



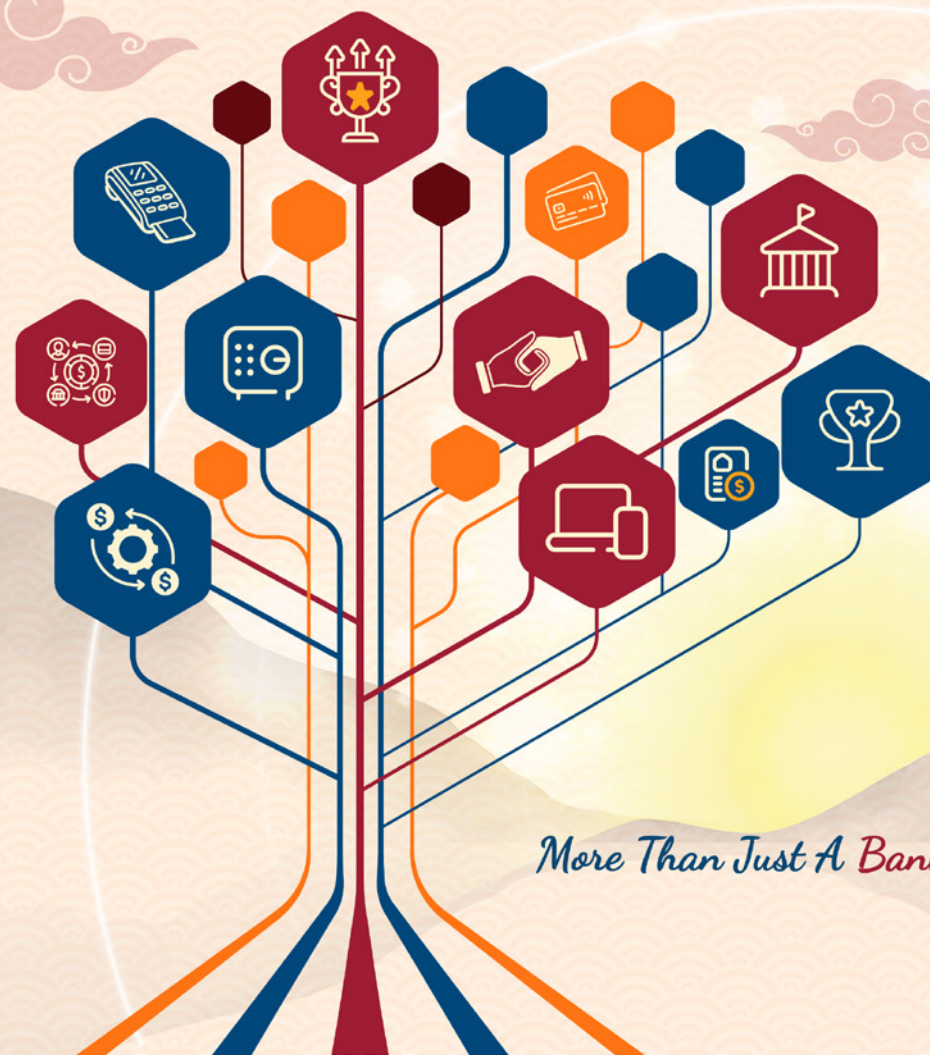
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**ធនាគារ អូរីយ៉ង់ថល**  
Oriental Bank | 东方银行

# ANNUAL REPORT 2023



## 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.

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

## 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.

## 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

## BRANCHES IN PHNOM PENH



### BRANCHES IN PHNOM PENH

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

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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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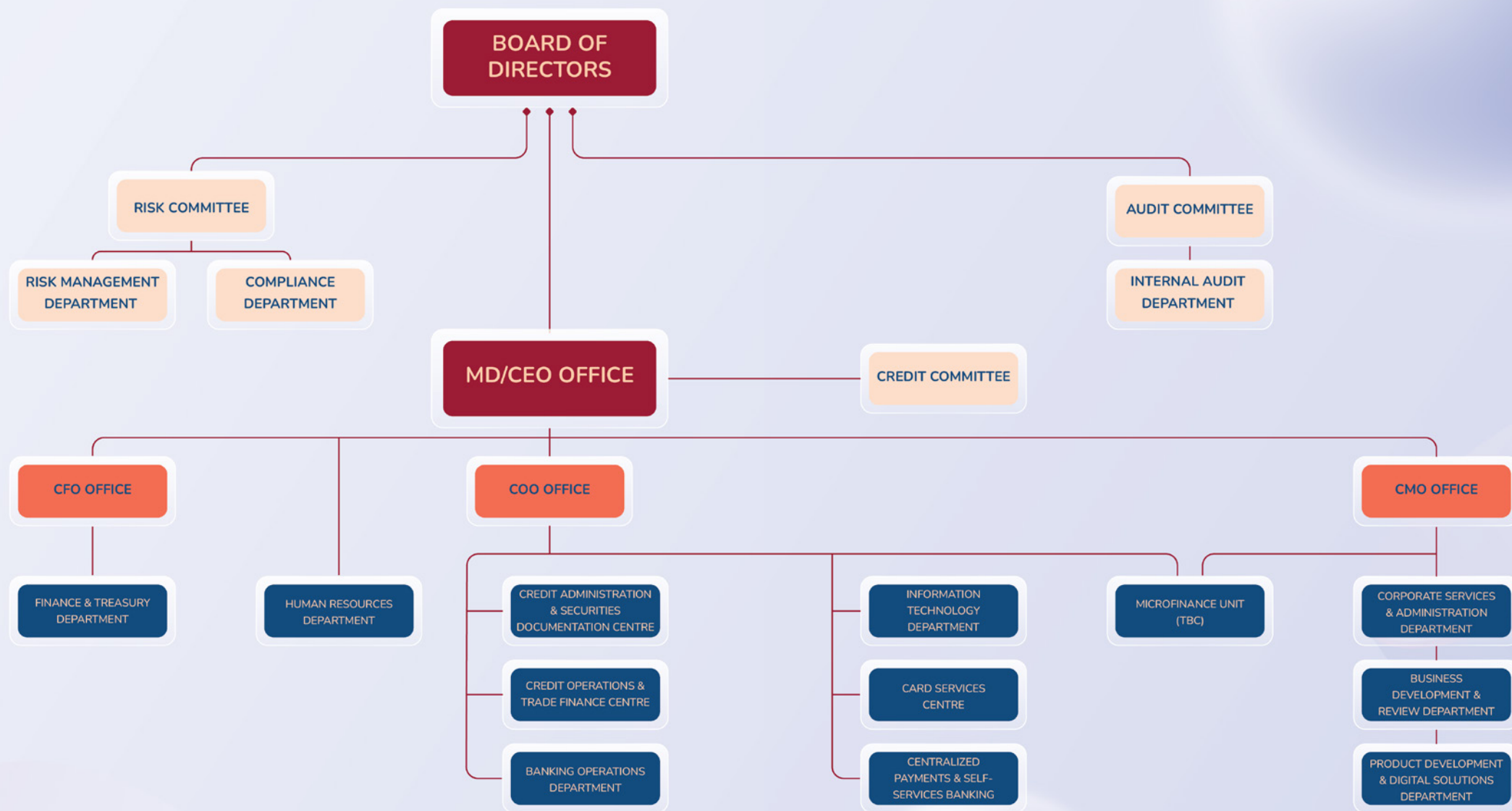
### HEAD OFFICE

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

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# ORGANIZATIONAL CHART



# CHAIRMAN STATEMENT

## MESSAGE FROM THE CHAIRMAN

### DATUK PHAN YING TONG

Chairman

I am delighted to present to you Oriental Bank's Annual Report for the Financial Year 2023, a year of remarkable progress and unwavering commitment to excellence, innovation, and sustainable growth. Our journey in 2023 has been marked by the relentless collaboration of our new and existing clients, partners, and other stakeholders, whose dedication and support have been instrumental in achieving significant progress amid global challenges. Throughout the year, Oriental Bank has demonstrated its ability to navigate through economic uncertainties and geopolitical tensions, while strengthening our market position, expanding our digital capabilities, and enhancing customer experiences, setting the stage for further achievements. These accomplishments serve as a testament to our collective efforts and steadfast commitment to moving forward.

As the banking landscape evolves with increasing competition from banks investing heavily in

digital infrastructure, we recognize both challenges and opportunities. We continue with our approach of focusing in enhancing our digital presence while maintaining a delicate balance between digital innovation and conventional banking services, ensuring that we adapt to the evolving needs of our customers while delivering lasting value to our shareholders. Our strategic investments in technology, infrastructure, and talent have thus established a robust foundation for sustainable growth and wider business opportunities.

The year 2023 has been promising for us, our launch of cutting-edge digital banking solutions, namely our Corporate Internet Banking and Mobile Banking applications (ICorp and MCorp) for corporate customers, along with the expansion of our branch network in Chbar Ampov, and the broadening of our partnership network with key entities like AirAsia Cambodia, TrueMoney Cambodia, and Credit Guarantee Corporation of

Cambodia, exemplify our commitment to driving financial inclusion and also providing highly innovative payment solutions to our customers. These synergies not only bolstered our mission but also propelled us forward in our journey towards digital excellence.

Additionally, our focus on digitization, in particular, the introduction of innovative features for ICorp and MCorp has played a pivotal role in boosting operational efficiency and enriching customer engagement. All of these efforts were also recognized when we were awarded the Digital Innovation Award at the Multinational Corporation Leadership Summit held on the 31st of October 2023 in Kuala Lumpur, Malaysia.

Oriental Bank's business performance in 2023 was impressive, demonstrating steady growth and stability across key areas. The bank achieved a significant 156% increase in customer deposits, highlighting the trust and confidence customers have in Oriental Bank. We also experienced a commendable 117% surge in the number of customers, reinforcing our position in the market. The loan portfolio grew by 27%, indicating our ability to meet the financing needs of businesses and individuals. Moreover, our assets showed a healthy 24% growth, reflecting sound financial management. Notably, Oriental Bank maintained an exceptionally low non-performing loan (NPL) ratio of just 0.23%, outperforming the industry average of 5.4%. This performance underscores our commitment to prudent risk management. Overall, Oriental Bank's 2023 business performance demonstrates our steady growth, customer focus, and financial stability, positioning us favorably in the Cambodian banking industry.

Moving forward, we remain dedicated to our current business model, which prioritizes innovation and customer-centricity. Our goal is to remain at the forefront of industry trends, leveraging digital advancements to enhance customer

experiences and drive operational efficiencies. This approach positions Oriental Bank to effectively navigate the competitive landscape and continue on our path toward sustained success.

As we anticipate the competitive landscape, challenges, and opportunities that 2024 may bring, our unwavering commitment to excellence, integrity, and customer-centricity remains steadfast. With a renewed emphasis on enhancing our digital infrastructure and fostering continuous digital innovation, we are well-prepared to navigate the year ahead.

Undoubtedly, 2024 will be a year marked by intensifying competition and numerous challenges, compounded by factors such as high cost of funds and sluggishness in key sectors like real estate, manufacturing, and tourism. However, we are not merely a bank; we are collaborative partners in progress, dedicated to driving sustainable growth, fostering prosperity, and seizing opportunities amidst adversity.

Together, we will overcome obstacles, adapt to changing market dynamics, and leverage emerging possibilities. By embracing innovation, harnessing our collective strengths, and prioritizing the needs of our customers, we are confident that we will chart a successful path forward in 2024 and beyond.

Thank you.



Datuk PHAN Ying Tong  
Chairman



# OUR JOURNEY

We are thrilled to have achieved several noteworthy milestones in the second year of our operation, which we take immense pride in.



## SIGNIFICANT EVENTS IN 2023



### PARTNERSHIP WITH CGCC ON MSMEs LOAN

On 7th March 2023, Oriental Bank and the Credit Guarantee Corporation of Cambodia (CGCC) established a strategic partnership.

CGCC offers loan guarantees to Micro, Small, and Medium-sized Enterprises (MSMEs) that lack collateral. The main purpose of this collaboration is to provide support and empowerment to MSMEs by facilitating their access to essential financial resources.



### OPENING CHBAR AMPOV BRANCH AT EURO PARK: 3RD BRANCH OPENING



On 6th April 2023, our Chbar Ampov branch located at PH Euro Park was officially opened, presided over by H.E. Dr. Chea Serey, the Deputy Governor of the National Bank of Cambodia, with an encouraging attendance of more than 100 community leaders and valued customers in the vicinity.



### PARTNERSHIP WITH TRUEMONEY ON THE COLLABORATION TO OFFER DIGITAL FINANCIAL PRODUCTS AND SERVICES



On 6th July 2023, Oriental Bank and TrueMoney signed a Memorandum of Understanding to collaborate on offering innovative digital financial products and services. Both partners are committed to supporting the Royal Government's digitalization efforts and promoting financial inclusion for all.



### ORIENTAL BANK AND AIRASIA CAMBODIA ANNOUNCE STRATEGIC COLLABORATION FOR SEAMLESS PAYMENT SOLUTIONS



On 5th October 2023, Oriental Bank and AirAsia Cambodia signed a Strategic Alliance Declaration, focusing on seamless payment solutions for customers. Oriental Bank has provided AirAsia Cambodia with its advanced payment gateway service, enhancing the experience for passengers from ticket purchases to ancillary services and in-flight transactions.



### ORIENTAL BANK PLC, HONOURED WITH DIGITAL INNOVATION AWARD AT THE 2023 MULTINATIONAL CORPORATION LEADERSHIP SUMMIT IN KUALA LUMPUR, MALAYSIA

On 21st October 2023, Oriental Bank PLC was honored with the Digital Innovation Award at the 2023 Multinational Corporation Leadership Summit in Kuala Lumpur, Malaysia.





The event, attended by industry leaders and experts, featured speakers and panelists from around the world. The award reflects Oriental Bank's dedication to providing cutting-edge technologies and customer-centric digital services.



### LAUNCHING OF ORIENTAL CORPORATE MOBILE BANKING (MCP) AND INTERNET BANKING (ICORP)



On 15th December 2023, Oriental Bank launched two digital products, Oriental Corporate Mobile Banking (MCP) and Internet Banking (ICORP) to cater to corporate customers' needs.

These mobile and internet banking platforms streamline operations, provide secure payment solutions, and enable up to three approval levels for clients. The launch marks a significant milestone in Oriental Bank's digital transformation journey.



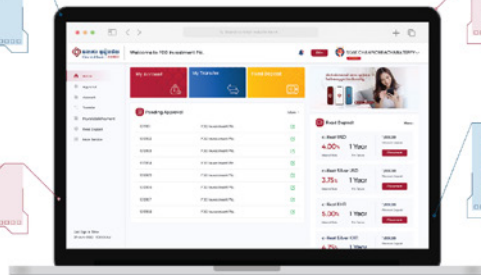
Process the Payroll at any time with the effective date in place. The funds will only credit to the staff on the effective date.

#### Internet Banking

All transactions are recorded from initiation to approval.

The method of operation designed is nearly identical to that of over-the-counter.

Multiple fund transfers



## BOARD OF DIRECTORS

**MS. HENG PHUOY EANG**  
DIRECTOR

**DATUK PHAN YING TONG**  
CHAIRMAN

**MR. HENG ZE MIN DARREN**  
DIRECTOR

**MS. DY SOPHEAK PAGNA**  
DIRECTOR

**MS. SOK VANSEKA**  
INDEPENDENT DIRECTOR

**MS. LOI JIN CHOO**  
INDEPENDENT DIRECTOR

**MS. RONG RATHAVATEY**  
DIRECTOR





# MANAGEMENT TEAM



## DATUK PHAN YING TONG

Managing Director & Chief Executive Officer

Oriental Bank is founded by Managing Director & Chief Executive Officer, Datuk Phan Ying Tong, aged 62, 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.

## KIM SOTHEAVATEY

Chief Marketing Officer

Ms. Sotheavatey Kim, aged 42, 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.

## CHEONG KIM SOON

Chief Operations Officer

Mr. Simon Cheong, aged 62, 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.



## 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	POSITION
Ms. Loi Jin Choo	Chairwoman
Datuk Phan Ying Tong	Member
Ms. Sok Vaseka	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	POSITION
Ms. Sok Vaseka	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 monthly to Senior Management, and quarterly to the Risk Committee (RC).

#### 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 RC 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 cyber-security 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 RC and BoD.

### 1.2 MEMBER COMPOSITION

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

Head of Business Development & Branch Business Review	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 & Self-Service Banking	Member
Head of Card Centre	Member
Head of Credit Operation & Trade Finance	Member
Head of Banking Operations	Member
Head of Credit Administration & Securities Documentation	Member
Head of Corporate Services & Administration	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	Member
Chief Marketing Officer	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 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	Member
Chief Marketing Officer	Member
Head of Credit Operations & Trade Finance	Member
Head of Credit Administration & Securities Documentation	Member / Secretary

## CUSTOMER PERSPECTIVE

The Bank is operating in an era marked by rapid technological advancements and evolving customer expectations. Moving beyond traditional transactional relationships, we are now placing customer centricity at the forefront of our decision-making processes. This shift not only enhances customer satisfaction but ultimately fosters loyalty, longevity, and profitability. We are increasingly recognizing the significance of aligning our strategies with a customer-centric view.

Leveraging this valuable information enables us to gain a deeper understanding of customer's needs and expectations. Through various channels such as surveys, feedback forms, direct interactions with customers and social media, we collect real-time data that reflects the ever-changing landscape of customer preferences.

By listening to our customers, we identify emerging trends and areas of improvement in our products and services. This insight is invaluable in shaping and ensuring that resources are allocated to areas that directly enhances our customer experience.

A customer-centric approach creates a positive

feedback loop, as satisfied customers are more likely to remain loyal to our Bank that actively listens to their needs. Loyalty is not just a measure of how long a customer stays with us but it's a reflection of the overall customer experience. We prioritize customer satisfaction, we build trust and credibility, we foster a sense of loyalty that extends beyond transactional interactions.

By tailoring products and services to meet specific customer demands, we can create a unique value proposition that differentiates our Bank from our competitors. Whether it's personalized financial advice, innovative digital services, or responsive customer support, aligning with the voice of the customer allows us to offer a tailored experience that resonates with our customer base.

The voice of the customer serves as a compass, guiding investment decisions, fostering loyalty, ensuring longevity, and ultimately contributing to profitability. As technology continues to reshape the industry, the Bank will continue to prioritize our customer's experience as we are **'More Than Just A Bank'**.





## TECHNOLOGY



Similar to any other enterprise, banks must adapt to the transformations brought about by the digital age. The Bank has quickly embraced a 60:40 strategy, blending digital and conventional business models. Under this framework, the bank prioritizes the creation and provision of cutting-edge digital products and services tailored to meet the demands of increasingly sophisticated clientele. Central to this strategy is the emphasis on leveraging digital banking channels, notably through mobile banking applications and internet banking platforms. By doing so, the bank aims to overcome geographical barriers, enabling customers to access and perform transactions from anywhere at any time. The pace at which digital products are implemented hinges on the readiness and acceptance of users.

Toward the end of 2023, the bank has launched Mobile Banking for Corporate (MCorp) and Internet Banking for Corporate (ICorp) which will aim to in more deposit from companies and payroll accounts.



## PRODUCT



Oriental Bank's slogan is 'more than just a bank', reflecting our aspirations to provide more for our customers than conventional banking. 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-art technologies for a convenient banking experience like never before."

In addition to our Personal Mobile Banking, we have introduced advanced features on our Mobile Banking platform for Corporate Customers (MCorp) and Internet Banking for Corporate Users (ICorp). These features are designed to provide innovative solutions tailored to the specific needs of corporations. One notable feature is the establishment of a mode of operation that closely resembles the traditional over-the-counter process. This mode supports up to three levels of approval parties, with up to five approvers at each level. Furthermore, we offer a highly beneficial consolidated account feature that combines all accounts into one. This feature provides a convenient and efficient banking experience for corporations. It aligns with our aim to provide Mobile and Internet banking services that go beyond boundaries, enabling seamless financial operations for our corporate clients.

Oriental Bank offers tailor-made solutions that meet the specific needs of our customers. We provide additional options based on their income segments, both in KHR and USD, along with a wide range of banking services for individual and business customers. In our second

year of operation, we have introduced various products and services, including sending payment notifications to a specific Telegram group, as well as a payment gateway for convenient online transactions.

In the current digital era, setting up brick-and-mortar branches is the last option; hence, we have forged a valuable partnership with TrueMoney (Cambodia), a trusted entity boasting an extensive network of over 10,000 locations throughout the country. This collaboration, rivaling traditional brick-and-mortar bank branches, has generated excellent synergy for both partners and effectively caters to our customers, especially in remote locations. They can conveniently visit any TrueMoney Agent to effortlessly carry out various transactions, including cash deposits, withdrawals, transfers, and more. This streamlined approach significantly simplifies and enhances the overall banking experience for our valued customers.

## HUMAN CAPITAL



Our employees are our most valuable assets in supporting and driving our success today. At Oriental Bank, we recognize that attracting and retaining exceptional talent is crucial for responsible growth. We highly value the diversity within our workforce and are dedicated to developing the capabilities of our employees. This enables us to better connect with targeted customers and successfully deliver our banking products and services. Our focus lies in driving performance, continuous improvement, and the quality-of-service delivery.

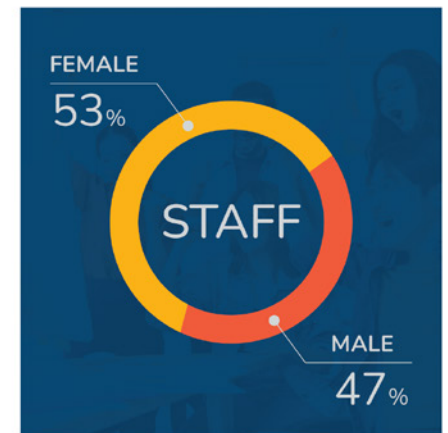
To ensure smooth and effective resource management and development continuity, Oriental Bank places a high emphasis on process re-engineering, quality of service delivery, strategic resource planning, development, and deployment. This commitment begins with our recruitment process and continues through various initiatives that encourage and support professional and career advancement for our employees. We provide training through a variety of platforms to ensure that our workforce stays updated with the latest knowledge and skills. As of the end of the fiscal year 2023, our workforce comprised a total of 116 employees, reflecting steady growth with an 8.41% increase compared to the previous year.



Investing in our employees' professional growth remains a priority for us. We have comprehensive training initiatives in place that encompass technical skills development, leadership training, and soft skills enhancement. These initiatives are designed to help our employees excel in their roles, modify their behaviors, and enhance overall performance. Our strategy involves a combination of formal internal and external training programs, on-the-job training, orientation sessions, learning from peers, and hands-on experiences. As part of this approach, we have transitioned from traditional classroom instruction to experiential learning, allowing participants to engage in flexible, activity-based learning models that foster greater involvement and commitment. We also provide internal training, online learning opportunities, and skill-building activities for our employees.

We prioritize the well-being and safety of our employees. Throughout the year, we maintained a strong focus on occupational health and safety. This included implementing rigorous safety protocols and providing comprehensive safety training programs. As a result of our commitment to maintaining a safe working environment, we achieved a full year without any work-related incidents.

At Oriental Bank, we understand that our employees are key to our success. We are dedicated to their development, well-being, and safety, as we continue to grow and provide exceptional banking services.





## BANKING INDUSTRY

During the period of economic recovery, the banking system remained a dominant force in providing support to key economic sectors despite the sluggish pace of credit growth. Credit expansion decelerated to 4.8%, marking its lowest rate of growth in the past twenty years, largely due to the weak rebound of certain industries. Notably, credit to the hotel and restaurant industry only experienced a modest 0.6% increase, while wholesale trade saw a 4.8% rise, mortgages grew by 6.4%, real estate activities surged by 16.9%, and construction recorded a growth rate of 13.9%. In response to this situation, the National Bank of Cambodia (NBC) has implemented certain prudential measures to assist banking and financial institutions in providing necessary financing to key sectors for their sustenance and expansion of investment. For example, the suspension of tightened USD reserve requirements and other prudential measures injected approximately USD 1.2 billion of liquidity into banks and financial institutions, enabling them to extend credit to priority sectors. Additionally, the banking system has actively contributed to promoting women's financial inclusion and sustainable finance as a means to empower women's participation in economic activities and foster sustainable economic development.



Technological advancements, spearheaded by Bakong since its introduction in October 2020 by NBC, have driven the modernization of Cambodia's payment systems, playing a key role in the country's digital transformation. This has resulted in enhanced efficiency, security, and seamless integration with regional and global networks, benefiting trade, investment, and tourism. The improved accessibility of payment services has also fostered financial inclusion and boosted the use of the riel, the national

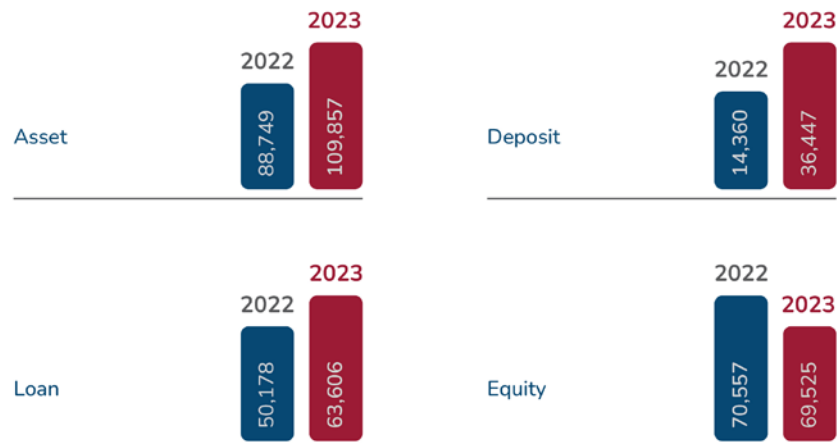
currency. For example, the total value of electronic payments has grown by 78%, a figure exceeding seven times the country's GDP. The Bakong payment system now extends its reach beyond Cambodia's borders, connecting with Thailand, Malaysia, Laos, and Vietnam, along with some international payment service providers with many more countries in discussion.

On the other hand, the impact from the pandemic is still lingering in particular to the tourism sector, where despite certain level of recovery, remains a challenge for the government and the sector. The slow growth of real estate sector brought by the oversupply of property pre-covid and lower income generation from businesses has left some borrowers in difficult spot to pay their mortgages. This rising threat of NPL could dampen consumption and investment in the country. It necessitates robust risk management frameworks to mitigate credit risk.



## FINANCIAL HIGHLIGHTS

### BALANCE SHEET (US\$'000)



### P&L ACCOUNT (US\$'000)



## RATIOS



## GENERAL INFORMATION







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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 2023 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.

The amendment 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 to the Bank its banking license to operate 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 2023, 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 2023, the Bank has 116 employees (2022: 107 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 2023 and for the year ended have been audited by Grant Thornton (Cambodia) Limited.

## DIRECTOR'S INTEREST IN THE BANK

As at 31 December 2023 and for the year 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 28 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 2023, 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 NBC 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with CIFRSs and guidelines of the NBC.

On behalf of the Board of Directors



**Datuk Phan Ying Tong**

Chairman

Phnom Penh, Kingdom of Cambodia

13 March 2024

## INDEPENDENT AUDITOR'S REPORT

### Grant Thornton (Cambodia) Limited

20th Floor  
315 Canada Tower  
Preah Ang Duong Blvd.  
Sangkat Wat Phnom  
Phnom Penh, 120211  
Cambodia  
T +855 23 966 520

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 2023, 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 material accounting policy information.

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



Ng Yee Zent

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

13 March 2024

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	NOTE	2023		2022	
		USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
<b>Assets</b>					
Cash on hand	6	3,337,753	13,634,721	2,474,089	10,185,824
Deposits and placement with the NBC	7	14,830,906	60,584,251	12,983,371	53,452,538
Deposits and placement with other banks	8	4,754,060	19,420,335	2,568,078	10,572,777
Loans and advances, net	9	63,605,614	259,828,933	50,177,623	206,581,274
Other assets	10	1,225,156	5,004,762	1,090,348	4,488,963
Statutory deposits	11	10,993,023	44,906,499	8,651,008	35,616,200
Property and equipment	12	5,417,799	22,131,709	4,840,668	19,929,030
Intangible assets	13	2,949,585	12,049,055	2,865,753	11,798,306
Right-of-use assets	14	2,743,362	11,206,634	3,098,495	12,756,504
<b>Total assets</b>		<b>109,857,258</b>	<b>448,766,899</b>	<b>88,749,433</b>	<b>365,381,416</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits from customers	15	36,447,261	148,887,061	14,360,266	59,121,215
Deposits from banks and other financial institutions	16	322,873	1,318,936	-	-
Lease liabilities	14	3,060,264	12,501,178	3,277,634	13,494,019
Other liabilities	17	501,904	2,050,278	555,033	2,285,071
<b>Total liabilities</b>		<b>40,332,302</b>	<b>164,757,453</b>	<b>18,192,933</b>	<b>74,900,305</b>
<b>Equity</b>					
Share capital	18	75,000,000	300,000,000	75,000,000	300,000,000
Regulatory reserves	19	501,211	2,016,281	397,236	1,588,944
Accumulated losses		(5,976,255)	(24,381,556)	(4,840,736)	(19,714,574)
Currency translation difference		-	6,374,721	-	8,606,741
<b>Total equity</b>		<b>69,524,956</b>	<b>284,009,446</b>	<b>70,556,500</b>	<b>290,481,111</b>
<b>Total liabilities and equity</b>		<b>109,857,258</b>	<b>448,766,899</b>	<b>88,749,433</b>	<b>365,381,416</b>

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	NOTES	2023		2022	
		USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Interest income	20	4,998,624	20,544,345	1,807,940	7,389,051
Interest expense	20	(1,140,236)	(4,686,370)	(297,535)	(1,216,026)
<b>Net interest income/(loss)</b>		<b>3,858,388</b>	<b>15,857,975</b>	<b>1,510,405</b>	<b>6,173,025</b>
Fee and commission income	21	106,406	437,329	18,945	77,428
Fee and commission expenses	21	(20,406)	(83,869)	(12,737)	(52,056)
Other income	22	52,394	215,339	-	-
<b>Operating income/(loss)</b>		<b>3,996,782</b>	<b>16,426,774</b>	<b>1,516,613</b>	<b>6,198,397</b>
Credit impairment losses	23	(172,077)	(707,236)	(162,623)	(664,640)
Personnel expenses	24	(2,101,851)	(8,638,608)	(2,193,624)	(8,965,341)
Depreciation and amortisation	25	(1,276,273)	(5,245,482)	(657,103)	(2,685,579)
Other operating expenses	26	(1,428,068)	(5,869,359)	(1,105,725)	(4,519,099)
<b>Loss before income tax</b>		<b>(981,487)</b>	<b>(4,033,911)</b>	<b>(2,602,462)</b>	<b>(10,636,262)</b>
Income tax expense	27(b)	(50,057)	(205,734)	(1,273)	(5,203)
<b>Loss for the year</b>		<b>(1,031,544)</b>	<b>(4,239,645)</b>	<b>(2,603,735)</b>	<b>(10,641,465)</b>
Other comprehensive income		-	-	-	-
Currency translation difference		-	(2,232,020)	-	5,050,980
<b>Total comprehensive loss for the year</b>		<b>(1,031,544)</b>	<b>(6,471,665)</b>	<b>(2,603,735)</b>	<b>(5,590,485)</b>

## 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)		USD	KHR'000 (NOTE 4.2)
As at 1 January 2023	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
Loss for the year	-	-	-	427,337	(1,031,544)	(4,239,645)	-	(1,031,544)	(4,239,645)
Regulatory reserves	19	-	103,975	-	(103,975)	(427,337)	-	-	-
Currency translation difference	-	-	-	-	-	-	(2,232,020)	-	(2,232,020)
<b>Balance as at 31 December 2023</b>	<b>75,000,000</b>	<b>300,000,000</b>	<b>501,211</b>	<b>2,016,281</b>	<b>(5,976,255)</b>	<b>(24,381,556)</b>	<b>6,374,721</b>	<b>69,524,956</b>	<b>284,009,446</b>
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	107,200,000	-	(2,603,735)	(10,641,465)	-	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 differences	-	-	-	-	-	-	5,050,980	-	5,050,980
<b>Balance as at 31 December 2022</b>	<b>75,000,000</b>	<b>300,000,000</b>	<b>397,236</b>	<b>1,588,944</b>	<b>(4,840,736)</b>	<b>(19,714,574)</b>	<b>8,606,741</b>	<b>70,556,500</b>	<b>290,481,111</b>



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

		2023		2022	
	NOTES	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
<b>Operating activities:</b>					
Loss before tax		(981,487)	(4,033,911)	(2,602,462)	(10,636,262)
<b>Adjustments for:</b>					
Depreciation and amortisation	25	1,276,273	5,245,482	657,103	2,685,579
Credit impairment losses	23	172,077	707,236	162,623	664,640
Property and equipment written off	12	79,626	327,263	-	-
Intangible assets written off	13	5,755	23,653	-	-
Net interest income	20	(3,858,388)	(15,857,975)	(1,510,405)	(6,173,025)
<b>Operating loss before working capital changes</b>		<b>(3,306,144)</b>	<b>(13,588,252)</b>	<b>(3,293,141)</b>	<b>(13,459,068)</b>
<b>Net changes in:</b>					
Loans and advances		(13,456,353)	(55,305,611)	(50,176,614)	(205,071,821)
Statutory deposits		(2,342,015)	(9,625,682)	(8,651,008)	(35,356,670)
Deposits from customers		21,592,609	88,745,623	14,320,696	58,528,685
Deposits from banks and other financial institutions		322,873	1,327,008	-	-
Other assets		(124,722)	(512,607)	(792,720)	(3,239,847)
Other liabilities		(65,125)	(267,664)	(220,798)	(902,401)
<b>Cash generated from/(used in) operating activities</b>		<b>2,621,123</b>	<b>10,772,815</b>	<b>(48,813,585)</b>	<b>(199,501,122)</b>
Interest received		4,856,819	19,840,106	1,636,623	6,688,878
Interest paid		(432,632)	(1,767,302)	(40,205)	(164,318)
Income tax paid		(50,057)	(205,734)	(13,727)	(56,102)
<b>Net cash from/(used in) operating activities</b>		<b>6,995,253</b>	<b>28,639,885</b>	<b>(47,230,894)</b>	<b>(193,032,664)</b>
<b>Investing activities</b>					
Acquisitions of property and equipment	12	(1,346,485)	(5,534,053)	(2,703,884)	(11,050,774)
Acquisitions of intangible assets	13	(320,999)	(1,319,306)	(1,580,993)	(6,461,518)
<b>Net cash used in investing activities</b>		<b>(1,667,484)</b>	<b>(6,853,359)</b>	<b>(4,284,877)</b>	<b>(17,512,292)</b>

## Financing activities

Repayment of lease liabilities	14(ii)	(430,588)	(1,769,717)	(356,519)	(1,457,093)
Proceeds from issuance of share capital	18	-	-	26,800,000	107,200,000

**Net cash (used in)/from financing activities** **(430,588)** **(1,769,717)** **26,443,481** **105,742,907**

**Net change in cash and cash equivalents** **4,897,181** **20,016,809** **(25,072,290)** **(104,802,049)**

Cash and cash equivalents, beginning of the year 18,025,538 74,211,139 43,097,828 175,580,551

Currency translation differences - (588,641) - 3,432,637

**Cash and cash equivalents, end of the year** **22,922,719** **93,639,307** **18,025,538** **74,211,139**

# 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.

The amendment 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 to the Bank its banking license to operate 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 2023, the Bank has 116 employees (2022: 107 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") 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 financial periods beginning on or after 1 January 2023. These amendments do not have a significant impact the Bank's financial results or position.

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

- ◆ Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CIAS 12, Income Taxes)
- ◆ Disclosure of Accounting Policies (Amendments to CIAS 1, Presentation of Financial Statements, and CIFRS Practice Statement 2)
- ◆ Definition of Accounting Estimates (Amendments to CIAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)

### 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)
- ◆ Non-current Liabilities with Covenants (Amendments to CIAS 1)
- ◆ Lack of Exchangeability (Amendments to CIAS 21, The Effects of Changes in Foreign Exchange Rates)
- ◆ Lease liability in a Sale and Leaseback (Amendment to IFRS 16)



◆ Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)

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 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 profit or loss.

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 USD1:

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

\*Determined using the NBC's published monthly exchange rates from January to December 2023.

Such translated amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate of exchange.

### 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, loans and advances, 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.



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.

#### 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 recognised 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 recognised 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 recognises 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) whenever:

- ◆ 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 of the arrangement depends on a specific asset or assets and the arrangement 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 receive, 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

AS AT 31 DECEMBER

#### CURRENCY

US Dollars  
Khmer Riels

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
2,884,949	11,785,017	2,243,190	9,235,213
452,804	1,849,704	230,899	950,611
<b>3,337,753</b>	<b>13,634,721</b>	<b>2,474,089</b>	<b>10,185,824</b>

## 7: DEPOSITS AND PLACEMENTS WITH THE NBC

AS AT 31 DECEMBER

#### CURRENT

Current accounts  
Settlement accounts

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
13,820,205	56,455,537	12,411,584	51,098,491
1,010,701	4,128,714	571,787	2,354,047
<b>14,830,906</b>	<b>60,584,251</b>	<b>12,983,371</b>	<b>53,452,538</b>

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

	2023	2022
Current accounts	Nil	Nil
Settlement	Nil	Nil

## 8: DEPOSITS AND PLACEMENT WITH OTHER BANKS

AS AT 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Deposits and placements with local banks	4,522,721	18,475,315	2,215,941	9,123,029
Deposits and placements with overseas banks	248,819	1,016,426	357,622	1,472,330
	<b>4,771,540</b>	<b>19,491,741</b>	<b>2,573,563</b>	<b>10,595,359</b>
Less Allowance for expected credit losses	(17,480)	(71,406)	(5,485)	(22,582)
	<b>4,754,060</b>	<b>19,420,335</b>	<b>2,568,078</b>	<b>10,572,777</b>

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

#### A). BY CURRENCY:

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
US Dollars	4,673,915	19,092,943	2,557,121	10,527,667
Khmer Riels	97,625	398,798	16,442	67,692
	<b>4,771,540</b>	<b>19,491,741</b>	<b>2,573,563</b>	<b>10,595,359</b>

#### B). BY MATURITY:

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current	4,771,540	19,491,741	2,573,563	10,595,359



**C). BY ACCOUNT TYPE:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
<b>Deposits and placements with local banks</b>				
Current accounts	1,513,811	6,183,919	709,468	2,920,880
Fixed deposits	3,008,910	12,291,397	1,506,473	6,202,150
	<b>4,522,721</b>	<b>18,475,316</b>	<b>2,212,151</b>	<b>9,107,426</b>
<b>Deposits and placements with overseas banks</b>				
Current accounts	248,819	1,016,425	357,622	1,472,329
	<b>4,771,540</b>	<b>19,491,741</b>	<b>2,573,563</b>	<b>10,595,359</b>
<b>Total balance with local and oversea banks</b>				
Less Allowance for impairment losses	(17,480)	(71,406)	(5,485)	(22,582)
	<b>4,754,060</b>	<b>19,420,335</b>	<b>2,568,078</b>	<b>10,572,777</b>

**D). BY INTEREST RATE :**

Annual interest rates of deposits and placements with other banks are as follows:

	2023	2022
Current account	Nil	Nil
Settlement account	Nil	Nil
Fixed deposit	2.70% - 5.00%	2.50% - 3.50%

**9: LOAN AND ADVANCES, NET**

AS AT 31 DECEMBER

**At amortised cost****Consumer loans:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Long-term loans	41,672,566	170,232,432	32,726,441	134,734,758
Overdrafts	12,336,291	50,393,749	10,938,553	45,034,023
Housing loans	3,689,385	15,071,138	1,990,209	8,193,690
Personal loans	1,303,862	5,326,276	98,539	405,685
Vehicle loans	269,442	1,100,671	224,008	922,241
Staff housing loans	61,669	251,918	-	-
Unsecured loans	5,962	24,355	-	-
	<b>59,339,177</b>	<b>242,400,539</b>	<b>45,977,750</b>	<b>189,290,397</b>

**Commercial loans:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Long-term loans	4,316,517	17,632,972	4,303,238	17,716,431
Overdrafts	198,442	810,636	89,379	367,973
	<b>4,514,959</b>	<b>18,443,608</b>	<b>4,392,617</b>	<b>18,084,404</b>
<b>Total gross loans</b>	<b>63,854,136</b>	<b>260,844,147</b>	<b>50,370,367</b>	<b>207,374,801</b>
Interest receivables	289,866	1,184,103	158,147	646,347
Less: Unearned income	(221,168)	(909,000)	(193,753)	(791,869)
Less: Allowance for expected credit loss	(317,220)	(1,295,844)	(157,138)	(642,223)
Currency translation difference	-	5,527	-	(5,782)
<b>Total net loans</b>	<b>63,605,614</b>	<b>259,828,933</b>	<b>50,177,623</b>	<b>206,581,274</b>

**A). ALLOWANCE FOR EXPECTED CREDIT LOSSES:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
12-month ECL (Stage 1)	(214,416)	(875,890)	(157,138)	(642,223)
Lifetime ECL (Stage 2)	(60,342)	(246,497)	-	-
Lifetime ECL (Stage 3)	(42,462)	(173,457)	-	-
	<b>(317,220)</b>	<b>(1,295,844)</b>	<b>(157,138)</b>	<b>(642,223)</b>

**B). BY INDUSTRY:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Real estate and mortgages	17,669,759	72,180,966	19,430,493	79,995,340
Construction	12,099,266	49,425,502	2,844,299	11,709,979
Retail	9,220,453	37,665,551	5,847,210	24,072,964
Transportation	6,329,228	25,854,896	3,515,886	14,474,903
Agriculture	5,096,873	20,820,726	3,253,769	13,395,767
Personal lending	4,175,546	17,057,105	2,670,988	10,996,458
Wholesale	3,118,510	12,739,113	705,356	2,903,951
Other lending	2,776,548	11,342,199	3,074,265	12,656,747
Manufacturing	1,947,724	7,956,453	-	-
Services	770,135	3,146,001	6,537,446	26,914,665
Mining	650,094	2,655,635	2,490,655	10,254,027
	<b>63,854,136</b>	<b>260,844,147</b>	<b>50,370,367</b>	<b>207,374,801</b>

**C). BY MATURITY:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Less than 1 year	1,811,723	7,400,888	10,508,118	43,261,922
More than 1 year but less than 3 years	10,800,356	44,119,454	743,822	3,062,315
More than 3 year but less than 5 years	4,865,913	19,877,255	3,449,890	14,203,197
More than 5 years	46,376,144	189,446,550	35,668,537	146,847,367
	<b>63,854,136</b>	<b>260,844,147</b>	<b>50,370,367</b>	<b>207,374,801</b>

**D). BY RELATIONSHIP:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Related parties	145,08	592,652	-	-
Non-related parties	63,709,056	260,251,495	50,370,367	207,374,801
	<b>63,854,136</b>	<b>260,844,147</b>	<b>50,370,367</b>	<b>207,374,801</b>

**E). BY CURRENCY:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
US Dollar	55,694,598	227,512,433	43,698,338	179,906,058
Khmer Riel	8,159,538	33,331,714	6,672,029	27,468,743
	<b>63,854,136</b>	<b>260,844,147</b>	<b>50,370,367</b>	<b>207,374,801</b>

**F). BY RESIDENCY:**

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Residents	63,854,136	260,844,147	50,370,367	207,374,801

**G). BY INTEREST RATE:**

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

	2023	2022
<b>Consumer loans:</b>		
Long-term loans	6.99% - 10.00%	5.99% - 10.00%
Overdrafts	7.25% - 10.00%	6.75% - 10.00%
Housing loans	6.66% - 10.50%	5.99% - 10.50%
Vehicle loans	12.00% - 14.00%	12.00%
Personal loans	7.50% - 14.00%	8.00% - 9.25%
Staff housing loans	5.00%	Nil
Unsecured loans	14.00%	Nil
<b>Commercial loans:</b>		
Long-term loans	7.50% - 8.25%	7.00% - 8.00%
Overdraft loans	7.50%	7.00%



## 10: OTHER ASSETS

AS AT 31 DECEMBER

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Prepayments	924,388	3,776,124	649,702
Advances	226,659	925,902	155,980
Deposits	66,537	271,804	282,536
Others	7,572	30,932	2,130
<b>1,225,156</b>	<b>5,004,762</b>	<b>1,090,348</b>	<b>4,488,963</b>

## 11: STATUTORY DEPOSITS

AS AT 31 DECEMBER

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
<b>Current</b>			
Reserve requirement (i)	3,493,023	14,268,999	1,151,008
<b>Non-current</b>			
Capital guarantee deposits (ii)	7,500,000	30,637,500	7,500,000
<b>10,993,023</b>	<b>44,906,499</b>	<b>8,651,008</b>	<b>35,616,200</b>

### 11.1 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.

### 11.2 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.

## 11.3 INTEREST RATE

	2023	2022
Reserve requirement	Nil	Nil
Capital guarantee deposits	1.19% - 1.33%	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	KHR'000 (NOTE 4.2)
<b>Gross carrying amount</b>							
Balance as at 1 January 2023	1,541,196	623,680	156,427	483,255	277,565	2,118,489	5,200,612
Additions	116,295	103,288	22,528	69,660	346,234	688,480	1,346,485
Transfers	1,001,600	126,002	-	-	200,543	(1,328,145)	-
Write off	(70,509)	(4,502)	-	-	-	(4,615)	(327,263)
Currency translation difference	-	-	-	-	-	-	(198,091)
<b>Balance as at 31 December 2023</b>	<b>2,588,582</b>	<b>848,468</b>	<b>178,955</b>	<b>552,915</b>	<b>824,342</b>	<b>1,474,209</b>	<b>6,467,471</b>
<b>Accumulated depreciation</b>							
Balance as at 1 January 2023	(69,952)	(56,640)	(53,115)	(146,994)	(33,243)	-	(359,944)
Depreciation	(229,900)	(160,047)	(57,941)	(105,012)	(136,828)	-	(689,728)
Currency translation difference	-	-	-	-	-	-	28,762
<b>Balance as at 31 December 2023</b>	<b>(299,852)</b>	<b>(216,687)</b>	<b>(111,056)</b>	<b>(252,006)</b>	<b>(170,071)</b>	<b>-</b>	<b>(4,287,910)</b>
Carrying amount as at 31 December 2023	2,288,730	631,781	67,899	300,909	654,271	1,474,209	22,131,709
<b>Gross carrying amount</b>							
Balance as at 1 January 2022	-	-	65,233	406,765	-	2,024,730	2,496,728
Additions	23,485	623,680	91,194	76,490	277,565	1,611,470	2,703,884
Transfers	1,517,711	-	-	-	-	(1,517,711)	-
Currency translation difference	-	-	-	-	-	-	188,476

<b>Balance as at 31 December 2022</b>	<b>1,541,196</b>	<b>623,680</b>	<b>156,427</b>	<b>483,255</b>	<b>277,565</b>	<b>2,118,489</b>	<b>5,200,612</b>	<b>21,410,920</b>
<b>Accumulated depreciation</b>								
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)
<b>Balance as at 31 December 2022</b>	<b>(69,952)</b>	<b>(56,640)</b>	<b>(53,115)</b>	<b>(146,994)</b>	<b>(33,243)</b>	<b>-</b>	<b>(359,944)</b>	<b>(1,481,890)</b>
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



### 13: INTANGIBLE ASSETS

	COMPUTER SOFTWARE	WORK-IN- PROGRESS	TOTAL	
	USD	USD	USD	KHR
<b>Gross carrying amount</b>				
Balance as at 1 January 2023	1,908,911	1,004,842	2,913,753	11,995,921
Additions	88,232	232,767	320,999	1,319,306
Transfers	737,768	(737,768)	-	-
Write off	-	(5,755)	(5,755)	(23,653)
Currency translations difference	-	-	-	(101,121)
Balance as at 31 December 2023	2,734,911	494,086	3,228,997	13,190,453
<b>Accumulated depreciation</b>				
Balance as at 1 January 2023	(48,000)	-	(48,000)	(197,615)
Amortisation	(231,412)	-	(231,412)	(951,103)
Currency translation difference	-	-	-	7,320
Balance as at 31 December 2023	(279,412)	-	(279,412)	(1,141,398)
Carrying amount as at 31 December 2023	2,455,499	494,086	2,949,585	12,049,055
<b>Gross carrying amount</b>				
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 translation difference	-	-	-	104,739
Balance as at 31 December 2022	1,908,911	1,004,842	2,913,753	11,995,921
<b>Accumulated depreciation</b>				
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

### 14: RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

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

The Bank leases three office spaces for its head office and two branches. Rental contracts are typically made for a fixed period ranging from 3 to 12 years.

The table below describes the nature of the Bank's lease of right-of-use assets recognised in the statement of financial position as at 31 December 2023.

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:

##### Cost

Balance as at 1 January  
Additions  
Currency translation difference

Balance as at 31 December

##### Accumulated depreciation

Balance as at 1 January  
Depreciation  
Currency translation difference

Balance as at 31 December

Carrying amounts as at 31 December

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
3,560,022	14,656,611	3,357,453	13,678,264
-	-	202,569	827,900
-	(113,921)	-	150,447
3,560,022	14,542,690	3,560,022	14,656,611
(461,527)	(1,900,107)	(144,717)	(589,578)
(355,133)	(1,459,597)	(316,810)	(1,294,802)
-	23,648	-	(15,727)
(816,660)	(3,336,056)	(461,527)	(1,900,107)
2,743,362	11,206,634	3,098,495	12,756,504

There is no lease not yet commenced to which the Bank is committed as at the reporting date.

**14.2). LEASE LIABILITIES:****Balance as at 1 January**

Additions	-	-	199,269	814,412
Interest expense on lease liabilities	213,218	876,326	217,760	889,985
Payments	(430,588)	(1,769,717)	(356,519)	(1,457,093)
Currency translation differences	-	(99,450)	-	140,152

**Balance as at 31 December**

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
3,277,634	13,494,019	3,217,124	13,106,563
-	-	199,269	814,412
213,218	876,326	217,760	889,985
(430,588)	(1,769,717)	(356,519)	(1,457,093)
-	(99,450)	-	140,152
3,060,264	12,501,178	3,277,634	13,494,019

**Maturity analysis - contractually  
undiscounted cash flows :**

Less than one year	456,384	1,864,329	430,588	1,772,730
One to five years	1,727,765	7,057,920	1,737,749	7,154,313
More than five years	1,935,720	7,907,416	2,382,120	9,807,188

**Less: interest expense**

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
456,384	1,864,329	430,588	1,772,730
1,727,765	7,057,920	1,737,749	7,154,313
1,935,720	7,907,416	2,382,120	9,807,188
4,119,869	16,829,665	4,550,457	18,734,231
(1,059,605)	(4,328,487)	(1,272,823)	(5,240,212)
3,060,264	12,501,178	3,277,634	13,494,019

**Present value of lease liabilities :**

Current	258,807	1,057,227	217,370	894,912
Non-current	2,801,457	11,443,951	3,060,264	12,599,107

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
258,807	1,057,227	217,370	894,912
2,801,457	11,443,951	3,060,264	12,599,107
3,060,264	12,501,178	3,277,634	13,494,019

**Amounts recognised in profit or  
loss are as follows :**

Depreciation	355,133	1,459,597	316,810	1,294,802
Expense relating to leases of low-value assets and short-term leases	4,991	20,513	2,943	12,028
Interest on lease liabilities	213,218	876,326	217,760	889,985
Interest income on refundable deposit	(7,649)	(31,436)	(6,697)	(27,370)

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
355,133	1,459,597	316,810	1,294,802
4,991	20,513	2,943	12,028
213,218	876,326	217,760	889,985
(7,649)	(31,436)	(6,697)	(27,370)
565,693	2,325,000	530,816	2,169,445

**15: DEPOSITS FROM CUSTOMERS****AS AT 31 DECEMBER**

Current accounts	9,073,082	37,063,540	9,491,023	39,074,542
Saving accounts	4,129,991	16,871,013	2,144,173	8,827,560
Fixed deposits	23,244,188	94,952,508	2,725,070	11,219,113

**A). BY MATURITY:**

Current	29,783,831	121,666,949	14,159,926	58,296,415
Non-current	6,663,430	27,220,112	200,340	824,800

**B). BY RESIDENCY:**

Resident	34,670,236	141,627,914	13,759,523	56,647,956
Non-resident	1,777,025	7,259,147	600,743	2,473,259

**C). BY RELATIONSHIP:**

Related parties	13,004,692	53,124,167	1,528,212	6,291,651
Non-related parties	23,442,569	95,762,894	12,832,054	52,829,564

**D). BY CURRENCY:**

US Dollars	35,689,207	145,790,410	13,997,029	57,625,768
Khmer Riels	758,054	3,096,651	363,237	1,495,447

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
9,073,082	37,063,540	9,491,023	39,074,542
4,129,991	16,871,013	2,144,173	8,827,560
23,244,188	94,952,508	2,725,070	11,219,113
36,447,261	148,887,061	14,360,266	59,121,215
29,783,831	121,666,949	14,159,926	58,296,415
6,663,430	27,220,112	200,340	824,800
36,447,261	148,887,061	14,360,266	59,121,215
34,670,236	141,627,914	13,759,523	56,647,956
1,777,025	7,259,147	600,743	2,473,259
36,447,261	148,887,061	14,360,266	59,121,215
13,004,692	53,124,167	1,528,212	6,291,651
23,442,569	95,762,894	12,832,054	52,829,564
36,447,261	148,887,061	14,360,266	59,121,215
35,689,207	145,790,410	13,997,029	57,625,768
758,054	3,096,651	363,237	1,495,447
36,447,261	148,887,061	14,360,266	59,121,215



**E). BY INTEREST RATE:**

Accrued interest rate for deposit from customers are as follows:

	2023		2022	
	USD	KHR	USD	KHR
Current account	0.00% - 3.00%	0.00% - 4.00%	0.00% - 3.00%	0.00% - 4.00%
Settlement account	0.25% - 3.00%	0.25% - 4.00%	0.25% - 3.00%	0.25% - 4.00%
Fixed deposit	2.50% - 5.50%	3.50% - 6.50%	2.50% - 5.00%	3.50% - 5.50%

**16: DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**

AS AT 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Current accounts	63,760	260,460	-	-
Fixed deposits	259,113	1,058,476	-	-
	<b>322,873</b>	<b>1,318,936</b>	-	-
<b>A). BY MATURITY:</b>				
Current	322,873	1,318,936	-	-
<b>B). BY RESIDENCY:</b>				
Resident	322,873	1,318,936	-	-
<b>C). BY RELATIONSHIP:</b>				
Related parties	322,873	1,318,936	-	-
<b>D). BY CURRENCY:</b>				
US Dollars	318,100	1,299,438	-	-
Khmer Riels	4,773	19,498	-	-
	<b>322,873</b>	<b>1,318,936</b>	-	-

**E). BY INTEREST RATE:**

Accrued interest rate for deposit from customers are as follows:

	2023		2022	
	USD	KHR	USD	KHR
Current accounts	NIL	NIL	NIL	NIL
Fixed deposits	4.75%	NIL	NIL	NIL

**17: OTHER LIABILITIES**

AS AT 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Account payables	258,971	1,057,897	231,101	951,443
Other sundry liabilities	103,730	423,737	128,968	530,961
Accrued bonus	74,000	302,290	77,421	318,742
Taxes payables	41,033	167,620	29,571	121,744
Contract liability on undisbursed loans	4,227	17,267	10,006	41,195
Others	19,943	81,467	77,966	320,986
	<b>501,904</b>	<b>2,050,278</b>	<b>555,033</b>	<b>2,285,071</b>

**18: SHARE CAPITAL**

AS AT 31 DECEMBER

	2023			2022		
	NO. OF ORDINARY SHARES	USD	KHR'000 (NOTE 4.2)	NO. OF ORDINARY SHARES	USD	KHR'000 (NOTE 4.2)
Ordinary shares at par value of USD0.75 (KHR3,000) each						
Registered and authorised	100,000,000	75,000,000	300,000,000	100,000,000	75,000,000	300,000,000
Issued and fully paid						
Beginning of the year	100,000,000	75,000,000	300,000,000	48,200,000	48,200,000	192,800,000
Issued during, the year:						
Additional paid up capital	-	-	-	51,800,000	26,800,000	107,200,000
End of the year	100,000,000	75,000,000	300,000,000	100,000,000	75,000,000	300,000,000

## 19: REGULATORY RESERVES

AS AT 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Balance beginning of the year	397,236	1,588,944	-	-
Transferred to regulatory reserves	103,975	427,337	397,236	1,588,944
<b>Balance as at end of the year</b>	<b>501,211</b>	<b>2,016,281</b>	<b>397,236</b>	<b>1,588,944</b>

## 20: INTEREST INCOME, NET

FOR THE YEAR ENDED 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
<b>Interest income from financial assets at amortised cost:</b>				
Loans and advances	4,802,540	19,738,441	1,397,767	5,712,674
Deposits and placements with other banks	93,892	385,896	373,273	1,525,567
Deposit and placements with the NBC	94,543	388,572	30,203	123,440
Interest income from refundable deposit	7,649	31,436	6,697	27,370
	<b>4,998,624</b>	<b>20,544,345</b>	<b>1,807,940</b>	<b>7,389,051</b>
<b>Interest expense on financial liabilities at amortised cost:</b>				
Fixed deposits	648,207	2,664,130	49,619	202,793
Current accounts	209,674	861,760	22,603	92,378
Saving accounts	69,137	284,154	7,553	30,870
Lease liabilities	213,218	876,326	217,760	889,985
	<b>1,140,236</b>	<b>4,686,370</b>	<b>297,535</b>	<b>1,216,026</b>
<b>Net interest income</b>	<b>3,858,388</b>	<b>15,857,975</b>	<b>1,510,405</b>	<b>6,173,025</b>

## 21: FEE AND COMMISSION INCOME, NET

FOR THE YEAR ENDED 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
<b>Fee and commission income</b>				
Loan renewal fees	35,065	144,117	233	952
Loan commitment fee	29,640	121,820	12,326	50,376
Early loan redemption fee	16,120	66,253	-	-
Remittance fees	6,027	24,771	152	621
Service charge	2,914	11,977	460	1,880
Fee income from guarantee	1,823	7,493	-	-
Administration fees	690	2,836	835	3,413
Others	14,127	58,062	4,939	20,186
	<b>106,406</b>	<b>437,329</b>	<b>18,945</b>	<b>77,428</b>
<b>Fee and commission expense</b>	<b>(20,406)</b>	<b>(83,869)</b>	<b>(12,737)</b>	<b>(52,056)</b>
<b>Net fee and commission income</b>	<b>86,000</b>	<b>353,460</b>	<b>6,208</b>	<b>25,372</b>

## 22: OTHER INCOME

FOR THE YEAR ENDED 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Unrealised foreign exchange gain	52,394	215,339	-	-



## 23: CREDIT IMPAIRMENT LOSSES

FOR THE YEAR ENDED 31 DECEMBER

### Expected credit loss (ECL):

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Loans and advances	160,081	657,932	157,138	642,223
Deposits and placements with other banks	11,996	49,304	5,485	22,417
	<b>172,077</b>	<b>707,236</b>	<b>162,623</b>	<b>664,640</b>

## 24: PERSONNEL EXPENSES

FOR THE YEAR ENDED 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Salaries	1,909,948	7,849,887	1,934,655	7,906,935
Seniority indemnity	92,306	379,378	59,783	244,333
Bonus	24,449	100,485	132,901	543,166
Other staff benefits	75,148	308,858	66,285	270,907
	<b>2,101,851</b>	<b>8,638,608</b>	<b>2,193,624</b>	<b>8,965,341</b>

## 25: DEPRECIATION AND AMORTISATION

FOR THE YEAR ENDED 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Depreciation of property and equipment (See Note 12)	689,728	2,834,782	292,293	1,194,601
Depreciation of right-of-use assets (See Note 14)	355,133	1,459,597	316,810	1,294,802
Amortisation of intangible assets (See Note 13)	231,412	951,103	48,000	196,176
	<b>1,276,273</b>	<b>5,245,482</b>	<b>657,103</b>	<b>2,685,579</b>

## 26: OTHER OPERATING EXPENSES

FOR THE YEAR ENDED 31 DECEMBER

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
Subscription and license fees	854,522	3,512,085	326,076	1,332,673
Office supplies	114,501	470,599	142,926	584,139
Utilities	99,933	410,725	85,247	348,404
Director fees	84,000	345,240	90,856	371,328
Repairs and maintenance	54,701	224,821	22,139	90,482
Other taxes	42,147	173,224	41,099	167,972
Professional fees	38,749	159,258	154,890	633,036
Marketing and advertising	26,213	107,735	88,688	362,468
Audit fees	19,900	81,789	18,750	76,631
Communication	19,541	80,314	20,977	85,733
Credit investigation fees	8,788	36,119	29,476	120,468
Rental	4,991	20,513	2,943	12,028
Loss on foreign exchange	-	-	1,226	5,012
Others	60,082	246,937	80,432	328,725
	<b>1,428,068</b>	<b>5,869,359</b>	<b>1,105,725</b>	<b>4,519,099</b>

## 27: INCOME TAXES

### A). APPLICABLE RATE

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

Besides the Tol, 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:

Current tax expense  
Deferred tax credit

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
50,057	205,734	13,727	56,102
-	-	(12,454)	(50,899)
<b>50,057</b>	<b>205,734</b>	<b>1,273</b>	<b>5,203</b>

The reconciliation between accounting loss before income tax and estimated taxable income for the period from 1 January 2023 to 31 December 2023 is shown below:

	2023		2022	
	USD	KHR'000 (NOTE 4.2)	USD	(NOTE 4.2)
Loss before income tax	(981,487)	(4,033,911)	(2,602,462)	(10,636,262)
Add: Non-deductible expenses	111,726	459,194	227,960	931,673
Movement of deferred tax asset not recognized during year	230,978	949,320	823,918	3,367,353
Estimated taxable income	(638,783)	(2,625,397)	(1,550,584)	(6,337,236)
Income tax at applicable rate of 20% (A)	-	-	-	-
Minimum tax at the rate of 1% of revenue (B)	50,057	205,734	13,727	56,102
Estimated current income tax expense (higher of A or B)	50,057	205,734	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.

### D). UNRECOGNISED DEFERRED TAX ASSET

#### TAX LOSS CARRY FORWARD

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 Tol, 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:

- ◆ The loss must be recorded in the Tol return and submitted to the GDT on time;
- ◆ 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

Deferred tax assets in respect of the tax losses are not recognised in the financial statements because it is not probable when future taxable profits will be available against which the Bank can use the benefits therefrom.

The details of the Bank's tax losses carried forward are as follows:

ORIGINATING PERIOD	CAN BE UTILISED UP TO	ESTIMATED TAX LOSS AMOUNT	LEASEHOLD IMPROVEMENT	UNUTILISED UP TO 31 DECEMBER 2023	
		USD	USD	USD	KHR'000 (NOTE 4.2)
2023	2028	869,761	-	869,761	3,552,972
2022	2027	2,374,502	-	2,374,502	9,775,825
2021	2026	1,755,241	-	1,755,241	7,150,852

## ESTIMATED DEFERRED TAX ASSETS NOT RECOGNISED

### As at 1 January

Movement of deferred tax assets not recognised

Currency translation difference

### At 31 December

FOR THE YEAR ENDED		FOR THE YEAR ENDED	
2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
460,415	1,881,716	(12,454)	(50,663)
230,978	949,320	823,918	3,367,353
-	18,664	-	(237)
1,042,442	4,284,437	811,464	3,316,453

Estimated unrecognised deferred tax assets arising from temporary differences are summarised as follows:

FOR THE YEAR ENDED		FOR THE YEAR ENDED	
2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
(205,615)	(845,078)	(89,064)	(364,005)
612,053	2,515,538	655,527	2,679,139
(548,672)	(2,255,042)	(619,699)	(2,532,710)
44,234	181,802	38,751	158,375
140,541	577,624	-	-
999,901	4,109,592	825,949	3,375,654
Deferred tax assets – net	1,042,442	811,464	3,316,453

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

## 28: RELATED PARTIES' TRANSACTIONS AND BALANCES

### AS AT 31 DECEMBER

The following balances are outstanding with related parties:

### RELATED PARTIES

#### Deposits from related parties

Key management

Shareholders:

Current accounts

Savings accounts

Fixed deposits

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
10,104	41,275	2,935	12,083
1,111,068	4,538,713	1,084,279	4,463,977
815,095	3,329,663	111,588	459,409
11,044,117	45,115,218	329,410	1,356,182
12,980,384	53,024,869	1,528,212	6,291,651

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

### RELATED PARTY

#### Fee and remuneration expenses to related parties

Key management

Salaries and other benefits

Director fees

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
817,120	3,358,363	818,782	3,346,362
84,000	345,240	84,000	343,308



## 29: CONTINGENT LIABILITIES AND COMMITMENTS

AS AT 31 DECEMBER

### A). LOAN COMMITMENTS, GUARANTEE AND OTHER FINANCIAL LIABILITY

Credit commitment

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
4,351,983	17,777,850	2,322,068	9,559,954

### B). CAPITAL COMMITMENT

Property and equipment  
Intangible assets

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
50,045	204,434	685,964	2,803,535
515,286	2,104,943	572,589	2,357,349
565,331	2,309,377	1,258,553	5,160,884

## 30: 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:

### FINANCIAL ASSETS

#### At amortised cost

Deposits and placement with the NBC  
Cash on hand  
Deposits and placement with other banks  
Statutory deposits  
Loans and advances  
Other assets \*

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
14,830,906	60,584,251	12,983,371	53,452,538
3,337,753	13,634,721	2,474,089	10,185,824
4,754,060	19,420,335	2,568,078	10,572,777
10,993,023	44,906,499	8,651,008	35,616,200
63,605,614	259,828,933	50,177,623	35,616,200
226,659	925,902	155,980	642,170
97,748,015	399,300,641	77,010,149	317,050,783

### FINANCIAL LIABILITIES

#### At amortised cost

Deposits from customers  
Deposits from banks and other financial institutions  
Other liabilities \*\*  
Not in scope of CIFRS 9  
Lease liabilities

FOR THE YEAR ENDED 2023		FOR THE YEAR ENDED 2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
36,447,261	148,887,061	14,360,266	59,121,215
322,873	1,318,936	-	-
456,644	2,033,011	515,456	2,122,132
3,060,264	12,501,178	3,277,634	13,494,019
40,287,042	164,740,186	18,153,356	74,737,366

\* Excludes prepayments, advances and non-refundable deposit

\*\*Excludes tax payables and contract liability on undisbursed loans

### 30.1). 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 realisation of any collateral.
- ◆ Exposure at 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

#### LONG-TERM FACILITIES WITH ORIGINAL TERM OF MORE THAN ONE YEAR:

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-month 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.

	2023			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
Deposits and placement with other banks	4,771,540	-	-	4,771,540
Loans to customers	60,782,982	3,162,498	198,522	64,144,002
Other assets	226,659	-	-	226,659
	<b>65,781,181</b>	<b>3,162,498</b>	<b>198,522</b>	<b>69,142,201</b>
Allowance for expected credit losses	(231,896)	(60,342)	(42,462)	(334,700)
Unamortised loan processing fees	(205,234)	(15,069)	(865)	(221,168)
	<b>65,344,051</b>	<b>3,087,087</b>	<b>155,195</b>	<b>68,586,333</b>
<b>KHR'000 equivalent (Note 4.2)</b>	<b>266,930,448</b>	<b>12,610,750</b>	<b>633,972</b>	<b>280,175,170</b>

	2022			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
Deposits and placement with other banks	2,568,078	-	-	2,568,078
Loans to customers	50,528,514	-	-	50,528,514
Other assets	155,980	-	-	155,980
	<b>53,252,572</b>	<b>-</b>	<b>-</b>	<b>53,252,572</b>
Allowance for expected credit losses	(162,623)	-	-	(162,623)
Unamortised loan processing fees	(193,753)	-	-	(193,753)
	<b>52,896,196</b>	<b>-</b>	<b>-</b>	<b>52,896,196</b>
<b>KHR'000 equivalent (Note 4.2)</b>	<b>217,773,639</b>	<b>-</b>	<b>-</b>	<b>217,773,639</b>



## 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 2023 and 2022 contributed to the changes in the allowance for ECL.

## RECEIVABLE FROM CUSTOMERS- CORPORATE

## Balance at January 1

Transfers to:

Stage 1

Net remeasurement of loss allowance

New financial assets originated

Financial assets that have been derecognised

KHR'000 equivalent (Note 4.2)

2023			
STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
157,138	-	-	157,138
(8,790)	8,192	598	-
9,427	39,329	41,864	90,620
57,994	12,821	-	70,815
(1,353)	-	-	(1,353)
214,416	60,342	42,462	317,220
875,890	246,497	173,457	1,295,844

## RECEIVABLE FROM CUSTOMERS- CORPORATE

## Balance at January 1

Transfers to:

Stage 1

KHR'000 equivalent (Note 4.2)

2022			
STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
-	-	-	-
157,138	-	-	157,138
157,138	-	-	157,138
642,223	-	-	642,223

## 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:

Credit risk exposure related to on  
balance sheet items:

Deposits and placement with other banks

Loans and advances

Other assets \*

Credit risk exposure related to off  
balance sheet items:

Credit commitment

## Total gross credit exposure:

Less: Allowance for expected credit losses

## Total net credit exposure

2023		2022	
USD	KHR'000 (NOTE 4.2)	USD	KHR'000 (NOTE 4.2)
4,771,540	19,491,741	2,573,563	10,595,359
64,144,002	261,119,250	50,528,514	208,025,892
226,659	925,902	155,980	642,170
4,351,983	17,777,850	2,322,068	9,559,954
73,494,184	299,314,743	55,580,125	228,823,375
(334,700)	(1,367,250)	(162,623)	(664,640)
73,159,484	297,947,493	55,417,502	228,158,735

\*Excludes prepayments, advances, and non-refundable deposit

## 30.2). 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.

### 30.3). 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:

	2023			2022		
	USD EQUIVALENT USD	KHR	TOTAL USD	USD EQUIVALENT USD	KHR	TOTAL USD
<b>ASSETS</b>						
Deposits and placement with the NBC	13,129,150	1,701,756	14,830,906	12,086,051	897,320	12,983,371
Cash on hand	2,884,949	452,804	3,337,753	2,243,190	230,899	2,474,089
Deposit and placement with other banks	4,673,915	97,625	4,771,540	2,551,636	16,442	2,568,078
Statutory deposits	10,900,000	93,023	10,993,023	8,600,000	51,008	8,651,008
Loans and advances	55,496,698	8,108,916	63,605,614	43,526,746	6,650,877	50,177,623
Other assets *	226,659	-	226,659	155,980	-	155,980
<b>Total financial assets</b>	<b>87,311,371</b>	<b>10,454,124</b>	<b>97,765,495</b>	<b>69,163,603</b>	<b>7,846,546</b>	<b>77,010,149</b>
<b>LIABILITIES</b>						
Deposits from customers	35,689,207	758,054	36,447,261	13,997,029	363,237	14,360,266
Deposits from banks and other financial institutions	318,100	4,773	322,873	-	-	-

Lease liabilities	3,060,264	-	3,060,264	3,277,634	-	3,277,634
Other liabilities**	456,644	-	456,644	515,456	-	515,456
<b>Total financial liabilities</b>	<b>39,524,215</b>	<b>762,827</b>	<b>40,287,042</b>	<b>17,790,119</b>	<b>363,237</b>	<b>18,153,356</b>
<b>Net financial asset position</b>	<b>47,787,156</b>	<b>9,691,297</b>	<b>57,478,453</b>	<b>51,373,485</b>	<b>7,483,309</b>	<b>58,856,794</b>

\* Excludes prepayments, advances and non-refundable deposit

\*\*Excludes tax payables and contract liability on undisbursed loans

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

#### B). INTEREST RATE 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.

## 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	
<b>At 31 December 2023</b>																
<b>Assets</b>																
Cash on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	3,337,753	3,337,753	n/a
Deposits and placements with the NBC	-	-	-	-	-	-	-	-	-	-	-	-	-	14,830,906	14,830,906	n/a
Deposits and placements with other banks	1,745,150	3,008,910	-	-	-	-	-	-	-	-	-	-	-	4,754,060	4,754,060	2.80%
Loans and advances	1,420,092	2,800,106	12,654,366	10,323,981	9,664,958	603,235	1,681,813	26,990,632	-	63,854,135	226,659	-	-	63,854,135	226,659	8.13%
Other assets *	-	-	-	-	-	-	-	-	-	-	-	226,659	-	226,659	-	n/a
<b>Total financial assets</b>	<b>3,165,242</b>	<b>5,809,016</b>	<b>12,654,366</b>	<b>10,323,981</b>	<b>9,664,958</b>	<b>603,235</b>	<b>1,681,813</b>	<b>26,990,632</b>	<b>18,395,318</b>	<b>87,003,513</b>						
<b>Liabilities</b>																
Deposit from customers	3,065,943	11,691,853	15,026,035	173,231	6,490,199	-	-	-	-	36,447,261	4,17%	-	-	36,447,261	4,17%	
Deposits from banks and other financial institutions	12,752	284,617	25,504	-	-	-	-	-	-	322,873	3,81%	-	-	322,873	3,81%	
Lease liabilities	18,631	37,578	202,598	516,409	603,235	1,681,813	456,644	-	-	3,060,264	7,00%	-	-	3,060,264	7,00%	
Other liabilities **	-	-	-	-	-	-	-	-	-	456,644	n/a	-	-	456,644	n/a	
<b>Total financial liabilities</b>	<b>3,097,326</b>	<b>12,014,048</b>	<b>15,254,137</b>	<b>689,640</b>	<b>7,093,434</b>	<b>1,681,813</b>	<b>456,644</b>	<b>40,287,042</b>								
<b>Total interest pricing gap</b>	<b>67,916</b>	<b>(6,205,032)</b>	<b>(2,599,771)</b>	<b>8,975,318</b>	<b>3,230,547</b>	<b>25,308,819</b>	<b>17,938,674</b>	<b>46,716,471</b>								
Equivalent in KHR'000 (Note 4.2)	277,439	(25,347,559)	(10,620,065)	36,664,173	13,196,787	103,386,527	73,279,483	190,836,785								
<b>Off-balance sheet</b>																
Credit commitment	4,351,983	-	-	-	-	-	-	-	-	4,351,983	8,36%	-	-	4,351,983	8,36%	
<b>Total interest pricing gap</b>	<b>4,351,983</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,351,983</b>						
Equivalent in KHR'000 (Note 4.2)	17,777,850	-	-	-	-	-	-	-	-	17,777,850						

\* Excludes prepayments, advances and non-refundable deposit

\*\*Excludes tax payables and contract liability on undisbursed loans

## 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	
<b>At 31 December 2022</b>																
<b>Assets</b>																
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 banks	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	50,370,367	7,44%	-	50,370,367	7,44%	-	-	50,370,367	7,44%	
Other assets *	-	-	-	-	-	-	-	-	-	155,980	n/a	-	-	155,980	n/a	
<b>Total financial assets</b>	<b>2,672,319</b>	<b>2,360,792</b>	<b>10,628,998</b>	<b>6,850,596</b>	<b>7,796,784</b>	<b>21,567,351</b>	<b>68,557,370</b>									
<b>Liabilities</b>																
Deposit from customers	2,507,385	5,515,333	6,137,208	200,340	-	-	-	-	-	14,360,266	2,66%	-	-	14,360,266	2,66%	
Lease liabilities	19,465	35,085	162,870	775,167	603,235	1,681,812	3,277,634	7%	-	3,277,634	7%	-	-	3,277,634	7%	
Other liabilities **	-	-	515,456	-	-	-	515,456	n/a	-	515,456	n/a	-	-	515,456	n/a	
<b>Total financial liabilities</b>	<b>2,526,850</b>	<b>5,550,418</b>	<b>6,815,534</b>	<b>975,507</b>	<b>603,235</b>	<b>1,681,812</b>	<b>18,153,356</b>									
<b>Total interest pricing gap</b>	<b>145,469</b>	<b>(3,189,626)</b>	<b>3,813,464</b>	<b>5,875,089</b>	<b>7,193,549</b>	<b>19,885,539</b>	<b>50,404,014</b>									
Equivalent in KHR'000 (Note 4.2)	598,896	(13,131,692)	15,700,031	24,187,741	29,615,843	81,868,762	207,513,322									
<b>Off-balance sheet</b>																
Credit commitment	2,322,068	-	-	-	-	-	-	-	-	2,322,068	7,52%	-	-	2,322,068	7,52%	
<b>Total interest pricing gap</b>	<b>2,322,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,322,068</b>						
Equivalent in KHR'000 (Note 4.2)	9,559,954	-	-	-	-	-	-	-	-	9,559,954						



## 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.

### 30.4). 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 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.

At 31 December 2023	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	USD	USD	USD	USD	USD
<b>Liabilities</b>												
Deposits from customers	3,081,984	11,992,619	15,551,832	8,437,575	-	-	-	-	-	-	-	39,064,010
Deposits from banks and other financial institutions	12,752	296,525	25,504	-	-	-	-	-	-	-	-	334,781
Lease liabilities	35,732	71,464	349,188	1,727,765	1,935,720	-	-	-	-	-	-	4,119,869
Other liabilities **	-	-	-	-	-	-	-	-	-	456,644	-	456,644
<b>Total financial liabilities</b>	<b>3,130,468</b>	<b>12,360,607</b>	<b>15,926,524</b>	<b>10,165,340</b>	<b>1,935,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>456,644</b>	<b>-</b>	<b>43,975,303</b>
<b>Net financial assets/(liabilities)</b>	<b>489,386</b>	<b>(5,704,574)</b>	<b>24,380</b>	<b>22,175,191</b>	<b>32,415,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,938,674</b>	<b>-</b>	<b>67,338,679</b>
<b>Equivalent in KHR'000 (Note 4.2)</b>	<b>1,999,143</b>	<b>(23,303,183)</b>	<b>99,591</b>	<b>90,585,656</b>	<b>132,417,812</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,279,483</b>	<b>-</b>	<b>275,078,502</b>

\* Excludes prepayments, advances and non-refundable deposit

\*\*Excludes tax payables and contract liability on undisbursed loans

At 31 December 2022	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	USD	USD	USD	USD	USD
<b>Liabilities</b>												
Deposits from customers	2,508,754	5,523,237	6,149,092	204,007	-	-	-	-	-	-	-	14,385,090
Lease liabilities	37,785	71,429	321,424	2,125,592	2,253,503	-	-	-	-	-	-	4,809,733
Other liabilities **	-	-	515,456	-	-	-	-	-	-	-	-	515,456
<b>Total financial liabilities</b>	<b>2,546,539</b>	<b>5,594,666</b>	<b>6,985,972</b>	<b>2,329,599</b>	<b>2,253,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,710,279</b>
<b>Net financial assets/(liabilities)</b>	<b>440,538</b>	<b>(2,650,398)</b>	<b>5,989,517</b>	<b>21,204,952</b>	<b>24,656,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,680,530</b>	<b>-</b>	<b>66,321,376</b>
<b>Equivalent in KHR'000 (Note 4.2)</b>	<b>1,813,694</b>	<b>(10,911,687)</b>	<b>24,658,842</b>	<b>87,300,786</b>	<b>101,509,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,673,742</b>	<b>-</b>	<b>273,045,105</b>

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.

### 31). 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.

### 32). 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.

### 33). AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements as at 31 December 2023 and for the year then ended were approved for issue by the Board of Directors on 13 March 2024.