACT ON CUSTOMER SERVICE

Happy employees, happy customers. When it comes to providing stellar customer service, it's important that the Bank first examine our staff's behavior experience. Oriental Bank conducts special training sessions dedicated to customer service so that our staffs know how to handle themselves, keep a cool head, answer common questions and know who to refer more complex issues to, empowering our staffs to provide strong customer service by giving them the skills to work well with customers.



PROMPT COMMUNICATION

Oriental Bank strives to respond to customers promptly. Answer the phone as quickly as possible, avoid long waits and hold times, and respond to email queries within 24 hours, if possible. We ensure our staffs stay upfront with customers in a situation that they are not a right person to answer customers' question and assure them we will find someone who can help them. Follow through to ensure the appropriate information is relayed in a timely fashion.



CUSTOMER SATISFACTION

Oriental Bank always takes customer's criticisms, complaints, and special requests seriously. The Bank has always tried the best to make sure that the customer's problem is resolved and not simply ignored. We aim to develop a long-term relationship with our customers and we strongly believe that our Customer Perspective is one of our approaches cultivating repeat business as well as positive word-of-mouth advertising through our satisfied customers.

TECHNOLOGY



Oriental bank has adopted a 60:40, digital-conventional business approach, whereby the Bank will focus on developing and delivering digital forward products and solutions for the ever-evolving sophisticated customers. The Bank expects to utilize digital banking products as the main delivery channel – through mobile banking application and/or internet banking in particular. This reduces the geographical barriers of banking, as customers can access their funds no matter where they are. On our first year of operation, we have launched mobile banking and have received positive response from our loyal customer as well as new customer that were drawn in by it.

In the first year of operation, Oriental bank has invested a lot of resources and capitals to building a strong technological foundation that will be a catalyst for future sustainable growth. This is why making profit in 2022 was not a priority of

the bank. We will continue to expand our services to customers by offering reliable, convenient and secure digital products to satisfy the needs and demands of customers.



Digital strategy is our focal point for creating values to our customer while conventional banking remains an important elements for reliability and excellent customer services.

PRODUCTS

Oriental Bank's slogan is 'more than just a bank', reflecting our aspirations to provide more for our customers than conventional banking products. Oriental Bank's platform brings "secure, reliable and customer-centric products that are tailored to our customer's needs through the implementation of state-of-the-art technologies for a convenient banking experience like never before."

Our platform splits itself between conventional banking and digital banking at a ratio of 40:60, allowing it to simplify arduous tasks in regular banking through digitisation in a way that is not confusing to new users familiar with conventional methods. Adopting digital banking solutions is an essential move in satisfying Cambodia's growing market which is dominated by increasingly tech-savvy consumers.



Oriental Bank opens doors with ready-made deposit solutions that are customized to our customer's needs by providing additional options based on their income segments both in KHR and USD with a greater variety of banking services for individual and business customers. Introduce the Salary Advance Scheme (SAS) for a chosen set of enterprises and businesses to broaden credit availability and better fulfill consumer needs for their staff. Additionally, we provide refinancing and unique home loans that are individually tailored.



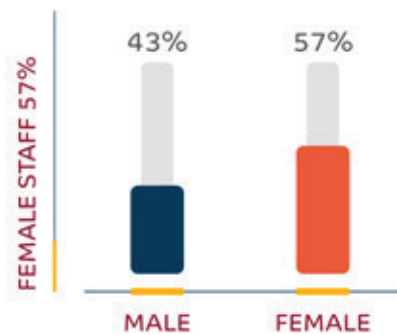
Opening more Branches might take longer to accomplish, but by collaborating with TrueMoney (Cambodia), which has over 10,000 locations around the nation, we are able to offer a very good option. Our customers can simply visit any TrueMoney Agent to complete the transaction in order to make cash deposits and withdrawals, transfers, etc. easier.

HUMAN CAPITAL

Our employees are our most valuable assets in supporting and driving our success today. A key aspect of responsible growth is attracting and retaining exceptional talent to join the bank. We value the diversity within our workforce and are developing the capabilities of our employees to enable us to better connect with targeted customers and successfully deliver our banking products and services. We are focusing on driving performance, continuous improvement, and quality of services delivery.

To guarantee that the resources management and development continuity process runs smoothly and effectively supports business operations, Oriental Bank places a high emphasis on process re-engineering, quality of service delivery, strategic resource planning, development, and deployment. This starts with how we find new teammates and continues with all the different ways we encourage and support their professional and career advancement. We develop our workforce using a variety of platforms to make sure they keep up with knowledge and skill advancement. By the end of 2022, Oriental Bank employed 107 people overall, which is a 64% growth from the year before.

In addition, Oriental Bank has increased its investment in learning and development as part of its talent management strategy and to support the company's expansion plan. This has been done to help our employees become better at their jobs, alter their behavior, and enhance our performance. Our strategy is to help grow our employees through formal internal and external training programs, on-the-job training, orientation, learning from others, and on-the-job experiences. As a result, we changed our bank's training style from classroom instruction to experiential learning, which gives participants' employees greater opportunity for involvement and commitment through a flexible activity-based learning model. For 107 people, we carried out internal training, online learning, and other skill-building activities.



BANKING INDUSTRY



NBC has ended the loan restructuring program at the end of June 2022 after introducing it in March 2020 amidst the Covid-19 pandemic. With the pandemic falling behind us, NBC has implemented some exit strategies to policies that were introduced during the pandemic to stimulate the sector and to give concessions to certain regulatory measures. Two of these exit strategies can be seen in the Prakas on the Maintenance of Reserve Requirement against Banking and Financial Institutions' Deposits and Borrowings which increase reserve requirement to 9% in 2023 and 12.5% in 2024 and an announcement on Replenish of Capital Conservative Buffer.

Competition among the banking sector is growing keener. There are 59 commercial banks at the end of 2022 (2021: 54). Total loan exceeded deposit for the first time in 2021, putting more pressures on banks to grow deposit or to look for alternative funding source to grow their loan book. Nevertheless, the Bank has put in place business strategies and many exciting projects for 2023 that will expand its core business and venture into new business areas particularly in card business and mass market.



FINANCIAL HIGHLIGHTS

	YEAR ENDED 2022	YEAR ENDED 2021 ¹
BALANCE SHEET (US\$'000)		
Asset	88,749	50,360
Loan	50,178	-
Deposit	14,360	-
Equity	70,557	46,360
P&L ACCOUNT (US\$'000)		
Net Interest Income	1,510	(90)
Net Losses	2,604	1,840
Operating Expenses	3,956	1,739
Intangible Asset	2,866	1,333
RATIOS		
Liquidity Coverage Ratio	2522%	0%
Solvency Ratio	105%	51%
KHR Lending	13%	0%
GENERAL INFORMATION		
Asset	107	69
Loan	2610	0
Deposit	114	0

¹ The bank received its operating license in 2022. 2021 figures are not meant for a direct comparison.

A person in a dark suit is shown from the chest down, focused on using a calculator. The scene is overlaid with a complex digital interface featuring various financial icons such as a bar chart, a line graph, a document with a dollar sign, a bank building, and a lock. The background is a blurred office setting with a laptop and papers. The overall color palette is dominated by deep blues and greys, with a subtle grid pattern at the bottom of the page.

FINANCIAL STATEMENTS

31 December 2022

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REPORT OF THE **BOARD OF DIRECTORS**

The Board of Directors submits its report together with the financial statements of Oriental Bank Plc. (“Bank”) as at 31 December 2022 and for the year then ended.

THE BANK

Oriental Bank Plc., was incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MOC”) on 19 March 2021 to operate as a commercial bank with its head office located in Phnom Penh. The registered office of the Bank is located at No.299 (Unit 1F-07), Street Preah Ang Duong (corner of street 108), Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

On 13 December 2021, the Bank changed its registered office to No. 101, corner of Preah Norodom Boulevard (Street No. 41) & Samdech Pan Avenue (Street No. 214), Sangkat Boeng Reang, Khan Daun Penh, Phnom Penh and the update of its Article of Incorporation to reflect this change with the MOC was completed on 23 May 2022. On 21 January 2022, the National Bank of Cambodia (“NBC”) issued a banking license to the Bank which allows the Bank to officially start its operations as a commercial bank.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS OF OPERATIONS AND DIVIDENDS

The results of the Bank’s operations for the year ended 31 December 2022, and the state of its affairs as at that date are set out in the accompanying financial statements.

There were no dividends proposed, declared or paid by the Bank during the year.

EMPLOYEE

As at 31 December 2022, the Bank has 107 employees (2021: 69 employees).

BOARD OF DIRECTORS

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

NAME	POSITION	DATE OF APPOINTMENT
Datuk Phan Ying Tong	Chairman	22 December 2021
Ms. Dy Sopheak Pagna	Director	19 March 2021
Ms. Loi Jin Choo	Independent Director	19 March 2021
Mr. Heng Ze Min Darren	Director	22 December 2021
Ms. Heng Phouy Eang	Director	22 December 2021
Ms. Rong Rathavatey	Director	22 December 2021
Ms. Sok Vanseka	Independent Director	22 December 2021

AUDITORS

The financial statements as at 31 December 2022 and for the year ended have been audited by Grant Thornton (Cambodia) Limited.

DIRECTOR'S INTEREST IN THE BANK

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

At the current and the previous statement of financial position dates, the directors have not received or become entitled to receive any benefit by reason of a contract made by 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, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 27 to the financial statements.

BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

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

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

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

STATEMENT BY THE BOARD OF DIRECTORS

In the opinion of the Board of Directors, the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up, and present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with CIFRS.

On behalf of the Board of Directors



Datuk Phan Ying Tong

Chairman

Phnom Penh, Kingdom of Cambodia

24 March 2023

INDEPENDENT AUDITOR'S REPORT

Grant Thornton (Cambodia) Limited

20th Floor Canadia Tower
 315 Preah Ang Duong Street
 (corner Monivong Boulevard)
 Sangkat Wat Phnom, Khan Daun Penh
 Phnom Penh, Kingdom of Cambodia
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To the Shareholders of
Oriental Bank Plc.

OPINION

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") and guidelines of the National Bank of Cambodia ("NBC").

BASIS OF OPINION

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

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Report of the Board of Directors, but does not include the financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to that matter in accordance with the requirements of CISA 720 (revised).

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a

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

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

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

We communicate with the Board of Directors 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.



GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ng Yee Zent
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
24 March 2023

STATEMENT OF FINANCIAL POSITION

	NOTES	31 DECEMBER 2022		31 DECEMBER 2021	
		USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Assets					
Cash on hand	6	2,474,089	10,185,824	-	-
Deposits and placement with the NBC	7	12,983,371	53,452,538	-	-
Deposits and placement with other banks	8	2,568,078	10,572,777	43,097,828	175,580,551
Loans and advances, net	9	50,177,623	206,581,274	-	-
Other assets	10	1,090,348	4,488,963	287,758	1,172,326
Statutory deposits	11	8,651,008	35,616,200	-	-
Property and equipment	12	4,840,668	19,929,030	2,429,077	9,896,060
Intangible assets	13	2,865,753	11,798,306	1,332,760	5,429,664
Right-of-use assets	14	3,098,495	12,756,504	3,212,736	13,088,686
Total assets		88,749,433	365,381,416	50,360,159	205,167,287
Equity and liabilities					
Equity					
Share capital	18	75,000,000	300,000,000	48,200,000	192,800,000
Regulatory reserves	19	397,236	1,588,944	-	-
Accumulated losses		(4,840,736)	(19,714,574)	(1,839,765)	(7,484,165)
Currency translation difference		-	8,606,741	-	3,555,761
Total equity		70,556,500	290,481,111	46,360,235	188,871,596
Liabilities					
Deposits from customers	16	14,360,266	59,121,215	-	-
Lease liabilities	14	3,277,634	13,494,019	3,217,124	13,106,563
Other liabilities	17	555,033	2,285,071	770,346	3,138,390
Deferred tax liabilities	15	-	-	12,454	50,738
Total liabilities		18,192,933	74,900,305	3,999,924	16,295,691
Total equity and liabilities		88,749,433	365,381,416	50,360,159	205,167,287

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
		USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Interest income	20	1,807,940	7,389,051	19,722	80,229
Interest expense	20	(297,535)	(1,216,026)	(109,340)	(444,795)
Net interest income/(loss)		1,510,405	6,173,025	(89,618)	(364,566)
Fee and commission income	21	18,945	77,428	-	-
Fee and commission expenses	21	(12,737)	(52,056)	-	-
Other income		-	-	1,430	5,817
Operating income/(loss)		1,516,613	6,198,397	(88,188)	(358,749)
Credit impairment losses	22	(162,623)	(664,640)	-	-
Personnel expenses	23	(2,193,624)	(8,965,341)	(1,242,026)	(5,052,562)
Depreciation and amortization	24	(657,103)	(2,685,579)	(212,368)	(863,913)
Other operating expenses	25	(1,105,725)	(4,519,099)	(284,729)	(1,158,278)
Loss before income tax		(2,602,462)	(10,636,262)	(1,827,311)	(7,433,502)
Income tax expense	26(b)	(1,273)	(5,203)	(12,454)	(50,663)
Loss for the year		(2,603,735)	(10,641,465)	(1,839,765)	(7,484,165)
Other comprehensive income		-	-	-	-
Currency translation difference		-	5,050,980	-	3,555,761
Total comprehensive loss for the year		(2,603,735)	(5,590,485)	(1,839,765)	(3,928,404)

STATEMENT OF CHANGES IN EQUITY

NOTES	SHARE CAPITAL		REGULATORY RESERVES		ACCUMULATED LOSSES		CUMULATIVE TRANSLATION DIFFERENCE		TOTAL	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)	
As at 1 January 2022	48,200,000	192,800,000	-	-	(1,839,765)	(7,484,165)	3,555,761	46,360,235	188,871,596	
Additional capital contribution	18	26,800,000	-	-	-	-	-	26,800,000	107,200,000	
Loss for the year	-	-	-	-	(2,603,735)	(10,641,465)	-	(2,603,735)	(10,641,465)	
Regulatory reserves	19	-	397,236	1,588,944	(397,236)	(1,588,944)	-	-	-	
Currency translation difference	-	-	-	-	-	-	5,050,980	-	5,050,980	
Balance as at 31 December 2022	75,000,000	300,000,000	397,236	1,588,944	(4,840,736)	(19,714,574)	8,606,741	70,556,500	290,481,111	
As at 19 March 2021 (date of incorporation)	-	-	-	-	-	-	-	-	-	
Capital contribution	18	48,200,000	-	-	-	-	-	48,200,000	192,800,000	
Loss for the period	-	-	-	-	(1,839,765)	(7,484,165)	-	(1,839,765)	(7,484,165)	
Currency translation differences	-	-	-	-	-	-	3,555,761	-	3,555,761	
Balance as at 31 December 2022	48,200,000	192,800,000	-	-	(1,839,765)	(7,484,165)	3,555,761	46,360,235	188,871,596	

STATEMENT OF CASH FLOWS

		FOR THE YEAR ENDED		FOR THE PERIOD FROM	
		31 DECEMBER 2022		19 MARCH 2021 TO	
NOTES				31 DECEMBER 2021	
		USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Adjustments for:					
Depreciation and amortization					
		(2,602,462)	(10,636,262)	(1,827,311)	(7,433,502)
Adjustments for:					
Depreciation and amortization	24	657,103	2,685,579	212,368	863,913
Interest expense on lease liabilities	20	217,760	889,985	109,340	444,795
Interest income on refundable deposit	20	(6,697)	(27,370)	(3,021)	(12,289)
Credit impairment losses	22	162,623	664,640	-	-
Operating loss before working capital changes		(1,571,673)	(6,423,428)	(1,508,624)	(6,137,083)
Net changes in:					
Loans and advances					
		(50,334,761)	(205,718,168)	-	-
Statutory deposits					
		(8,651,008)	(35,356,670)	-	-
Deposits from customers					
		14,360,266	58,690,407	-	-
Other assets					
		(799,193)	(3,266,302)	(378,406)	(1,539,356)
Other liabilities					
		(220,797)	(902,397)	770,346	3,133,768
Net cash generated by operating activities		(47,217,166)	(192,976,558)	(1,116,684)	(4,542,671)
Income tax paid					
		(13,727)	(56,102)	-	-
Net cash used in operating activities		(47,230,893)	(193,032,660)	(1,116,684)	(4,542,671)
Investing activities					
Acquisitions of property and equipment					
	12	(2,703,884)	(11,050,774)	(2,496,728)	(10,156,690)
Acquisitions of intangible assets					
	13	(1,580,993)	(6,461,518)	(1,332,760)	(5,421,668)
Net cash used in operating activities		(4,284,877)	(17,512,292)	(3,829,488)	(15,578,358)
Financing activities					
Repayment of lease liabilities					
	14	(356,519)	(1,457,093)	(156,000)	(634,608)

Proceeds from issuance of share capital	18	26,800,000	107,200,000	48,200,000	192,800,000
Net cash used in operating activities		26,443,481	105,742,907	48,044,000	192,165,392
Net change in cash and cash equivalents		(25,072,290)	(104,802,045)	43,097,828	175,321,963
Cash and cash equivalents, as at date of incorporation		43,097,828	175,580,551	-	-
Currency translation differences		-	3,432,633	-	258,588
Cash and cash equivalents, end of period		18,025,538	74,211,139	43,097,828	175,580,551

During the year ended 31 December 2022, the Bank entered into new lease agreements and recognised right-of-use assets amounting to USD202,569 (2021: USD3,357,453), which is a non-cash transaction.

NOTES TO THE FINANCIAL STATEMENTS

1: THE BANK

Oriental Bank Plc., was incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MOC”) on 19 March 2021 to operate as a commercial bank with its head office located in Phnom Penh. The registered office of the Bank is located at No.299 (Unit 1F-07), Street Preah Ang Duong (corner of street 108), Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

On 13 December 2021, the Bank changed its registered office to No. 101, corner of Preah Norodom Boulevard (Street No. 41) & Samdech Pan Avenue (Street No. 214), Sangkat Boeng Reang, Khan Daun Penh, Phnom Penh and the update of its Article of Incorporation to reflect this change with the MOC was completed on 23 May 2022. On 21 January 2022, the National Bank of Cambodia (“NBC”) issued a banking license to the Bank which allows the Bank to officially start its operations as a commercial bank.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of these principal activities during the financial year.

As at 31 December 2022, the Bank has 107 employees (2021: 69 employees).

2: BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH CIFRS

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

CIFRSs are equivalent to International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Boards (“IASB”) because IFRSs are adopted by the Accounting and Auditing Regulator of Cambodia (“ACAR”), formerly known as National Accounting Council (“NAC”), without modification as CIFRSs.

3: NEW OR REVISED STANDARDS AND INTERPRETATIONS

3.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE ADOPTED BY THE BANK

At the beginning of the current financial year, the Bank adopted new amendments to CIFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

The Management assessed that the following adoption of the amendments to CIFRSs have no material impact on the financial statements of the Bank. t

- ◆ Onerous Contract – Cost of Fulfilling a Contract (Amendments to CIAS 37)
- ◆ Reference to the Conceptual Framework (Amendments to CIFRS 3)
- ◆ Property, Plant and Equipment: Proceeds Before Intended Use (Amendment to CIAS 16)

3.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE BANK

At the date of authorisation of these financial statements, several new, but not effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB.

Other Standards and amendments that are not yet effective and have not been adopted early by the Bank include:

- ◆ Classification of liabilities as Current or Non-current (Amendments to CIAS 1)
- ◆ Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- ◆ Definition of Accounting Estimates (Amendments to CIAS 8)
- ◆ Lease Liability in a Sale and Leaseback (Amendments to CIFRS 16)
- ◆ Non-current Liabilities with Covenants (Amendments to CIAS 1)

These amendments are not expected to have a significant impact on the Bank's financial statements in the period of initial application.

4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Bank transacts its business and maintains its accounting records primarily in United States Dollars (“USD”), Management has determined the USD to be the Bank’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Bank.

Transactions in foreign currencies, other than USD, are translated into USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies

other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in other comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the requirement pursuant to the Law on Accounting and Auditing (April 2016). The Bank has used the official rate of exchange published by the NBC. As at reporting date, the official exchange rate in KHR is based on the following rate per USD:

	2022	2021
Average rate	4,087	4,068
Closing rate	4,117	4,074

*Determined using the NBC's published monthly exchange rates from January to December 2022.

4.3 ROUNDING OF AMOUNTS

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

4.4 FINANCIAL INSTRUMENTS

RECOGNITION AND DERECOGNITION

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantially all risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

CLASSIFICATION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or,
- fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset; and,
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest costs or interest income.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objectives is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Bank's cash and bank balances, and certain other assets fall into this category of financial instruments.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. None of the Bank's financial instruments fall into this category.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

The Bank accounts for financial assets at FVOCI if the asset meet the following conditions:

- they are held under a business model whose objectives is hold to collect the associated cash flows and sell
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. This category includes listed securities and debentures, that were previously classified as 'available-for-sale' under CIAS 39. None of the Bank's financial instruments fall into this category.

IMPAIRMENT OF FINANCIAL ASSETS

CIFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost.

The Bank considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Bank's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a profitability-weighted estimate of the credit losses over the expected life of the financial instrument.

The Bank's financial liabilities includes other liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Bank designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the statement of profit or loss and other comprehensive income (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the profit or loss are included within interest income or interest expense.

4.5 CASH AND CASH EQUIVALENTS

For statement of cash flows purposes, cash and cash equivalents consists of cash on hand, unrestricted deposits and placements with the NBC, deposits and placements with other banks, and highly-liquid short-term investments with an original maturity of less than 90 days that are readily convertible to known amounts of cash. t

4.6 SHARE CAPITAL, ACCUMULATED LOSSES

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include all current and prior year losses.

4.7 REGULATORY RESERVES

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

4.8 STATUTORY DEPOSIT

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

4.9 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by Management. The Bank adds the cost of replacement to the carrying amount of an item of property and equipment when that cost incurred is expected to provide incremental future benefits to the Bank, and the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property and equipment over the estimated useful lives of the assets as follows:

ESTIMATED USEFUL LIFE (YEAR)

Leasehold improvement	Shorter of 15 years or lease term
Office and furniture equipment	5 years
Computer equipment	3 years
Motor vehicles	5 years
IT Equipment	5 years

Construction-in-progress represents building and equipment under construction and it is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

The residual value, useful lives and depreciation methods of assets are reviewed, and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date.

The carrying amount of an asset is written-down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

4.10 INTANGIBLE ASSETS

Intangible assets, comprising acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software and bring it to use.

Intangible assets are depreciated on a straight-line basis over an estimated 10-year useful life.

Work in progress represents the IT software and system under construction and it is stated at cost. Work in progress is not depreciated until such time when the asset is available for use.

Costs associated with the development or maintenance of computer software are recognised as expense when incurred.

4.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

4.12 PROVISION

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

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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. The increase in the provision due to passage of time is recognized as interest expense.

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.

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

4.13 REVENUE RECOGNITION

The Bank recognises revenue from the following major sources:

- ◆ Net interest income

- ◆ Fee and commission
- ◆ Other income

Revenue is measured based on the consideration to which the Bank expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Bank recognizes revenue when it transfers control of a product or provides service to a customer.

NET INTEREST INCOME

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

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

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

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

FEES AND COMMISSION INCOME

Fees and commission income are income other than those that are an integral part of EIR (see above). The fees included in this part of the Bank's statement of profit or loss include a diverse range of services it provides to its customers such as fees charged for servicing a loan.

Fee and commission with regard to services are accounted for as the services are rendered.

OTHER INCOME

Other income is income generated outside the normal course of business and is recognised when it is probable that the economic benefits will flow to the Bank and it can be measured reliably.

4.14 EXPENSE RECOGNITION

Expenses are recognised in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

4.15 EMPLOYEE BENEFITS**SHORT-TERM EMPLOYEE BENEFITS**

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

4.16 LEASE**THE BANK AS A LESSEE**

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

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

- ◆ Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- ◆ Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- ◆ The amount expected to be payable by the lessee under residual value guarantees;
- ◆ The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- ◆ Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset)

- ◆ The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- ◆ The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- ◆ A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the period presented

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

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

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

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

The Bank applies CIAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

4.17 INCOME TAX

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

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

4.18 RELATED PARTIES

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

- i. A person or a close member of that person's family is related to the Bank if that person:
 - a) Has control or joint control over the Bank;
 - b) Has significant influence over the Bank; or
 - c) Is a member of the key management personnel of the ultimate holding company of the Bank, or the Bank

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

5: SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In applying the Bank's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and

to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods:

5.1 SIGNIFICANT MANAGEMENT JUDGMENTS

FUNCTIONAL CURRENCY

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

BUSINESS MODEL ASSESSMENT

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

EXPECTED CREDIT LOSS ALLOWANCE ON FINANCIAL ASSETS AT AMORTISED COST

The expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

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

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

RECOGNITION OF DEFERRED TAX ASSETS

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant “judgement” is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

LEASE

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

5.2 SIGNIFICANT ACCOUNTING ESTIMATION AND ASSUMPTIONS

Information about estimates and assumptions and judgments that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

CALCULATION OF LOSS ALLOWANCE

When measuring expected losses, the Bank establishes the number and relative weightings of forward-looking scenarios for each type of product and determines the forward-looking information relevant to each scenario. The Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default 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 received, taking into account cash flows from collateral and integral credit enhancements.

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

ESTIMATING COST OF RIGHT-OF-USE ASSETS

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

In assessing impairment, the Board of Directors estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

USEFUL LIVES OF DEPRECIABLE ASSETS

The Board of Directors reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

INCOME TAX EXPENSE

The Bank will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through Management's current interpretation of the various tax legislations which are subject to periodic changes. The final determination of tax expenses will be made following examination by the General Department of Taxation.

When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

6: CASH ON HAND

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current				
US Dollars	2,243,190	9,235,213	-	-
Khmer Riels	230,899	950,611	-	-
	2,474,089	10,185,824	-	-

7: DEPOSITS AND PLACEMENTS WITH THE NBC

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current				
Current accounts	12,411,584	51,098,491	-	-
Settlement accounts	571,787	2,354,047	-	-
	12,983,371	53,452,538	-	-

Interest rate of deposit and placements with the NBC is as follows:

	2022
Current accounts	Nil
Settlement	Nil
Negotiate certificate	0.70%

8: DEPOSITS AND PLACEMENT WITH OTHER BANKS

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Deposits and placements with local banks	2,215,941	9,123,029	38,517,552	156,920,507
Deposits and placements with overseas banks	357,622	1,472,330	-	-
Local bank held in trust	-	-	4,580,276	18,660,044
	2,573,563	10,595,359	43,097,828	175,580,551
Less: Allowance for expected credit losses	(5,485)	(22,582)	-	-
	2,568,078	10,572,777	43,097,828	175,580,551

The table below represents the analysis of the Bank's balances with other banks:

A). BY CURRENCY:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
US Dollars	2,551,636	10,505,085	43,092,843	175,560,242
Khmer Riels	16,442	67,692	4,985	20,309
	2,568,078	10,572,777	43,097,828	175,580,551

B). BY MATURITY:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current	2,568,078	10,572,777	43,097,828	175,580,551

C). BY ACCOUNT TYPE:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Deposits and placements with local banks				
Current accounts	709,468	2,920,880	38,517,552	156,920,507
Fixed deposits	1,506,473	6,202,149	-	-
Less: Allowance for expected credit losses	(3,790)	(15,490)	-	-
Currency translation differences	-	(113)	-	-
	2,212,151	9,107,426	38,517,552	156,920,507
Deposits and placements with overseas banks				
Current accounts	357,622	1,472,329	-	-
Less: Allowance for expected credit losses	(1,695)	(6,927)	-	-
Currency translation differences	-	(51)	-	-
	355,927	1,465,351	-	-
Local bank held in trust				
Current accounts	-	-	4,580,276	18,660,044
	2,568,078	10,572,777	43,097,828	175,580,551

D). BY INTEREST RATE:

The table below represents the analysis of the Bank's balances with other banks:

2022	
Current account	Nil
Settlement account	Nil
Fixed deposit	2.50% - 3.50%

9: LOAN AND ADVANCES, NET

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
At amortised cost				
Consumer loans:				
Long-term loans	32,726,441	134,734,758	-	-
Overdrafts	10,938,553	45,034,023	-	-
Housing loan	1,990,209	8,193,690	-	-
Automobile loans	224,008	922,241	-	-
Personal loans	98,539	405,685	-	-
	45,977,750	189,290,397	-	-
At amortised cost				
Commercial Loans:				
Long-term loans	4,303,238	17,716,431	-	-
Overdrafts	89,379	367,973	-	-
	4,392,617	18,084,404	-	-
Total gross loans	50,370,367	207,374,801	-	-
Interest receivables	158,147	646,347	-	-
Less: Unearned income	(193,753)	(791,869)	-	-
Less: Allowance for expected credit loss	(157,138)	(642,223)	-	-
Currency translation difference	-	(5,782)	-	-
Total net loans	50,177,623	206,581,274	-	-

A). ALLOWANCE FOR EXPECTED CREDIT LOSSES:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
12-month ECL (Stage 1)	157,138	642,223	-	-

B). BY INDUSTRY:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Construction	17,083,509	70,332,807	-	-
Real estate and mortgages	10,359,836	42,651,445	-	-
Transportation	6,523,195	26,855,994	-	-
Retail	5,336,441	21,970,128	-	-
Agriculture	2,844,952	11,712,667	-	-
Wholesale	2,655,469	10,932,566	-	-
Personal lending	1,792,403	7,379,323	-	-
Mining	703,144	2,894,844	-	-
Services	208,388	857,933	-	-
Other lending	2,670,286	10,993,567	-	-
	50,177,623	206,581,274	-	-

C). BY MATURITY:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
No later than 1 year	10,502,609	43,239,241	-	-
Later than 1 year and not later than 3 years	743,856	3,062,455	-	-
Later than 3 year and not later than 5 years	3,430,237	14,122,286	-	-
Later than 5 years	35,500,921	146,157,292	-	-
	50,177,623	206,581,274	-	-

D). BY RELATIONSHIP:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Non-related parties	50,177,623	206,581,274	-	-

E). BY RESIDENCY:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Residents	50,177,623	206,581,274	-	-

F). BY INTEREST RATE:

These loans and advances to customers earn annual interest rate as below:

	2022
Consumer loans:	
Long-term loans	5.99% - 10.00%
Overdraft loans	6.75% - 10.00%
Housing loans	5.99% - 10.50%
Auto loans	12.00%
Personal loans	8.00% - 9.25%
Commercial loans:	
Long-term loans	7.00% - 8.00%
Overdraft loans	7.00%

10: OTHER ASSETS

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Prepayments	649,702	2,674,823	82,103	334,488
Advances	282,536	1,163,201	76,402	311,261
Deposits	155,980	642,170	129,253	526,577
Others	2,130	8,769	-	-
	1,090,348	4,488,963	287,758	1,172,326

11: STATUTORY DEPOSITS

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current				
Reserve requirement (i)	1,151,008	4,738,700	-	-
Non-current				
Capital guarantee deposits (ii)	7,500,000	30,877,500	-	-
	8,651,008	35,616,200	-	-

10.1 RESERVE REQUIREMENT

The reserve requirement represents the minimum reserve requirement which is calculated at 7% of the total deposits from customers, as required by the NBC Prakas B7-020-230 Pro Kor, on the Maintenance of Reserve Requirement Against commercial Bank's Deposits and Borrowings. The reserve requirement on customers' deposits and borrowings earns no interest.

10.2 CAPITAL GUARANTEE

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the NBC, banks are required to maintain 10% of its paid-up capital as a statutory deposit with the NBC. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia.

10.3 INTEREST RATE

	2022
Reserve requirement	Nil
Capital guarantee deposits	0.08%- 0.65%

12: PROPERTY AND EQUIPMENT

	LEASEHOLD IMPROVEMENT	OFFICE AND FURNITURE EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	IT EQUIPMENT	CONSTRUCTION -IN-PROGRESS	TOTAL	
	USD	USD	USD	USD	USD	USD	USD	KHR
Gross carrying amount								
Balance as at 1 January 2022	-	-	65,233	406,765	-	2,024,730	2,496,728	10,171,670
Additions	23,485	623,680	91,194	76,490	277,565	1,611,470	2,703,884	11,050,774
Transfers	1,517,711	-	-	-	-	(1,517,711)	-	-
Currency translation difference	-	-	-	-	-	-	-	188,476
Balance as at 31 December 2022	1,541,196	623,680	156,427	483,255	277,565	2,118,489	5,200,612	21,410,920
Accumulated depreciation								
Balance as at 1 January 2022	-	-	(10,211)	(57,440)	-	-	(67,651)	(275,610)
Depreciation	(69,952)	(56,640)	(42,904)	(89,554)	(33,243)	-	(292,293)	(1,194,601)
Currency translation difference	-	-	-	-	-	-	-	(11,679)
Balance as at 31 December 2022	(69,952)	(56,640)	(53,115)	(146,994)	(33,243)	-	(359,944)	(1,481,890)
Carrying amount as at 31 December 2022	1,471,244	567,040	103,312	336,261	244,322	2,118,489	4,840,668	19,929,030
Gross carrying amount								
Balance as at 19 March 2021 (date of incorporation)	-	-	-	-	-	-	-	-
Additions	-	-	65,233	406,765	-	2,024,730	2,496,728	10,156,690
Currency translation difference	-	-	-	-	-	-	-	14,980
Balance as at 31 December 2021	-	-	65,233	406,765	-	2,024,730	2,496,728	10,171,670
Accumulated depreciation								
Balance as at 19 March 2021 (date of incorporation)	-	-	-	-	-	-	-	-
Depreciation for the period	-	-	(10,211)	(57,440)	-	-	(67,651)	(275,204)
Currency translation difference	-	-	-	-	-	-	-	(406)
Balance as at 31 December 2021	-	-	(10,211)	(57,440)	-	-	(67,651)	(275,610)
Carrying amount as at 31 December 2021	-	-	55,022	349,325	-	2,024,730	2,429,077	9,896,060

13: INTANGIBLE ASSETS

	COMPUTER SOFTWARE	WORK-IN- PROGRESS	TOTAL	
	USD	USD	USD	KHR
Gross carrying amount				
Balance as at 1 January 2022	-	1,332,760	1,332,760	5,429,664
Additions	33,280	1,547,713	1,580,993	6,461,518
Transfers	1,875,631	(1,875,631)	-	-
Currency translations difference	-	-	-	104,739
Balance as at 31 December 2022	1,908,911	1,004,842	2,913,753	11,995,921
Accumulated depreciation				
Balance as at 1 January 2022	-	-	-	-
Amortisation	(48,000)	-	(48,000)	(196,176)
Currency translation difference	-	-	-	(1,439)
Balance as at 31 December 2022	(48,000)	-	(48,000)	(197,615)
Carrying amount as at 31 December 2022	1,860,911	1,004,842	2,865,753	11,798,306
Gross carrying amount				
Balance as at 19 March 2021 (date of incorporation)	-	-	-	-
Additions	-	1,332,760	1,332,760	5,421,668
Currency translation difference	-	-	-	7,996
Balance as at 31 December 2021	-	1,332,760	1,332,760	5,429,664
Accumulated depreciation				
Balance as at 1 January 2021	-	-	-	-
Accumulated amortisation	-	-	-	-
Balance as at 31 December 2021	-	-	-	-
Carrying amount as at 31 December 2021	-	1,332,760	1,332,760	5,429,664

14: RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

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

The Bank leases three office space for head office and two branches, of which one is under construction as of reporting date. Rental contract are typically made for a fixed period ranging from 3 to 12 years.

The table below describes the nature of the Bank's leasing activities of right of-use asset recognised in the statement of financial position as at 31 December 2022.

RIGHT-OF-USE ASSETS	NO OF RIGHT OF USE-ASSETS LEASED	RANGE OF REMAINING TERM	NO OF LEASES WITH EXTENSION OPTION	NO OF LEASES WITH VARIABLE PAYMENTS LINK TO AN INDEX	NO OF LEASES WITH TERMINATION OPTION
OFFICE BUILDINGS	3	3 - 12 YEARS	3	0	3

14.1). RIGHT-OF-USE ASSETS:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Cost				
Balance as at 1 January 2022	3,357,453	13,678,264	-	-
Additions	202,569	827,900	3,357,453	13,658,119
Currency translation difference	-	150,447	-	20,145
Balance as at 31 December 2022	3,560,022	14,656,611	3,357,453	13,678,264
Accumulated depreciation				
Balance as at 1 January 2022	(144,717)	(589,578)	-	-
Depreciation	(316,810)	(1,294,802)	(144,717)	(588,709)
Currency translation difference	-	(15,727)	-	(869)
Balance as at 31 December 2022	(461,527)	(1,900,107)	(144,717)	(589,578)
Carrying amounts as at 31 December 2022	3,098,495	12,756,504	3,212,736	13,088,686

There is no lease not yet commenced to which the Bank is committed.

14.2). LEASE LIABILITIES:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Balance as at 1 January 2022	3,217,124	13,106,563	-	-
Additions	199,269	814,412	3,263,784	13,277,073
Interest expense on lease liabilities	217,760	889,985	109,340	444,795
Payments	(356,519)	(1,457,093)	(156,000)	(634,608)
Currency translation differences	-	140,152	-	19,303
	3,277,634	13,494,019	3,217,124	13,106,563

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Less than one year	430,588	1,772,730	348,000	1,417,752
One to five years	1,737,749	7,154,313	1,530,000	6,233,220
More than five years	2,382,120	9,807,188	2,806,920	11,435,392
	4,550,457	18,734,231	4,684,920	19,086,364
Less: interest expense	(1,272,823)	(5,240,212)	(1,467,796)	(5,979,801)
	3,277,634	13,494,019	3,217,124	13,106,563

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Present value of lease liabilities				
Current	217,370	894,912	135,860	553,494
Non-current	3,060,264	12,599,107	3,081,264	12,553,069
	3,277,634	13,494,019	3,217,124	13,106,563

Amounts recognised in profit or loss are as follows:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Depreciation	316,810	1,294,802	144,717	588,709
Expense relating to short-term assets	-	-	38,933	158,379
Expense relating to leases of low-value assets, excluding short-term leases	2,943	12,028	-	-
Interest on lease liabilities	217,760	889,985	109,340	444,795
Interest income on refundable deposit	(6,697)	(27,370)	(3,021)	(12,289)
	530,816	2,169,445	289,969	1,179,594

15: DEFERRED TAX LIABILITIES, NET

The components and movements of deferred tax assets are as follows:

	AS AT 1 JANUARY 2022	RECOGNISED IN PROFIT OR LOSS (NOTE 20)	AT 31 DECEMBER 2022
	USD	USD	USD
Deferred tax asset on:			
Lease liabilities	(643,425)	23,726	(619,699)
Deferred tax liabilities on:			
Right- of-use asset	655,879	(36,180)	619,699
Deferred tax assets, net	12,454	(12,454)	-
Equivalent to KHR'000 (Note 4.2)	50,738	(50,738)	-

	AS AT 19 MARCH 2021 (DATE OF INCORPORATION)	RECOGNISED IN PROFIT OR LOSS (NOTE 20)	AT 31 DECEMBER 2021
	USD	USD	USD
Deferred tax asset on:			
Lease liabilities	-	(643,425)	(643,425)
Deferred tax liabilities on:			
Right- of-use asset	-	655,879	655,879
Deferred tax assets, net	-	12,454	12,454
Equivalent to KHR'000 (Note 4.2)	-	50,738	50,738

UNRECOGNISED DEFERRED TAX ASSETS

31 December 2022

USD

Unrecognised deferred tax assets arising from :

Unearned income	38,751
Tax loss carry forward	822,282
	861,033

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

Tax losses incurred in any tax year can be carried forward and available for offset against the next five years' taxable income.

In accordance with the Prakas on ToI, in order for the tax losses to be carried forward for a period of five consecutive years and utilised against taxable income in subsequent years, the following conditions should be met:

- ◆ Continuity of the business activity of the Bank; and
- ◆ No unilateral tax reassessment on the tax losses is made by the GDT during the tax year

16: DEPOSITS FROM CUSTOMERS

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current accounts	9,491,023	39,074,542	-	-
Saving accounts	2,144,173	8,827,560	-	-
Fixed deposits	2,725,070	11,219,113	-	-
	14,360,266	59,121,215	-	-

16.1). BY MATURITY:

Current	14,159,926	58,296,415	-	-
Non-current	200,340	824,800	-	-
	14,360,266	59,121,215	-	-

16.2). BY RESIDENCY:

Resident	13,759,523	56,647,956	-	-
Non-resident	600,743	2,473,259	-	-
	14,360,266	59,121,215	-	-

16.3). BY RELATIONSHIP:

Related parties	1,528,212	6,291,651	-	-
Non-related parties	12,832,054	52,829,564	-	-
	14,360,266	59,121,215	-	-

16.4). BY CURRENCY:

US Dollars	13,997,029	57,625,768	-	-
Khmer Riels	363,237	1,495,447	-	-
	14,360,266	59,121,215	-	-

16.5). BY INTEREST RATE:

Accrued interest rate for deposit from customers are as follows:

	2022	
	USD	KHR
Current accounts	0.00% - 3.00%	0.00% - 4.00%
Saving accounts	0.25% - 3.00%	0.25% - 4.00%
Fixed deposits	2.5% - 5.00%	3.50% - 5.50%

17: OTHER LIABILITIES

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Account payables	231,101	951,443	690,006	2,811,084
Other sundry liabilities	128,968	530,961	52,987	215,870
Accrued expenses	77,421	318,742	-	-
Taxes payables	29,571	121,744	27,353	111,436
Contract liability on undisbursed loans	10,006	41,195	-	-
Others	77,966	320,986	-	-
	555,033	2,285,071	770,346	3,138,390

18: SHARE CAPITAL

	NO OF ORDINARY SHARES	31 DECEMBER 2022		NO OF ORDINARY SHARES	31 DECEMBER 2021	
		USD	KHR'000 (NOTE 4.2)		USD	KHR'000 (NOTE 4.2)
Ordinary shares at par value of USD0.75/USD1(KHR3,000/ KHR4,000) each						
Registered and authorised	100,000,000	75,000,000	300,000,000	100,000,000	100,000,000	400,000,000
Issued and fully paid:						
Beginning of the year	48,200,000	48,200,000	192,800,000	-	-	-
Issued during the year:						
Addition paid up capital	51,800,000	26,800,000	107,200,000	48,200,000	48,200,000	192,800,000
End of the year	100,000,000	75,000,000	300,000,000	48,200,000	48,200,000	192,800,000

On 22 December 2021, the Bank submitted a request letter to the NBC to reduce the par value of the Bank's shares from USD1 (KHR4,000) to USD0.75 (KHR3,000) per share. The request was approved by the NBC on 30 December 2021. On 20 January 2022, the Bank amended its Articles of Incorporation with the Ministry of Commerce to reflect the change in par value per share.

19: REGULATORY RESERVES

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Balance beginning of the year	-	-	-	-
Transferred to regulatory reserves	397,236	1,588,944	-	-
Carrying amounts as at 31 December 2022	3,098,495	12,756,504	-	-

20: INTEREST INCOME, NET

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Interest income from financial assets at amortised cost:				
Loans and advances	1,397,767	5,712,674	-	-
Deposits and placements with other banks	373,273	1,525,567	16,701	67,940
Deposit and placements with the NBC	30,203	123,440	-	-
Interest income from refundable deposit	6,697	27,370	3,021	12,289
	1,807,940	7,389,051	19,722	80,229
Interest expense on financial liabilities at amortised cost:				
Fixed deposits	49,619	202,793	-	-
Current accounts	22,603	92,378	-	-
Saving accounts	7,553	30,870	-	-
Lease liabilities	217,760	889,985	109,340	444,795
	297,535	1,216,026	109,340	444,795
Net interest income/(loss)	1,510,405	6,173,025	(89,618)	(364,566)

21: FEE AND COMMISSION INCOME, NET

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Fee and commission income				
Loan commitment fees	12,326	50,376	-	-
Administration fees	835	3,413	-	-
Service charge	460	1,880	-	-
Remittance fees	152	621	-	-
Others	5,172	21,138	-	-
	18,945	77,428	-	-
Fee and commission expense	(12,737)	(52,056)	-	-
Net fee and commission income	6,208	25,372	-	-

22: CREDIT IMPAIRMENT LOSSES

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Expected credit loss (ECL):				
Loans and advances	157,138	642,223	-	-
Deposits and placements with other banks	5,485	22,417	-	-
	162,623	664,640	-	-

23: PERSONNEL EXPENSES

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Salaries	1,934,655	7,906,935	1,168,406	4,753,076
Bonus	132,901	543,166	-	-
Seniority indemnity	59,783	244,333	24,985	101,639
Other staff benefits	66,285	270,907	48,635	197,847
	2,193,624	8,965,341	1,242,026	5,052,562

24: DEPRECIATION AND AMORTISATION

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Depreciation of property and equipment	292,293	1,194,601	67,651	275,204
Depreciation of right-of-use assets	316,810	1,294,802	144,717	588,709
Amortisation of intangible assets	48,000	196,176	-	-
	657,103	2,685,579	212,368	863,913

25: OTHER OPERATING EXPENSES

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Subscription and license fees	326,076	1,332,673	-	-
Professional fees	173,640	709,667	116,646	474,516
Office supplies	142,926	584,139	33,125	134,753
Director fees	90,856	371,328	-	-
Marketing and advertising	88,688	362,468	250	1,017
Utilities	85,247	348,404	30,464	123,928
Other taxes	41,099	167,972	35,797	145,622
Credit investigation fees	29,476	120,468	-	-
Repairs and maintenance	22,139	90,482	257	1,045
Communication	20,977	85,733	7,951	32,345
Rental	2,943	12,028	38,933	158,379
Loss on foreign exchange	1,226	5,012	11	45
Others	80,432	328,725	21,295	86,628
	1,105,725	4,519,099	284,729	1,158,278

26: INCOME TAXES

A). APPLICABLE RATE

In accordance with Cambodian tax law, the Bank has the obligation to pay tax on income ("ToI") at the rate of 20% of taxable income.

Besides the ToI, taxpayers in Cambodia are subject to a separate minimum tax. The minimum tax is an annual tax with a liability equal to 1% of annual turnover inclusive of all taxes except value-added tax, and is due irrespective of the taxpayer's profit or loss position.

B). INCOME TAX EXPENSE

The major components of tax expense and a reconciliation of the estimated tax expense based on the statutory tax rate of 20% and the reported tax expense in the profit or loss are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current tax expense	13,727	56,102	-	-
Deferred tax expense	(12,454)	(50,899)	12,454	50,663
	1,273	5,203	12,454	50,663

The reconciliation between accounting loss before income tax and estimated taxable income for the period from 1 January 2022 to 31 December 2022 is shown below:

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Loss before income tax	(2,602,462)	(10,636,262)	(1,827,311)	(7,433,502)
Add: Non-deductible expenses	227,960	931,673	116,096	472,279
Deferred tax asset not recognized during the period	2,374,502	9,704,589	1,711,215	6,961,223
Estimated taxable income	-	-	-	-
Income tax at applicable rate of 20% (A)	-	-	-	-
Minimum tax at the rate of 1% of revenue (B)	13,727	56,102	-	-
Estimated current income tax expense (higher of A or B)	13,727	56,102	-	-

C). TAX CONTINGENCY

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is subject to interpretation. Often times, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to reviews and investigations by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant since the incorporation of the Bank.

27: RELATED PARTIES' TRANSACTIONS AND BALANCES

The following balances are outstanding with related parties:

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
RELATED PARTIES				
Deposits from related parties				
Key management	2,935	12,083	-	-
Shareholders:				
Current accounts	1,084,279	4,463,977	-	-
Savings accounts	111,588	459,409	-	-
Fixed deposits	329,410	1,356,182	-	-
	1,528,212	6,291,651	-	-

During the period, the following transactions with related party is recorded:

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE PERIOD FROM 19 MARCH 2021 TO 31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
RELATED PARTY				
Interest expenses to related parties				
Deposits of shareholders	1,527	6,287	-	-
Fee and remuneration expenses to related parties				
Key management:				
Salaries and other benefit	818,782	3,346,362	701,862	2,855,177
Director fees	84,000	343,308	-	-
Other transaction with related parties				
Former shareholder				
Office rental	80,784	330,164	18,000	73,224

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. Key management includes all the directors of the Bank and certain members of senior management of the Bank.

28: CONTINGENT LIABILITIES AND COMMITMENTS

A). LOAN COMMITMENTS, GUARANTEE AND OTHER FINANCIAL LIABILITIES

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Credit commitment	2,322,068	9,559,954	-	-

B). CAPITAL COMMITMENT

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Property and equipment	685,964	2,803,535	1,479,002	6,025,455
Intangible assets	572,589	2,357,349	511,371	2,083,326
	1,258,553	5,160,884	1,990,373	8,108,781

29: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The Bank holds the following financial instruments:

ASSETS

At amortised cost

Deposits and placement with the NBC	12,983,371	53,452,538	-	-
Cash on hand	2,474,089	10,185,824	-	-
Deposits and placement with other banks	2,568,078	10,572,777	43,097,828	175,580,551
Statutory deposits	8,651,008	35,616,200	-	-
Loans and advances	50,177,623	206,581,274	-	-
Other assets *	155,980	642,170	129,253	526,577

31 DECEMBER 2022		31 DECEMBER 2021	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
77,010,149	317,050,783	43,227,081	176,107,128

LIABILITIES

At amortised cost

Deposits from customers	14,360,266	59,121,215	-	-
Other liabilities **	515,456	2,122,132	742,993	3,026,954

Not in scope of CIFRS 9

Lease liabilities	3,277,634	13,494,019	3,217,124	13,106,563
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31 DECEMBER 2022		31 DECEMBER 2021	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
18,153,356	74,737,366	3,960,117	16,133,517

* Excludes prepayments, advances and non-refundable deposit

**Excludes tax payables and unearned income

29.1). CREDIT RISK

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

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

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

A). CREDIT RISK MEASUREMENT

Reviews are conducted on a regular basis with updated information on a borrower's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when there are signs of credit deterioration. Approval limit is set based on different type of facilities and type of collaterals. In general, Chief Operating Officer has the first lower level of discretionary power to approve following by Chief Executive Officer and then Credit Committee, having the highest level of approving authority.

B). RISK LIMIT CONTROL AND MITIGATION POLICIES

The Bank manages limits and controls the concentration of credit risk whenever it is identified. The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans to individual customers. The maximum exposure to credit risk is limited to the amounts on the statement of financial position, without taking into account the fair value of any collateral or master netting agreements.

C). ECL MEASUREMENT

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

- Stage 1:** When a debt instrument is first recognised, the Bank recognises credit losses based on the twelve-month ECL. Stage 1 debt security also includes facilities where the credit risk has improved and security has been reclassified from Stage 2.
- Stage 2:** When a debt instrument has shown a significant increase in credit risk since origination, the Bank recognises an allowance for the lifetime ECL. Stage 2 debt instrument also includes facilities where the credit risk has improved and the instrument has been reclassified from stage 3.
- Stage 3:** When a debt instrument is considered as credit impaired, the Bank recognises and allowance for the lifetime ECL.

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

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

SIGNIFICANT INCREASE IN CREDIT RISK

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

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

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

DAYS IN ARREARS	CLASSIFICATION	STAGE
0-14 days	Performing	1
15-30 days	Underperforming	2
Over 30 days	Non-performing	3

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

DAYS IN ARREARS	CLASSIFICATION	STAGE
0-29 days	Performing	1
30-89 days	Underperforming	2
Over 89 days	Non-performing	3

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

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

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

INPUTS, ASSUMPTIONS AND ESTIMATION TECHNIQUES

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

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

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

	31 DECEMBER 2022			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
Deposits and placement with NBC	12,983,371	-	-	12,983,371
Cash on hand	2,474,089	-	-	2,474,089
Deposits and placement with other banks	2,568,078	-	-	2,568,078
Loans to customers	50,370,367	-	-	50,370,367
Other assets	155,980	-	-	155,980
	68,551,885	-	-	68,551,885
Allowance for expected credit losses	(162,623)	-	-	(162,623)
Unamortised loan processing fees	(193,753)	-	-	(193,753)
	68,195,509	-	-	68,195,509
KHR'000 equivalent (Note 2.4)	280,760,911	-	-	280,760,911

	31 DECEMBER 2021			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
Deposits and placement with NBC	-	-	-	-
Cash on hand	-	-	-	-
Deposits and placement with other banks	43,097,828	-	-	43,097,828
Loans to customers	-	-	-	-
Other assets	129,253	-	-	129,253
	43,227,081	-	-	43,227,081
Allowance for expected credit losses	-	-	-	-
Unamortised loan processing fees	-	-	-	-
	43,227,081	-	-	43,227,081
KHR'000 equivalent (Note 2.4)	176,107,128	-	-	176,107,128

SIGNIFICANT CHANGES IN GROSS CARRYING AMOUNT AFFECTING ALLOWANCE FOR ECL

The table below provides information how the significant changes in the gross carrying amount of financial instruments in 2022 and 2021 contributed to the changes in the allowance for ECL.

	31 DECEMBER 2022			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
RECEIVABLE FROM CUSTOMERS- CORPORATE				
Balance at January 1	-	-	-	-
Transfers to:				
Stage 1	50,370,367	-	-	50,370,367
Stage 2	-	-	-	-
Stage 3	-	-	-	-
	50,370,367	-	-	50,370,367
KHR'000 equivalent (Note 2.4)	207,374,801	-	-	207,374,801

D). MAXIMUM EXPOSURE TO CREDIT RISK

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

	31 DECEMBER 2022		31 DECEMBER 2021	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Credit risk exposure related to on balance sheet items				
Deposits and placement with other banks	2,573,563	10,595,359	43,097,828	175,580,551
Loans and advances	50,370,367	207,374,801	-	-
Other assets *	155,980	642,170	129,253	526,577
Credit risk exposure related to off balance sheet items:				
Credit commitment	2,322,068	9,559,954	-	-
Total gross credit exposure	55,421,978	228,172,284	43,227,081	176,107,128
Less: Allowance for expected credit losses	(162,623)	(664,640)	-	-
Total net credit exposure	55,259,355	227,507,644	43,227,081	176,107,128

*Excludes prepayments, advances, and non-refundable deposit

29.2). OPERATIONAL RISK

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

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

29.3). MARKET RISK

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

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

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

A). FOREIGN CURRENCY EXCHANGE RISK CONCENTRATION OF CURRENCY RISK

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

	2022				2021			
	USD EQUIVALENT		TOTAL		USD EQUIVALENT		TOTAL	
	USD	KHR	USD		USD	KHR	USD	
ASSETS								
Deposits and placement with the NBC	12,086,051	897,320	12,983,371	-	-	-	-	
Cash on hand	2,243,190	230,899	2,474,089	-	-	-	-	
Deposit and placement with other banks	2,551,636	16,442	2,568,078	43,092,843	4,985	43,097,828	-	
Statutory deposits	8,600,000	51,008	8,651,008	-	-	-	-	
Loans and advances	43,526,746	6,650,877	50,177,623	-	-	-	-	
Other assets *	155,980	-	155,980	129,253	-	129,253	-	
Total financial assets	69,163,603	7,846,546	77,010,149	43,222,096	4,985	43,227,081		
LIABILITIES								
Deposits from customers	13,997,029	363,237	14,360,266	-	-	-	-	
Lease liabilities	3,277,634	-	3,277,634	3,217,124	-	3,217,124	-	
Other liabilities**	515,456	-	515,456	742,993	-	742,993	-	
Total financial liabilities	17,790,119	363,237	18,153,356	3,960,117	-	3,960,117		
NET FINANCIAL ASSET POSITION	51,373,485	7,483,309	58,856,794	39,261,979	4,985	39,266,964		

* Excludes prepayments, advances and non-refundable deposit

**Excludes tax payables and unearned income

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

B). FOREIGN CURRENCY EXCHANGE RISK

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

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

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

MATURITY PERIOD

	UP TO 1 MONTH		1 TO 3 MONTHS		3 TO 12 MONTHS		1 TO 3 YEARS		3 TO 5 YEARS		OVER 5 YEARS		NON-INTEREST BEARING		TOTAL		EFFECTIVE AVERAGE INTEREST RATE (%)	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD		
AT 31 DECEMBER 2022																		
ASSETS																		
Cash on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	2,474,089	-	2,474,089	N/A	
Deposits and placements with the NBC	-	-	-	-	-	-	-	-	-	-	-	-	-	12,983,371	-	12,983,371	N/A	
Deposits and placements with other Bank	1,506,473	-	-	-	-	-	-	-	-	-	-	-	-	1,067,090	-	2,573,563	2.22%	
Loans and advances	1,165,846	2,360,792	10,628,998	6,850,596	7,796,784	21,567,351	-	-	-	-	-	-	-	155,980	-	50,370,367	7.44%	
Other assets *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155,980	N/A	
Total financial assets	2,672,319	2,360,792	10,628,998	6,850,596	7,796,784	21,567,351	16,680,530	68,557,370	68,557,370	68,557,370	68,557,370	68,557,370	68,557,370	68,557,370	68,557,370	68,557,370	68,557,370	68,557,370
LIABILITIES																		
Deposit from customers	2,507,385	5,515,333	6,137,208	200,340	-	-	-	-	-	-	-	-	-	-	-	-	14,360,266	2.66%
Lease liabilities	19,465	35,085	162,870	775,167	603,235	1,681,812	-	-	-	-	-	-	-	-	-	-	3,277,634	7%
Other liabilities **	-	-	515,456	-	-	-	-	-	-	-	-	-	-	-	-	-	515,456	N/A
Total financial liabilities	2,526,850	5,550,418	6,815,534	975,507	603,235	1,681,812	-	-	-	-	-	-	-	-	-	-	18,153,356	-
Total interest pricing gap	145,469	(3,189,626)	3,813,464	5,875,089	7,193,549	19,885,539	16,680,530	50,404,014	50,404,014	50,404,014	50,404,014	50,404,014	50,404,014	50,404,014	50,404,014	50,404,014	50,404,014	50,404,014
Equivalent in KHR'000 (Note 4.2)	598,896	(13,131,690)	15,700,031	24,187,741	29,615,841	81,868,762	68,673,742	207,513,324	207,513,324	207,513,324	207,513,324	207,513,324	207,513,324	207,513,324	207,513,324	207,513,324	207,513,324	207,513,324
OFF-BALANCE SHEET																		
Credit commitment	2,322,068	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,322,068	N/A
Total interest pricing gap	2,322,068	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,322,068	-
Equivalent in KHR'000 (Note 4.2)	9,559,954	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,559,954	-

* Excludes prepayments, advances and non-refundable deposit

**Excludes tax payables and unearned income

MATURITY PERIOD

	UP TO 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS	NON-INTEREST BEARING	TOTAL	EFFECTIVE AVERAGE INTEREST RATE (%)
	USD	USD	USD	USD	USD	USD	USD	USD	
AT 31 DECEMBER 2021									
ASSETS									
Cash on hand	-	-	-	-	-	-	-	-	N/A
Deposits and placements with the NBC	-	-	-	-	-	-	-	-	N/A
Deposits and placements with other Bank	-	-	-	-	-	-	43,097,828	43,097,828	0.00%
Loans and advances	-	-	-	-	-	-	-	-	N/A
Other assets *	-	-	-	-	-	-	129,253	129,253	N/A
Total financial assets	-	-	-	-	-	-	43,227,081	43,227,081	
LIABILITIES									
Deposit from customers	-	-	-	-	-	-	-	-	N/A
Lease liabilities	10,974	22,134	102,752	554,744	521,882	2,004,638	-	3,217,124	N/A
Other liabilities **	-	-	742,993	-	-	-	-	742,993	N/A
Total financial liabilities	10,974	22,134	845,745	554,744	521,882	2,004,638	-	3,960,117	
Total interest pricing gap	(10,974)	(22,134)	(845,745)	(554,744)	(521,882)	(2,004,638)	43,227,081	39,266,964	
Equivalent in KHR'000 (Note 4.2)	(44,708)	(90,174)	(3,445,565)	(2,260,027)	(2,126,147)	(8,166,895)	176,107,128	159,973,611	
OFF-BALANCE SHEET									
Credit commitment	-	-	-	-	-	-	-	-	N/A
Total interest pricing gap	-	-	-	-	-	-	-	-	
Equivalent in KHR'000 (Note 4.2)	-	-	-	-	-	-	-	-	

Fair value sensitivity analysis for fixed rate instruments

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

29.4). LIQUIDITY RISK

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

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

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

	UP TO 1	1 TO 3	3 TO 12	1 TO 5	OVER	NO FIXED	TOTAL
	MONTH	MONTHS	MONTHS	YEARS	5 YEARS	MATURITY DATE	
	USD	USD	USD	USD	USD	USD	USD
AT 31 DECEMBER 2022							
ASSETS							
Cash on hand	-	-	-	-	-	2,474,089	2,474,089
Deposits and placements with the NBC	-	-	-	-	-	12,983,371	12,983,371
Deposits and placements with other Bank	1,506,473	-	-	-	-	1,067,090	2,573,563
Loans and advances	1,165,846	2,360,792	10,628,998	14,647,380	21,567,351	-	50,370,367
Other assets *	-	-	-	-	-	155,980	155,980
Total financial assets	2,672,319	2,360,792	10,628,998	14,647,380	21,567,351	16,680,530	68,557,370
LIABILITIES							
Deposit from customers	2,507,385	5,515,333	6,137,208	200,340	-	-	14,360,266
Lease liabilities	19,465	35,085	162,870	1,378,402	1,681,812	-	3,277,634
Other liabilities **	-	-	515,456	-	-	-	515,456
Total financial liabilities	2,526,850	5,550,418	6,815,534	1,578,742	1,681,812	-	18,153,356
Total interest pricing gap	145,469	(3,189,626)	3,813,464	13,068,638	19,885,539	16,680,530	50,404,014
Equivalent in KHR'000 (Note 4.2)	598,896	(13,131,690)	15,700,031	53,803,583	81,868,762	68,673,742	207,513,324
OFF-BALANCE SHEET							
Credit commitment	2,322,068	-	-	-	-	-	2,322,068
Total interest pricing gap	2,322,068	-	-	-	-	-	2,322,068
Equivalent in KHR'000 (Note 4.2)	9,559,954	-	-	-	-	-	9,559,954

* Excludes prepayments, advances and non-refundable deposit

**Excludes tax payables and unearned income

	UP TO 1 MONTH		1 TO 3 MONTHS		3 TO 12 MONTHS		1 TO 5 YEARS		OVER 5 YEARS		NO FIXED MATURITY DATE		TOTAL	
	USD		USD		USD		USD		USD		USD		USD	
AT 31 DECEMBER 2021														
ASSETS														
Cash on hand	-		-		-		-		-		-		-	
Deposits and placements with the NBC	-		-		-		-		-		-		-	
Deposits and placements with other Bank	-		-		-		-		-		43,097,828		43,097,828	
Loans and advances	-		-		-		-		-		-		-	
Other assets *	-		-		-		-		-		129,253		129,253	
Total financial assets	-		-		-		-		-		43,227,081		43,227,081	
LIABILITIES														
Lease liabilities	10,974		22,134		102,752		1,076,626		2,004,638		-		3,217,125	
Other liabilities **	-		-		742,993		-		-		-		742,993	
Total financial liabilities	10,974		22,134		845,745		1,076,626		2,004,638		-		3,960,117	
Net financial assets/(liabilities)	(10,974)		(22,134)		(845,745)		1,076,626		2,004,638		43,227,081		39,266,964	
Equivalent in KHR'000 (Note 4.2)	(44,708)		(90,174)		(4,445,567)		(4,386,174)		(8,166,895)		176,107,128		159,973,611	
OFF-BALANCE SHEET														
Credit commitment	-		-		-		-		-		-		-	
Liquidity off-balance sheet	-		-		-		-		-		-		-	
Equivalent in KHR'000 (Note 4.2)	-		-		-		-		-		-		-	

* Excludes prepayments, advances and non-refundable deposit

**Excludes tax payables and unearned income

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

	UP TO 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY DATE	TOTAL
	USD	USD	USD	USD	USD	USD	USD
AT 31 DECEMBER 2022							
LIABILITIES							
Deposits from customers	2,508,754	5,523,237	6,149,092	204,007	-	-	14,385,090
Lease liabilities	37,785	7,429	321,424	2,125,592	2,253,503	-	4,809,733
Other liabilities **	-	-	515,456	-	-	-	515,456
Total financial liabilities	2,546,539	5,594,666	6,985,972	2,329,599	2,253,503	-	19,710,279
Net financial assets/(liabilities)	440,538	(2,650,398)	5,989,517	21,204,952	24,656,237	16,680,530	66,321,376
Equivalent in KHR'000 (Note 4.2)	1,813,694	(10,911,687)	24,658,842	87,300,786	101,509,727	68,673,742	273,045,105

* Excludes prepayments, advances and non-refundable deposit

**Excludes tax payables and unearned income

	UP TO 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY DATE	TOTAL
	USD	USD	USD	USD	USD	USD	USD
AT 31 DECEMBER 2021							
LIABILITIES							
Lease liabilities	29,000	58,000	261,000	1,530,000	2,806,920	-	4,655,920
Other liabilities **	-	-	742,993	-	-	-	742,993
Total financial liabilities	29,000	58,000	6,985,972	1,530,000	2,253,503	-	5,398,913
Net financial assets/(liabilities)	(29,000)	(58,000)	(1,003,993)	(1,530,000)	(2,806,920)	-	(4,394,920)
Equivalent in KHR'000 (Note 4.2)	(118,146)	(236,292)	(4,090,267)	(6,233,220)	(11,435,392)	-	(17,904,904)

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

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

Fair value information for non-financial asset and liabilities are excluded as they do not fall within the scope of

CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed.

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

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

LEASE LIABILITIES

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

FAIR VALUE HIERARCHY

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

- ◆ Level 1 – 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.

30). CAPITAL MANAGEMENT

REGULATORY CAPITAL

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

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also assessed and the Bank recognises 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. As at the reporting date, the Bank's capital has yet to meet minimum requiring regulatory capital requirement as it is in the process of obtaining a banking license before it can start its commercial operations.

31). EVENTS AFTER THE REPORTING DATE

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

32). AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements as at 31 December 2022 and for the year then ended were approved for issue by the Board of Directors on 24 March 2023.




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