Report of the Board of Directors
and
Audited Financial Statements

Woori Bank (Cambodia) Plc.

31 December 2022

Contents

Report of the Board of Directors

The Board of Directors (the "Directors") is pleased to present its report and the audited financial statements of Woori Bank (Cambodia) Plc. ("the Bank") as at 31 December 2022 and for the year then ended.

Principal activity

The principal activity of the Bank is to provide financial services and products such as deposits, loans, domestic and international fund transfers, mobile banking, bill payments, ATM services, bank guarantee and other banking financial services to the population of Cambodia through its head office and branches in Phnom Penh and provincial branches in Cambodia.

Financial results

The audited financial performance of the Bank for the year ended 31 December 2022 is set out in the statement of comprehensive income on page 9 in the accompanying financial statements.

Reserves and provisions

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

Dividends

There was no dividend declared or paid during the year (2021: nil).

Share Capital

The paid up capital of the Bank as at 31 December 2022 is USD175,895,100 or approximately KHR 703,580 million (2021: USD175,895,100 or approximately KHR 703,580 million).

Bad and doubtful loan

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that appropriate action had been taken in relation to the writing off of bad loans or making allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate provisions have been made for bad and doubtful loans.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written-off for bad loans and advances and the amount of provisions for bad and doubtful loans in the financial statements of the Bank inadequate to any material extent.

Assets

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

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Bank misleading in any material respect.

Valuation methods

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

Contingent and other liabilities

At the date of this report, there are:

(a) no charges on the assets of the Bank which has arisen since the end of the year which secures the liabilities of any other person except as disclosed in the financial statements; and

(b) no contingent liabilities in respect of the Bank that has arisen since the end of the year other than in the ordinary course of its business operations.

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

Change of circumstances

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

Items of an unusual nature

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

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

Significant event during the reporting period

On 16 November 2021 and 02 December 2021, the Bank obtained regulatory approvals from the National Bank of Cambodia and Ministry of Commerce, respectively, to carry out banking operations under the name "Woori Bank (Cambodia) Plc.". Furthermore, the NBC and MOC also approved the transfer of 1 share from Woori Bank Korea to Mr. Hong Ju Kim, Korean citizen. The Bank officially announced and launched its successful conversion to a commercial bank to the public on 03 January 2022.

Events after the reporting date

At the date of this report, there have been no significant events occurring after the reporting date, which would require adjustments or disclosures other than those disclosed in the financial statements.

The Board of Directors

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

Name	Position	Date of appointment/resignation
Mr. Hyun Seong Yoon	Chairman	appointed on 10 February 2020 and resigned on 20 June 2022
Mr. Sung Wook Jung	Chairman	appointed on 23 June 2022
Mr. Sun Kyu Kim	Member and Chief Executive Officer	appointed on 28 February 2019 and resigned on 21 January 2022
Ms. Fiona Michelle Whyte	Member	appointed on 18 October 2013
Mr. Ky Buntrean	Member	appointed on 10 February 2020
Mr. Kwang Hui Ku	Member and Chief Financial Officer	appointed on 23 June 2022
Mr. Hong Ju Kim	Member and Chief Executive Officer	appointed on 10 March 2021 as director approved by NBC on 18 January 2022 (with effective date internally 24 January 2022)

Directors' interests

One of the Directors, Mr. Hong Ju Kim, holds one share in the equity of the Bank. No arrangements existed to which the Bank is a party with the objective of enabling the Directors to obtain an interest in the Bank or in any corporate body.

Directors' benefits

During and at the end of the year, no arrangement existed to which the Bank is a party with the objective of enabling Directors of the Bank to acquire benefits.

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

Responsibilities of the Directors and the Management in respect of the financial statements

The Management is responsible for the preparation of financial statements that present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRS and guidelines of the National Bank of Cambodia. In preparing these financial statements, the Management is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of Cambodian International Financial Reporting Standards ("CIFRSs"), or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained, and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future;
- effectively control and direct the Bank and is involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements; and,
- safeguarding the assets of the Bank and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management and the Board of Directors confirm that the Bank has complied with the above requirements in preparing and reviewing the financial statements.

Management is responsible for the preparation of, and the Board of Directors ultimately responsible for the approval, of the financial statements in accordance with Cambodian International Financial Reporting Standards and guidelines of the National Bank of Cambodia, and for such internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Approval of the Financial Statements

The accompanying financial statements present fairly, in all material respects, the financial position of Woori Bank (Cambodia) Plc. as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards and guidelines of the National Bank of Cambodia, were approved by the Board of Directors.

On behalf of the Board of Directors

WOORI BANK (CAMBODIA) PLC.
KINGDOM OF CAMBODIA

Mr. Hong Ju Kim
Board Member and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
27 March 2023

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Independent auditor's report

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To the Shareholders of
Woori Bank (Cambodia) Plc.

Opinion

We have audited the financial statements of Woori Bank (Cambodia) Plc. ("the Bank"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and 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.

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 the 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.

Information other than the financial statements and auditor's report thereon

The Board of Directors 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.

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

In preparing the financial statements, the 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 has no realistic alternative but to do so.

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

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 Management.

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- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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GRANT THORNTON (CAMBODIA) LIMITED

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ronald C. Almera
Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia
27 March 2023

Statement of financial position

	Note	31 December 2022 USD	31 December 2022 KHR'000 (Note 4.1)	31 December 2021 USD	31 December 2021 KHR'000 (Note 4.1)
Assets					
Cash on hand	7	**12,238,185**	**50,384,608**	11,469,663	46,727,407
Balances with the NBC	8	**99,548,079**	**409,839,441**	83,355,538	339,590,462
Balances with other banks, net	9	**131,434,362**	**541,115,268**	122,652,452	499,686,089
Loans to customers, net	10	**1,161,229,951**	**4,780,783,708**	918,491,190	3,741,933,108
Investment securities	11	**15,353**	**63,208**	15,353	62,548
Property and equipment, net	12	**9,654,433**	**39,747,301**	5,785,138	23,568,652
Intangible assets , net	13	**5,764,271**	**23,731,504**	3,753,609	15,292,203
Right-of-use assets, net	14	**12,774,005**	**52,590,579**	9,840,596	40,090,588
Deferred tax assets, net	31(c)	**4,924,172**	**20,272,816**	3,674,847	14,971,327
Other assets	15	**4,599,908**	**18,937,821**	3,422,105	13,941,656
Total assets		**1,442,182,719**	**5,937,466,254**	1,162,460,491	4,735,864,040
Equity and liabilities					
Equity					
Share capital	21	**175,895,100**	**703,580,400**	175,895,100	703,580,400
Regulatory reserves	22	**3,239,827**	**13,338,368**	4,534,996	18,475,574
Retained earnings		**138,238,734**	**564,981,706**	90,640,446	368,725,334
Merger reserves	6	**5,956,500**	**24,284,651**	5,956,500	24,284,651
Currency translation differences		**-**	**24,965,148**	-	13,542,210
Total equity		**323,330,161**	**1,331,150,273**	277,027,042	1,128,608,169
Liabilities					
Deposits from customers	16	**353,464,472**	**1,455,213,231**	217,455,161	885,912,326
Current tax liabilities	31(b)	**11,614,705**	**47,817,740**	11,664,774	47,522,289
Borrowings	17	**128,431,315**	**528,751,724**	100,308,125	408,655,301
Amounts due to related parties	18	**606,374,329**	**2,496,443,112**	539,505,568	2,197,945,684
Lease liabilities	19	**12,652,171**	**52,088,988**	9,764,532	39,780,703
Other liabilities	20	**6,315,566**	**26,001,186**	6,735,289	27,439,568
Total liabilities		**1,118,852,558**	**4,606,315,981**	885,433,449	3,607,255,871
Total equity and liabilities		**1,442,182,719**	**5,937,466,254**	1,162,460,491	4,735,864,040

Statement of comprehensive income

	Note	Year ended 31 December 2022 USD	Year ended 31 December 2022 KHR'000 (Note 4.1)	Year ended 31 December 2021 USD	Year ended 31 December 2021 KHR'000 (Note 4.1)
Interest income	23	**175,863,989**	**718,756,123**	128,706,507	523,578,070
Interest expense	24	**(48,808,733)**	**(199,481,292)**	(22,773,077)	(92,640,877)
Net interest income		**127,055,256**	**519,274,831**	105,933,430	430,937,193
Fee and commission income, net	25	**328,446**	**1,342,359**	15,219	61,911
Other income, net	26	**1,812,297**	**7,406,858**	963,158	3,918,127
Personnel expenses	27	**(33,586,591)**	**(137,268,398)**	(29,089,757)	(118,337,131)
Depreciation and amortisation	28	**(5,402,032)**	**(22,078,105)**	(3,827,607)	(15,570,701)
Other operating expenses	29	**(15,847,542)**	**(64,768,904)**	(12,070,787)	(49,103,966)
Net impairment losses on financial instruments	30	**(16,180,923)**	**(66,131,432)**	(5,798,219)	(23,587,155)
Profit before income tax		**58,178,911**	**237,777,209**	56,125,437	228,318,278
Income tax expense	31(a)	**(11,875,792)**	**(48,536,362)**	(11,331,042)	(46,094,679)
Net profit for the year		**46,303,119**	**189,240,847**	44,794,395	182,223,599
Other comprehensive income -					
Currency translation differences		**-**	**11,422,938**	-	7,322,716
Total comprehensive income for the year		**46,303,119**	**200,663,785**	44,794,395	189,546,315

Statement of changes in equity

	Note	**Share capital**	**Regulatory reserves**	**Retained earnings**	**Merger reserves**	**Currency translation differences**	**Total equity**
		USD	**USD**	**USD**	**USD**	**KHR'000**	**USD**
At 1 January 2022		**175,895,100**	**4,534,996**	**90,640,446**	**5,956,500**	**13,542,210**	**277,027,042**
Profit for the year		-	-	**46,303,119**	-	-	**46,303,119**
Currency translation differences		-	-	-	-	**11,422,938**	-
Total comprehensive income		-	-	**46,303,119**	-	**11,422,938**	**46,303,119**
Transfers (to) from regulatory reserves	22	-	**(1,295,169)**	**1,295,169**	-	-	-
At 31 December 2022		**175,895,100**	**3,239,827**	**138,238,734**	**5,956,500**	-	**323,330,161**
In KHR'000 equivalent		**703,580,400**	**13,338,368**	**564,981,706**	**24,284,651**	**24,965,148**	**1,331,150,273**

	Note	Share capital	Regulatory reserves	Retained earnings	Merger reserves	Currency translation differences	Total equity
		USD	USD	USD	USD	KHR'000	USD
At 1 January 2021		175,895,100	3,344,256	47,036,791	5,956,500	6,219,494	232,232,647
Profit for the year		-	-	44,794,395	-	-	44,794,395
Currency translation differences		-	-	-	-	7,322,716	-
Total comprehensive income		-	-	44,794,395	-	7,322,716	44,794,395
Transfers (to) from regulatory reserves	22	-	1,190,740	(1,190,740)	-	-	-
At 31 December 2021		175,895,100	4,534,996	90,640,446	5,956,500	-	277,027,042
In KHR'000 equivalent		703,580,400	18,475,574	368,725,334	24,284,651	13,542,210	1,128,608,169

Statement of cash flows

	Note	USD	Year ended 31 December 2022 KHR'000 (Note 4.1)	USD	Year ended 31 December 2021 KHR'000 (Note 4.1)
Cash flows from operating activities					
Profit before income tax		**58,178,911**	**237,777,209**	56,125,437	228,318,278
Adjustments for:					
Interest expense	24	**48,808,733**	**199,481,292**	22,773,077	92,640,877
Net impairment losses on financial instruments	30	**16,180,923**	**66,131,432**	5,798,219	23,587,155
Depreciation and amortisation	28	**5,402,032**	**22,078,105**	3,827,607	15,570,701
Losses on disposals of property and equipment	29	**6,442**	**26,328**	1,169	4,755
Interest income	23	**(175,863,989)**	**(718,756,123)**	(128,706,507)	(523,578,070)
Foreign exchange differences		**(92,710)**	**(378,906)**	(22,218)	(90,383)
Intangibles written-off	29	**443,359**	**1,812,008**	-	-
Operating losses before changes in working capital		**(46,936,299)**	**(191,828,655)**	(40,203,216)	(163,546,687)
Changes in working capital					
Net changes in:					
Balances with the NBC		**(16,977,969)**	**(69,388,959)**	(40,028,641)	(162,836,512)
Loans to customers		**(255,490,580)**	**(1,044,190,000)**	(305,498,343)	(1,242,767,259)
Other assets		**(1,177,803)**	**(4,849,015)**	1,559,731	6,344,989
Deposits from customers		**131,403,976**	**537,048,050**	91,118,877	370,671,592
Other liabilities		**(3,288,485)**	**(13,440,038)**	857,052	3,486,488
Cash used in operations		**(192,467,160)**	**(786,648,618)**	(292,194,540)	(1,188,647,389)
Interest received		**171,798,165**	**702,139,100**	125,129,429	509,026,517
Interest paid		**(40,360,673)**	**(164,954,071)**	(19,150,331)	(77,903,547)
Income tax paid	31	**(13,175,186)**	**(53,846,985)**	(7,616,297)	(30,983,096)
Net cash used in operating activities		**(74,204,854)**	**(303,310,574)**	(193,831,739)	(788,507,515)
Cash flows from investing activities					
Proceeds from disposals of property and equipment		**398,174**	**1,627,337**	386	1,570
Purchases of intangible assets	13	**(3,141,560)**	**(12,839,556)**	(2,359,152)	(9,597,030)
Purchases of property and equipment	12	**(6,085,493)**	**(24,871,410)**	(3,288,697)	(13,378,419)
Additions to term deposits		**(10,071,623)**	**(41,162,723)**	(49,809,350)	(202,624,436)
Net cash used in investing activities		**(18,900,502)**	**(77,246,352)**	(55,456,813)	(225,598,315)
Cash flows from financing activities					
Proceeds from borrowings	17	**104,930,775**	**428,852,077**	95,238,095	387,428,570
Repayments of borrowings	17	**(76,525,410)**	**(312,759,351)**	(71,168,539)	(289,513,617)
Proceeds from amounts due to related parties	33	**252,500,000**	**1,031,967,500**	468,700,000	1,906,671,600
Repayments of amounts due to related parties	33	**(185,631,239)**	**(758,674,874)**	(253,529,633)	(1,031,358,547)
Payments of lease liabilities	19	**(3,462,767)**	**(14,152,329)**	(2,691,487)	(10,948,969)
Net cash from financing activities		**91,811,359**	**375,233,023**	236,548,436	962,279,037
Net change in cash and cash equivalents		**(1,293,997)**	**(5,323,903)**	(12,740,116)	(51,826,793)
Cash and cash equivalents at the beginning of year		**45,899,069**	**186,992,808**	58,639,185	237,195,502
Currency translation differences		**-**	**1,970,177**	-	1,624,098
Cash and cash equivalents at the end of year	32	**44,605,072**	**183,639,082**	45,899,069	186,992,808

Notes to the financial statements

1 Reporting entity

Woori Bank (Cambodia) Plc. (the "Bank") is a licensed commercial bank incorporated and registered in the Kingdom of Cambodia.

The Bank was incorporated as a private limited liability company in Cambodia on 19 November 2003 under Registration No. Co. 1846 E/2003 and was subsequently changed to Registration No. 00005269, both issued by the Ministry of Commerce ("MoC") under its original name VisionFund (Cambodia) Ltd. On 18 May 2004, the Bank obtained its license as a micro-finance institution from the National Bank of Cambodia ("NBC"). On 17 February 2011, the Bank obtained a Micro-finance Deposit Taking Institution ("MDI") license to conduct deposit taking business from the NBC.

The Bank was a 99.9998% owned subsidiary of VisionFund International, a corporation registered in the United States of America. On 21 May 2018, the NBC officially approved the transfer of the Bank's 100% shares to Woori Bank Korea, a Bank incorporated in the Republic of Korea whose primarily engaged in providing commercial banking services and products and the change of the Bank's name to WB Finance Co., Ltd. Amendment of the Bank's Memorandum and Articles of Association due to the change of ownership was approved by the NBC and endorsed by MoC on
17 May 2018 and 20 June 2018, respectively.

On 22 July 2019, the Bank entered into a merger agreement with the sole shareholder of Woori Finance Cambodia Plc. ("WFC"), Woori Bank Korea, with primary business of operating micro-finance services to all people in order to contribute to the Cambodian socio-economic development with the purpose of upgrading living standards of the people in the communities focusing on increasing income through the promotion of business activities of small and medium entities, trades, and rural and agriculture using lending and saving services. According to the merger agreement, WFC will be dissolved after the merger. The merger and dissolution of WFC became effective on 10 February 2020 upon the approval of the NBC and MOC.

On 16 November 2021 and 02 December 2021, WB Finance Co., Ltd. obtained regulatory approvals from the NBC and MOC, respectively, to carry out banking operations under the name "Woori Bank (Cambodia) Plc.". Furthermore, the NBC and MOC also approved the transfer of 1 share from Woori Bank Korea to Mr. Hong Ju Kim, Korean citizen. The Bank officially announced and launched its successful conversion to a commercial bank to the public on 03 January 2022.

The principal activity of the Bank is to provide financial services and products such as deposits, loans, domestic and international fund transfers, mobile banking, bill payments, ATM services, bank guarantee and other banking financial services to the population of Cambodia through its head office and branches in Phnom Penh and provincial branches in Cambodia.

The registered office of the Bank is currently located at Building #398, Preah Monivong Blvd Boeng Keng Kang I, Boeng Keng Kang, Phnom Penh, Cambodia. The Bank operates its businesses in 25 provinces with a network of 138 branches.

Covid-19 outbreak
COVID-19 had impacted several businesses and the government had opened the country since the beginning of 2022 and some businesses are improved, but some are still struggling. Management regularly monitored status of affected clients and credit stress test were conducted on the restructured clients as per requirement of NBC. Moreover, additional provision had also been reserved for the clients who are still struggling basing on the requirement of National Bank of Cambodia's Prakas.

In order to consider the potential impact of COVID-19, the Management has also performed several measures to prevent any drastic impact on its financial performance which includes the following:

a) updating the forward-looking elements in computing the probability of default ("PD") for expected credit loss ("ECL) computation;
b) application of management overlay onto PD based on the impact on the sectors to reflect the increased credit risk.

2 Financial reporting framework and basis of preparation and presentation

2.1 Statement of compliance with Cambodian International Financial Reporting Standards

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

2.2 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 the following:

a. financial instruments that are measured at revalued amounts or fair values;
b. financial instruments valued at amortised cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

2.3 Basis of aggregation

The Bank's financial statements include the financial statements of the head office and its branches after the elimination of all significant inter-branch balances and transactions.

2.4. Presentation of financial statements

Management presents the financial statements based on liquidity. Information about short-term and long-term of assets and liabilities are disclosed in the financial risk management section. Assets and liabilities over 12 months are considered non-current assets and non-current liabilities, respectively.

3 Adoption of new and revised accounting standards

3.1 New standard and amendments adopted as at 1 January 2022

The Bank adopted the following accounting standards and interpretations as at 31 December 2022 which are mandatorily effective beginning on or after 1 January 2022:

- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to CIAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to CIAS 37)
- Reference to Conceptual Framework (Amendments to CIFRS 3)
- Conceptual Framework for Financial Reporting in CIFRSs
- Annual Improvements to CIFRS Standard 2018 – 2020
- CIFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

These new and revised accounting standards and interpretations that have been published by the IASB and approved by the NAC were adopted by the Bank and were assessed that these have no material impact on the Bank's financial statements.

3.2 New standard and amendments effective in 2022 that are not relevant to the Bank

- CIFRS 1 First time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- CIAS 41 Agriculture – Taxation in fair value measurements

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

The standards and interpretations that are issued, but not yet effective, are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- CIFRS 17 Insurance Contracts (effective 01 January 2023)
- Classification of Liabilities as Current or Non-current (Amendments to CIAS 1) (effective 01 January 2023)
- Definition of Accounting Estimates – Amendments to CIAS 8 (effective 01 January 2023)
- Disclosure of Accounting Policies - Amendment to CIAS 1 and CIFRS Practice Statement 2 (effective 01 January 2023)

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

4 Summary of Significant Accounting Policies

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

4.1 Foreign currency translation

i Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency). Management has determined the United States dollar ("USD") to be the Bank's functional currency owing to the significant influence of the USD on its operations. The financial statements are presented in USD, which is the Bank's functional and presentation currency.

ii Transactions and balances

Transactions in currencies other than USD are translated into USD at the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than USD at the year-end exchange rates, are recognised in profit or loss.

iii Presentation in Khmer Riel

Assets and liabilities for each statement of financial position presented are translated into Khmer Riel ("KHR") at the closing rate ruling at each reporting date whereas income and expense items for each statement of comprehensive income and cash flow items presented are translated at the average rate for the year then ended. All resulting exchange differences are recognised in other comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the requirement pursuant to the Law on Accounting and Auditing dated 11 April 2016, and have been made using the prescribed official exchange rate based on the following applicable exchange rate per USD1 as announced by the General Department of Taxation ("GDT"). Starting from January 2020, the GDT instructed taxpayers to use the rates published by the NBC:

	31 December 2022	31 December 2021
Closing rate	**4,117**	4,074
Average rate*	**4,087**	4,068

*Determined using NBC's published daily exchange rates from January to December 2022 in accordance with instruction 26118 issued by the GDT

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.

4.2 Business combination under common control

Common control business combinations are accounted for using the "pooling of interests method". The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No 'new' goodwill is recognised as a result of the combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity 'acquired' is reflected within equity as merger reserves.
- The income statement reflects the results of the combining entities for the full year, irrespective of when the combination took place.

4.3 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Bank may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments at amortised cost or at FVTOCI
The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models at each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Bank has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Amortised cost and effective interest method
The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit‐impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired (POCI) financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For (POCI), the Bank recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Other financial assets, including cash on hand, balances with the NBC, balances with other banks, loans to customers, and security deposits are initially measured fair value, net of transaction costs and are subsequently measured at amortised cost using EIR.

Equity instruments designated as at FVTOCI
On initial recognition, the Bank may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which CIFRS 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Bank has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of CIFRS 9.

Dividends from these investments in equity instruments are recognised in profit or loss in accordance with CIFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Bank designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Bank has not designated any debt instruments as at FVTPL.

As at 31 December 2022, the Bank does not have any financial assets classified as FVTPL.

Reclassification
If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made.

b. Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other gains and losses" line item; for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item; and for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

c. Impairment of financial assets

The Bank recognises loss allowances for expected credit loss ("ECL") on the following financial instruments that are not measured at FVTPL:

- loans to customers;
- balances with other banks; and
- loan commitments (including undrawn overdraft and revolving facilities) and financial guarantee contract

No impairment loss is required for equity investments measured at FVTOCI.
With the exception of purchased or originated credit-impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in Note 34.

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

For undrawn loan commitments, the ECL is the difference between the present value of the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down.

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

More information on measurement of ECL is provided in Note 34, including details on how instruments are grouped when they are assessed on a collective basis.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty,
- having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for more than 90 days.

Definition of default

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

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

- the borrower is past due for more than 30 days on any material credit obligation to the Bank; or
- the borrower is unlikely to pay its credit obligations to the Bank in full.

This definition of default is used by the Bank for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk

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

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

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality.

The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

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

The PDs used are forward-looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.
The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly.

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

As a back-stop when an asset becomes more than 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment the assets are at stage 3 of the impairment model.

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

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

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

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents
- a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

ii. Financial liabilities
Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method. For all financial liabilities, the amount presented on the statement of financial position represent all amounts payable including interest element.

Other financial liabilities, including deposits from customers, borrowings and amounts due to related parties, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income" in Note 4.13.

iii. Offsetting arrangements
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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

4.5 Prepayments and other assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Bank's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

4.6 Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options are considered as a deduction from the proceeds, net of tax.

4.7 Retained earnings

Retained earnings represent accumulated profit attributable to equity holders of the Bank after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

4.8 Regulatory reserves

The National Bank of Cambodia ("NBC") issued the Prakas No. B7-017-344, dated on 1 December 2017, on Credit Risk Grading and Impairment Provisioning, and Circular No. B7-018-001, dated 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Impairment Provisioning, which requires banks and financial institutions to provide impairment provisioning for short-term and long-term facilities as follows:

Classification	**Number of past due days**		**Allowance rate**
	Short-term *(one year or less)*	**Long-term** *(more than one year)*	
General allowance:			
Normal	14 days or less	Less than 30 days	1%
Specific allowance:			
Special mention	15 days – 30 days	30 days – 89 days	3%
Substandard	31 days – 60 days	90 days – 179 days	20%
Doubtful	61 days – 90 days	180 days – 359 days	50%
Loss	91 days or more	360 days or more	100%

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

The Bank calculates the impairment loss allowance for credit facilities in accordance with the regulatory provision simultaneously with the calculation in accordance with the CIFRSs. The impairment loss allowance calculated in accordance with CIFRSs is to be recognised and recorded in profit or loss and statement of financial position. When the impairment loss allowance calculated in accordance with regulatory provision is higher than that calculated under the CIFRSs, the excess amount is transferred from retained earnings to regulatory reserves as disclosed in Note 22.

Reversal of regulatory reserves

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

In accordance with Circular No. B7.021.2314 on Classification and Provisioning Requirements on Restructured Loans dated 28 December 2021 issued by the NBC, the Bank is required to reassess the classification of restructured loans, which are outstanding as at 31 December 2022, and provide provision as follows:

- Restructured loan that is "viable" shall be deemed as "performing" and shall be classified as "Special Mention" with 3% provisioning, regardless of the number of restructuring.

- Restructured loan that needs "more restructuring" should be deemed as "non-performing" and shall be classified as "Substandard" for loans under the first restructuring with 20% provisioning, and "Doubtful" for loans under the second restructuring with 50% provisioning.
- Restructured loan that is "non-viable" shall be deemed as "non-performing" and shall be classified as "Loss" with 100% provisioning.

Meanwhile, loans restructured starting 1 January 2022 shall benefit on the forbearance period until end of June 2022, wherein these loans should not be subjected to the above requirement. However, none of the restructured loan applications since March 2020 can benefit on this forbearance period.

Additionally, the Bank should continually submit its quarterly report on restructured loans' review, customer repayment capacity, classification, and provisioning based on this new Circular with the following reporting deadline:

- before the end of October 2022, based on the financial data as at September 2022 for the sixth reporting;
- before the end of January 2023, based on the financial data as at December 2022 for the seventh reporting;
- before the end of April 2023, based on the financial data as at March 2022 for the eighth term; and
- before the end of July 2023, based on the financial data as at June 2022 for the ninth term.

On 18 January 2022, a workshop between all banks and financial institutions ("BFIs") under the Association of Banks in Cambodia and NBC was held to assist BFIs in their application of the Circular and to discuss other related practical issues. In this workshop, NBC granted BFIs to perform reassessment of loan classification and determining the resulting impact in provisions on outstanding restructured loans as at 31 December 2022, starting January 2023.

Following this workshop, the NBC informed BFIs through letter No. B7.022.167 dated 20 January 2022, the deferment of quarterly report submission to 10 February 2022, the change in financial data to be used to January 2022 and the clarification on the template of the report.

4.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of a property and equipment item comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Where an item of property and equipment comprises major components having different estimated useful lives, the components are accounted for as separate items of property and equipment.

Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gain or loss arising from the retirement or disposal of an item of property and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and is recognised in profit or loss on the date of retirement or disposal.

At the end of each reporting period, item of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements*	More than 1 year to 10 years
Motor vehicles	3 to 10 years
Computer equipment	3 to 5 years
Equipment	3 to 10 years
Office furniture and fitting	3 to 5 years

**Leasehold improvements are depreciated over the improvements' useful life of 1 to 10 years or the term of the relevant lease, whichever is shorter.*

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

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. If there is any indication that there has been a significant change in rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

4.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. It is amortised on a straight-line basis with useful life 3 to 15 years at the rate of 33.33% to 6.67% per annum. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of intangible assets, the amortisation is revised prospectively to reflect the new expectations.

Intangible assets under development are not amortised until such time as the relevant assets are completed and put into operational use.

4.11 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Any impairment loss is charged to profit or loss in the year in which it arises. Reversal of impairment loss is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised.

4.12 Provisions and contingencies

Provisions 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
- Fees 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 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 and expense

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 regards 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 benefits

The Bank recognises a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognised for the amount expected to be paid under short-term cash bonus 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.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Seniority payment

The Minister of Labour and Vocational Training (MoLVT) issued a Prakas No. 443 on Seniority Payment dated 21 September 2018 and Directive No. 042/19 on the Back Pay of Seniority Payment Before 2019 for the Enterprise and Institution Beside Textile, Garment and Footwear Sector dated 22 March 2019, requiring the Bank to pay past seniority payment to employees with undetermined duration contract. All employees who have been working before 01 January 2019 and continue to work are entitled to a payment of six (6) days of their average wages of each year of service, totalling not exceeding 6 months, and shall be paid every year as follows:

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

Employees are not entitled to the remaining past seniority payment upon resignation or termination due to serious misconduct.

The past seniority payment benefit is measured at the present value of the estimated future cash outflows expected to be made by the Bank in respect of services provided by employees up to 31 December 2018. This benefit was recognised in full during the year 2018.

This Prakas also requires the Bank to pay its employees the seniority for the employment service from 2019 amounting to 15 days per annum of their wages and other benefits, 7.5 days of which shall be paid in June and in December of each year. This seniority was recognised during the employees' periods of service on accrual basis.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

4.16 Leases

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 tablets, motorbikes, and small items of office furniture). 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. The Bank's incremental borrowing rate was obtained through benchmarking the average interest rates of the Bank's creditors with similar terms.

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 periods 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, Provisions, Contingent Liabilities and Contingent Assets. 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, Impairment of Assets, 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 Taxation

Income tax expense represents the sum of the current tax and deferred tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Bank supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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

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

4.18 Related party transactions

A related party transaction is a transfer of resources, services or obligations between the Bank and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees and key management personnel of the Bank are also considered to be related parties.

4.19 Events after reporting period

The Bank identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements if it is material.

5 Critical accounting judgements and key sources of estimation uncertainty

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 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

i. 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.

ii. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

iii. Significant increase in credit risk

As explained in Note 4.4, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. CIFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information.

iv. Establishing groups of assets with similar credit risk characteristics

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

v. Models and assumptions used

The Bank uses various models and assumptions in 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.

vi. Leases

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

vii. Short-term and low-value assets

Leases with a lease term of 12 months or less are considered short-term leases and does not warrant the capitalization of right-of-use assets. Furthermore, based on the economic substance of the underlying assets of the Bank, Ipads and tablets rented by the Bank to be used by its employees are treated as low-value assets which does not warrant the recognition of right-of-use assets in the books of the Bank.

viii. *Recognition of provision and contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 4.12 and relevant disclosures are presented in Note 36.

5.2 Key sources of estimation uncertainty

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

i. Calculation of loss allowance

When measuring expected credit 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 expectations of future conditions.

ii. Income tax

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

These factors may create potential tax exposures for the Bank. Directors believe that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation.

However, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax amount reported in the period in which such determination is made.

iii. Deferred tax assets

The Bank reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Bank will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilised.

Total deferred tax assets recognised in the statements of financial position as at 31 December 2022 and 2021, amounted to USD4,924,172 and USD3,674,847, respectively. Based on management assessment, these amounts can be utilised in the subsequent periods.

iv. Estimating useful lives of assets

The useful lives of the Bank's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of Bank's property and equipment, intangible assets and right of use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Bank's assets. In addition, the estimation of the useful lives is based on the Bank's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment, intangible assets and right of use assets would increase the recognised operating expenses and decrease non-current assets.

v. Estimating cost of right-of-use assets

Determining the cost of right-of-use asset includes the amount of lease liabilities recognised 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.

vi. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

vii. Fair value measurement

The Directors use valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Directors based its assumptions on observable data as far as possible but this is not always available. In that case, Directors used the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6 Business acquisition under common control and merger reserve

On 22 July 2019, the Bank entered into a merger agreement with the sole shareholder of Woori Finance Cambodia Plc. ("WFC"), Woori Bank Korea, with the primary business of operating micro-finance services to all people in order to contribute to the Cambodian socio-economic development with the purpose of upgrading living standards of the people in the communities focusing on increasing income through the promotion of business activities of small and medium entities, trades, and rural and agriculture using lending and saving services.

The merger was made to enhance the Bank's market position in the financial services industry. According to the merger agreement, WFC will be dissolved after the merger.

On 3 January 2020, the NBC approved the merger between the Bank and WFC and was subsequently approved by the MOC on 10 February 2020. The merger and dissolution of WFC became effective last 1 January 2020.

The merger agreement includes the issuance of the Bank's fully paid and non-assessable shares amounting to USD15,895,100 or 635,804 shares with par value of USD25 per share, as a consideration to WFC's shareholders.

The details of assets acquired and liabilities recognised in USD as at the date of merger are as follows:

	USD
Assets	
Cash on hand	398,033
Balances with the NBC	657,604
Balances with other banks	10,046,794
Loans to customers	105,055,190
Property and equipment	1,225,700
Intangible assets	90,622
Right-of-use assets	1,423,721
Deferred tax assets	274,552
Other assets	156,236
Liabilities	
Current tax liability	(1,116,849)
Borrowings	(93,656,564)
Lease liabilities	(1,383,572)
Other liabilities	(337,963)
Net assets	**22,833,504**

All assets and liabilities of WFC were carried at net book value on the books of the Bank last 1 January 2020, the effective date of the merger.

The difference between the value of shares issued by the Bank in exchange from the value of net assets acquired in respect of the merger of WFC amounting to USD5,956,500 was recognised as merger reserves under the pooling-of-interest method.

7 Cash on hand

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Cash on hand	**12,072,564**	**49,702,746**	11,234,218	45,768,204
Cash in automated teller machines	**165,621**	**681,862**	235,445	959,203
	12,238,185	**50,384,608**	11,469,663	46,727,407

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
By currency:				
USD	**8,927,399**	**36,754,103**	8,477,559	34,537,575
KHR	**2,692,816**	**11,086,323**	2,376,887	9,683,438
THB	**617,970**	**2,544,182**	615,217	2,506,394
	12,238,185	**50,384,608**	11,469,663	46,727,407

8 Balances with the NBC

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Statutory deposits:				
Capital guarantee (i)	**17,590,000**	**72,418,030**	17,590,000	71,661,660
Reserve requirement (ii)	**66,966,542**	**275,701,253**	49,988,573	203,653,446
	84,556,542	**348,119,283**	67,578,573	275,315,106
Current accounts	**14,708,758**	**60,555,957**	15,487,734	63,097,029
Settlement accounts	**81,042**	**333,650**	89,231	363,527
Negotiable Certificate of Deposit ("NCD") (iii)	**201,737**	**830,551**	200,000	814,800
	99,548,079	**409,839,441**	83,355,538	339,590,462

(i) Pursuant to the NBC's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001; the Bank is required to maintain 10% of its registered capital as a statutory deposit with the NBC and earning at an interest rate of 0.65%. 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. As at 31 December 2022, total interest income earned amounted to USD64,616 (2021: USD8,781). The capital guarantee deposit is earning at an interest rate of ¼ of SIBOR on a 6 months basis.

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

In order to mitigate the impact of COVID-19 pandemic on Cambodia's economy, the NBC issued last 18 March 2020 a press release announcing the reduction of the Reserve Requirement Rate ("RRR") for KHR and foreign currencies reserves from 8% to 7% and 12.50% to 7%, respectively.

(iii) The NCD amounting to KHR200 million and USD50,000 are used as collaterals against the overdraft facilities with the NBC in connection with the Fast and Secure Transfer ("FAST") service. The FAST service provides instant Riel-denominated fund transfers between banking institutions. The overdraft line as at 31 December 2022 is unutilised.

The above NCD earned interest ranging from 0.83% to 3.69 % per annum (2021: 0.04% to 0.21% per annum). Total interest income earned during 2022 amounted to USD 1,886 (2021: USD544).

No impairment loss allowance is created against the balances with the NBC as Management determines that the credit risk on these facilities is minimal.

9 Balances with other banks, net

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Current accounts	**5,022,925**	**20,679,382**	7,564,322	30,817,048
Savings accounts	**12,352,425**	**50,854,934**	11,088,119	45,172,997
Term deposits	**114,225,183**	**470,265,078**	104,153,560	424,321,603
	131,600,533	**541,799,394**	122,806,001	500,311,648
Less impairment loss allowance	**(166,171)**	**(684,126)**	(153,549)	(625,559)
	131,434,362	**541,115,268**	122,652,452	499,686,089

Term deposits amounting to USD111,500,000, which were placed with various banks with terms ranging from 1 to 3 years, bearing interest rates ranging from 2.25% to 5.50% per annum, were pledged for security in various borrowing contracts as disclosed in Note 17.

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

a. By location

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Balances with local banks	**129,189,027**	**531,871,224**	122,733,361	500,015,713
Balance with overseas banks	**2,411,506**	**9,928,170**	72,640	295,935
	131,600,533	**541,799,394**	122,806,001	500,311,648
Less impairment loss allowance	**(166,171)**	**(684,126)**	(153,549)	(625,559)
	131,434,362	**541,115,268**	122,652,452	499,686,089

b. By maturity

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
On demand	**17,375,350**	**71,534,316**	18,652,441	75,990,045
Within one month	**3,063,062**	**12,610,626**	3,083,836	12,563,548
> 1 to 3 months	**7,138,232**	**29,388,101**	5,123,288	20,872,275
> 3 to 12 months	**76,853,097**	**316,404,200**	69,665,129	283,815,736
More than 12 months	**27,170,792**	**111,862,151**	26,281,307	107,070,044
	131,600,533	**541,799,394**	122,806,001	500,311,648

c. By interest rate

	31 December 2022	31 December 2021
Current accounts	**0.00% - 0.50%**	0.00% - 2.00%
Savings accounts	**0.00% - 2.25%**	0.00% - 2.25%
Term deposits	**0.83% - 5.50%**	0.14% - 5.50%

Movements of impairment loss allowance during the year follow:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
At the beginning of the year	**153,549**	**625,559**	64,591	261,271
Provision for impairment loss during the year	**12,622**	**51,965**	88,958	361,881
Currency translation differences	**-**	**6,602**	-	2,407
At the end of the year	**166,171**	**684,126**	153,549	625,559

10 Loans to customers, net

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Loans to customers at amortised cost	**1,183,324,067**	**4,871,745,184**	927,833,487	3,779,993,626
Less impairment loss allowance				
Loans to customers	**(22,071,611)**	**(90,868,823)**	(9,342,297)	(38,060,518)
	1,161,252,456	**4,780,876,361**	918,491,190	3,741,933,108
Credit commitments and financial guarantee	**(22,505)**	**(92,653)**	-	-
Loans to customers, net	**1,161,229,951**	**4,780,783,708**	918,491,190	3,741,933,108

Loans to customers at amortised cost:

	31 December 2022			31 December 2021		
	Gross carrying amount	**ECL allowance**	**Carrying amount**	Gross carrying amount	ECL allowance	Carrying amount
	USD	**USD**	**USD**	USD	USD	USD
Group loans	**6,190,613**	**(493,766)**	**5,696,847**	15,465,166	(391,766)	15,073,400
Individual loans	**1,153,041,726**	**(21,412,543)**	**1,131,629,183**	912,368,321	(8,950,531)	903,417,790
SME loans	**19,502,736**	**(153,622)**	**19,349,114**	-	-	-
Corporate loans	**4,588,992**	**(34,185)**	**4,554,807**	-	-	-
	1,183,324,067	**(22,094,116)**	**1,161,229,951**	927,833,487	(9,342,297)	918,491,190

a. Loans to customers in gross amount by maturity

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Within one year	**55,515,418**	**228,556,976**	38,076,111	155,122,076
Later than one year but not later than three years	**245,374,900**	**1,010,208,463**	264,061,468	1,075,786,421
Later than three years but not later than five years	**591,246,197**	**2,434,160,593**	460,736,925	1,877,042,232
Later than five years	**291,187,552**	**1,198,819,152**	164,958,983	672,042,897
	1,183,324,067	**4,871,745,184**	927,833,487	3,779,993,626

Loans to customers in gross amount by security

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Secured	**1,125,080,519**	**4,631,956,497**	911,965,925	3,715,349,178
Unsecured	**58,243,548**	**239,788,687**	15,867,562	64,644,448
	1,183,324,067	**4,871,745,184**	927,833,487	3,779,993,626

Movements of impairment losses during the year were as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
At the beginning of the year	9,342,297	38,060,518	4,437,048	17,947,859
Provision for impairment loss during the year				
Loans to customers	16,145,796	66,472,242	5,709,261	23,225,274
Credit commitments and financial guarantees	22,505	92,653	-	-
Written off during the year	(3,415,797)	(14,062,836)	(804,012)	(3,270,721)
Foreign exchange difference	(685)	(2,820)	-	-
Currency translation differences	-	309,066	-	158,106
At the end of the year	22,094,116	90,868,823	9,342,297	38,060,518

11 Investment securities

The Bank has designated its Investment in Credit Bureau Holding (Cambodia) Ltd. as an equity instrument at FVTOCI as the Bank holds this not for trading. As at 31 December 2022, the Bank's investment amounted to USD15,353 (2021: USD15,353). Dividend income received during the year amounted to USD11,702.

The Management believes that the Bank's investment securities reflect its fair value as at 31 December 2022.

12 Property and equipment, net

	Leasehold improvements	Motor vehicles	Computer equipment	Office furniture and fitting	Equipment	Work in progress	Total
	USD	USD	USD	USD	USD	USD	USD
Cost							
At 01 January 2022	4,635,227	1,261,287	3,892,129	2,407,428	-	80,313	12,276,384
Additions	2,968,959	-	1,706,209	695,197	502,001	213,127	6,085,493
Disposals	(221,271)	(110,120)	(99,465)	(11,065)	(73,223)	-	(515,144)
Reclassification	(116,488)	-	(122,046)	(1,310,047)	1,628,894	(80,313)	-
At 31 December 2022	7,266,427	1,151,167	5,376,827	1,781,513	2,057,672	213,127	17,846,733
Accumulated depreciation							
At 01 January 2022	2,098,419	839,652	2,330,263	1,222,912	-	-	6,491,246
Depreciation	766,962	87,516	740,010	279,795	335,474	-	2,209,757
Disposals	(221,271)	(110,120)	(97,707)	(9,476)	(70,127)	-	(508,701)
Reclassification	(6,361)	-	(54,873)	(836,879)	898,113	-	-
At 31 December 2022	2,637,749	817,048	2,917,693	656,351	1,163,459	-	8,192,300
Carrying amounts							
At 31 December 2022	4,628,678	334,119	2,459,134	1,125,162	894,213	213,127	9,654,433
In KHR'000 equivalent	19,056,267	1,375,568	10,124,255	4,632,292	3,681,475	877,444	39,747,301

	Leasehold improvement	Motor vehicles	Computer equipment	Office furniture and fitting	Equipment	Work in progress	Total
	USD	USD	USD	USD	USD	USD	USD
Cost							
At 1 January 2021	3,259,983	1,079,287	2,959,713	1,518,896	-	356,736	9,174,615
Additions	1,448,755	182,000	527,619	700,606	-	429,717	3,288,697
Disposals	(82,311)	-	(87,561)	(17,056)	-	-	(186,928)
Reclassification	8,800	-	429,358	204,982	-	(706,140)	-
At 31 December 2021	4,635,227	1,261,287	3,892,129	2,407,428	-	80,313	12,276,384
Accumulated depreciation							
At 1 January 2021	1,743,283	728,601	1,890,002	932,038	-	-	5,293,924
Depreciation	437,446	111,051	527,309	306,889	-	-	1,382,695
Disposals	(82,310)	-	(87,048)	(16,015)	-	-	(185,373)
At 31 December 2021	2,098,419	839,652	2,330,263	1,222,912	-	-	6,491,246
Carrying amounts							
At 31 December 2021	2,536,808	421,635	1,561,866	1,184,516	-	80,313	5,785,138
In KHR'000 equivalent	10,334,956	1,717,741	6,363,042	4,825,718	-	327,195	23,568,652

Work in progress includes assets which are not readily available for use.

As at 31 December 2022, the fully depreciated property and equipment with total historical cost of USD3,520,849 (2021: USD2,359,034) are still in active use.

Management believes that there is no indication that an impairment loss has occurred as at 31 December 2022.

13 Intangible assets, net

	Software and licenses	Work in progress	Total
	USD	USD	USD
Cost			
At 1 January 2022	**3,455,863**	**2,260,598**	**5,716,461**
Additions	**3,141,560**	**-**	**3,141,560**
Transfers	**572,107**	**(572,107)**	**-**
Written off	**(816,129)**	**-**	**(816,129)**
At 31 December 2022	**6,353,401**	**1,688,491**	**8,041,892**
Accumulated amortisation			
At 1 January 2022	**1,962,852**	**-**	**1,962,852**
Amortisation	**687,539**	**-**	**687,539**
Written off	**(372,770)**	**-**	**(372,770)**
At 31 December 2022	**2,277,621**	**-**	**2,277,621**
Carrying amounts			
At 31 December 2022	**4,075,780**	**1,688,491**	**5,764,271**
In KHR'000 equivalent	**16,779,987**	**6,951,517**	**23,731,504**

	Software and licenses	Work in progress	Total
	USD	USD	USD
Cost			
At 1 January 2021	3,232,620	124,689	3,357,309
Additions	223,243	2,135,909	2,359,152
At 31 December 2021	3,455,863	2,260,598	5,716,461
Accumulated amortisation			
At 1 January 2021	1,510,373	-	1,510,373
Amortisation	452,479	-	452,479
At 31 December 2021	1,962,852	-	1,962,852
Carrying amounts			
At 31 December 2021	1,493,011	2,260,598	3,753,609
In KHR'000 equivalent	6,082,527	9,209,676	15,292,203

Work in progress includes software and modules developed by third-party suppliers which are not readily available for use.

Management believes that there is no indication that an impairment loss has occurred as at 31 December 2022.

14 Right-of-use assets, net

The Bank leases office buildings for its operations with an average lease term of 5.5 years (2021: 5 years). Information about leases for which the Bank is a lessee is presented below:

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Cost				
At beginning of the year	**16,775,095**	**68,341,737**	10,605,644	42,899,830
Additions	**5,438,145**	**22,225,699**	6,169,451	25,097,327
Adjustment	**116,237**	**475,061**	-	-
Currency translation differences	**-**	**887,960**	-	344,580
At end of the year	**22,329,477**	**91,930,457**	16,775,095	68,341,737
Accumulated depreciation				
At beginning of the year	**6,934,499**	**28,251,149**	4,942,066	19,990,657
Charge for the year	**2,504,736**	**10,236,856**	1,992,433	8,105,217
Adjustment	**116,237**	**475,061**	-	-
Currency translation differences	**-**	**376,812**	-	155,275
At end of the year	**9,555,472**	**39,339,878**	6,934,499	28,251,149
Carrying amounts				
At end of the year	**12,774,005**	**52,590,579**	9,840,596	40,090,588

Approximately 24.14% (2021:32%) of the leases for buildings expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of USD5,438,145 in 2022 (2021: USD6,169,451).

Management believes that there is no indication that an impairment loss has occurred as at 31 December 2022.

When measuring lease liabilities for leases, the Bank discounted lease payments using its incremental borrowing rate and the weighted-average rate applied for 2022 is 8.18% (2021: 7.93%).

The table below represents the amounts in the profit or loss:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Depreciation expense on ROU	**2,504,736**	**10,236,856**	1,992,433	8,105,217
Interest expense on lease liabilities	**912,260**	**3,755,774**	602,173	2,449,640
Short-term and low valued rental expenses	**829,150**	**3,388,736**	568,682	2,313,398
	4,246,146	**17,381,366**	3,163,288	12,868,255

15 Other assets

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Advances and deposits	**2,457,861**	**10,119,014**	1,627,851	6,631,865
Prepayments	**1,383,555**	**5,696,096**	1,056,531	4,304,307
Others	**758,492**	**3,122,711**	737,723	3,005,484
	4,599,908	**18,937,821**	3,422,105	13,941,656

16 Deposits from customers

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Retail customers				
Savings deposits	**57,776,860**	**237,867,332**	32,078,393	130,687,373
Term deposits	**295,687,612**	**1,217,345,899**	185,376,768	755,224,953
	353,464,472	**1,455,213,231**	217,455,161	885,912,326

An analysis of the Bank's deposits from customers as follows:

(a) By interest rates

	31 December 2022	31 December 2021
Savings deposits	**0.50% to 5.50%**	1.00% to 5.50%
Term deposits	**0.50% to 8.25%**	1.50% to 8.25%

(b) By currency

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
US Dollars	**308,944,634**	**1,271,925,058**	175,146,514	713,546,898
Khmer Riels	**41,597,921**	**171,258,641**	40,567,881	165,273,547
Thai Bahts	**2,921,917**	**12,029,532**	1,740,766	7,091,881
Total in USD	**353,464,472**	**1,455,213,231**	217,455,161	885,912,326

(c) By maturity

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Within 1 month	**79,399,522**	**326,887,830**	52,066,874	212,120,445
> 1 to 3 months	**58,603,817**	**241,271,916**	32,361,077	131,839,028
> 3 to 12 months	**195,869,530**	**806,394,854**	104,505,001	425,753,374
More than 12 months	**19,591,603**	**80,658,631**	28,522,209	116,199,479
Total in USD	**353,464,472**	**1,455,213,231**	217,455,161	885,912,326

17 Borrowings

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Secured				
Current	**81,661,914**	**336,202,100**	65,816,985	268,138,397
Non-current	**24,419,796**	**100,536,300**	32,527,114	132,515,462
Unsecured				
Current	**7,775,349**	**32,011,112**	1,964,026	8,001,442
Non-current	**14,574,256**	**60,002,212**	-	-
	128,431,315	**528,751,724**	100,308,125	408,655,301

Secured loans represents bank loans secured by fixed deposits, which were obtained from various banks with terms ranging from 1 to 4 years, bearing interest ranging from 5.20% to 7.50% per annum as disclosed in Note 9.

Unsecured loans represents bank loans obtained from various banks with terms ranging from 1 to 4 years (2021: from 1 to 1.5 years) and interest ranging from 6% to 7.25% (2021: from 7% to 8.7%) per annum.

Movement of the Bank's borrowings follows:

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
At beginning of the year	**100,308,125**	**408,655,301**	76,238,196	308,383,503
Proceeds	**104,930,775**	**428,852,077**	95,238,095	387,428,570
Interest charge	**7,897,527**	**32,277,193**	6,047,274	24,600,311
Repayments of principal	**(76,525,410)**	**(312,759,351)**	(71,168,539)	(289,513,617)
Repayments of interest	**(7,835,824)**	**(32,025,013)**	(6,024,683)	(24,508,410)
Exchange difference	**(343,878)**	**(1,405,429)**	(22,218)	(90,383)
Currency translation differences	**-**	**5,156,946**	-	2,355,327
At end of the year	**128,431,315**	**528,751,724**	100,308,125	408,655,301

18 Amounts due to related parties

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Unsecured borrowings	**606,374,329**	**2,496,443,112**	539,505,568	2,197,945,684

This pertains to borrowings from related parties, Woori Bank Singapore and Woori Bank Hong Kong, with terms ranging from 1 to 5 years. The borrowings incur an average interest rate of 6.41% (2021: 1.88%) with Libor Rate plus Fixed Rate (3ML + Fixed Rate, and 6ML + Fixed Rate) and SOFR plus Fixed rate ((3ML + Fixed Rate). Total interest expense incurred during 2022 amounted to USD22,045,639 (2021: USD7,385,919).

Pursuant to NBC's Prakas No. B5-021-288 issued on 29 December 2021, banks and financial institutions are required to use the Secured Overnight Financing Rate ("SOFR") instead of LIBOR starting from 3 January 2022. The Bank adopted the SOFR starting May 2022 and did not encounter any significant risk since the Bank is the Borrower. The Bank continues to engage with industry participants and the NBC to ensure an orderly transition to SOFR and to minimize the risks arising from transition, and it will continue to identify and assess risks associated with USD LIBOR replacement.

19 Lease liabilities

Analysis of the Bank's lease liabilities follows:

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Amounts due for settlement within 12 months	**2,141,135**	**8,815,053**	1,836,200	7,480,678
Amounts due for settlement after 12 months	**10,511,036**	**43,273,935**	7,928,332	32,300,025
Carrying amount	**12,652,171**	**52,088,988**	9,764,532	39,780,703

The lease liabilities are amortised over the term of the lease using the effective interest rate implicit in the lease. As at 31 December 2022, the average implicit rate used is 8.18% (2021: 7.93%) per annum.

The roll forward analysis of this account follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
At the beginning of the year	**9,764,532**	**39,780,703**	5,684,395	22,993,378
Additions	**5,438,146**	**22,388,847**	6,169,451	25,097,327
Interest expense on lease liabilities	**912,260**	**3,728,407**	602,173	2,449,640
Settlements	**(3,462,767)**	**(14,152,329)**	(2,691,487)	(10,948,969)
Currency translation differences	**-**	**343,360**	-	189,327
At end of the year	**12,652,171**	**52,088,988**	9,764,532	39,780,703

Maturity analysis - contractual undiscounted cash flows:

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Year 1	**3,061,608**	**12,604,640**	2,529,713	10,306,051
Year 2	**2,643,019**	**10,881,309**	2,153,832	8,774,712
Year 3	**2,388,971**	**9,835,394**	1,868,576	7,612,579
Year 4	**1,640,903**	**6,755,598**	1,700,972	6,929,760
Year 5	**1,530,090**	**6,299,381**	978,903	3,988,051
More than 5 years	**5,374,335**	**22,126,136**	3,335,473	13,588,717
	16,638,926	**68,502,458**	12,567,469	51,199,870
Less: finance charges	**(3,986,755)**	**(16,413,470)**	(2,802,937)	(11,419,167)
Lease liabilities	**12,652,171**	**52,088,988**	9,764,532	39,780,703

20 Other liabilities

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Salaries and bonuses	**3,870,578**	**15,935,170**	5,106,163	20,802,508
Accrued seniority and pension fund	**727,405**	**2,994,726**	610,181	2,485,877
Taxes	**808,308**	**3,327,804**	355,039	1,446,429
Accruals and others	**909,275**	**3,743,486**	663,906	2,704,754
	6,315,566	**26,001,186**	6,735,289	27,439,568

21 Share capital

As at 31 December 2022, the authorised share capital comprise 7,035,804 ordinary shares (2021: 7,035,804) at a par value of USD25 per share. All authorised shares are issued and fully paid up.

On 16 November 2021 and 02 December 2021, the NBC and MOC, respectively, approved the transfer of 1 share from Woori Bank Korea to Mr. Hong Ju Kim, concurrent with the change in name of the Bank and the granting of its commercial banking operating license. The Bank shareholders follow:

	31 December 2022			31 December 2021		
	Number of shares	**USD**	**% of shareholding**	Number of shares	USD	% of shareholding
Woori Bank Korea	**7,035,803**	**175,895,075**	**99.99999%**	7,035,803	175,895,075	99.99999%
Mr. Hong Ju Kim	**1**	**25**	**0.00001%**	1	25	0.00001%
Total	**7,035,804**	**175,895,100**	**100%**	7,035,804	**175,895,100**	**100%**
In KHR'000 equivalent		703,580,400			703,580,400	

22 Regulatory reserves

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
At the beginning of year	**4,534,996**	**18,475,574**	3,344,256	13,527,516
(Transfers from regulatory reserves)/ transfers to regulatory reserves	**(1,295,169)**	**(5,137,206)**	1,190,740	4,948,058
At the end of year	**3,239,827**	**13,338,368**	4,534,996	18,475,574

23 Interest income

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Loans to customers	**171,638,554**	**701,486,770**	125,764,400	511,609,579
Deposits with banks				
Balances with other banks	**4,158,933**	**16,997,559**	2,932,782	11,930,557
Balances with the NBC	**66,502**	**271,794**	9,325	37,934
	175,863,989	**718,756,123**	128,706,507	523,578,070

24 Interest expense

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Deposits from customers	**17,953,307**	**73,375,166**	8,737,711	35,545,008
Borrowings				
Related party	**22,045,639**	**90,100,527**	7,385,919	30,045,918
Third-party creditors	**7,897,527**	**32,277,192**	6,047,274	24,600,311
Leases	**912,260**	**3,728,407**	602,173	2,449,640
	48,808,733	**199,481,292**	22,773,077	92,640,877

25 Fee and commission income, net

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
Deposit fee charged	161,519	660,128	-	-
Remittance fees	147,046	600,977	-	-
Fees and commission incomes	12,944	52,902	-	-
Monthly administration fees	6,937	28,352	15,219	61,911
	328,446	1,342,359	15,219	61,911

26 Other income, net

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
Loan penalties	1,149,359	4,697,430	866,626	3,525,435
Loan recoveries	723,179	2,955,633	678,017	2,758,173
Gain on disposal of property and equipment	51,628	211,004	-	-
Dividend income	11,702	47,826	11,661	47,437
Foreign exchange losses	(324,685)	(1,326,988)	(685,250)	(2,787,597)
Others	201,114	821,953	92,104	374,679
	1,812,297	7,406,858	963,158	3,918,127

27 Personnel expenses

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
Salaries and wages	30,359,570	124,079,563	26,399,700	107,393,980
Employee benefit obligations	1,447,522	5,916,022	1,148,747	4,673,103
Other personnel costs	1,779,499	7,272,813	1,541,310	6,270,048
	33,586,591	137,268,398	29,089,757	118,337,131

28 Depreciation and amortisation

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
Depreciation charge of right-of-use assets	2,504,736	10,236,856	1,992,433	8,105,217
Depreciation of property and equipment	2,209,757	9,031,277	1,382,695	5,624,799
Amortisation of intangible assets	687,539	2,809,972	452,479	1,840,685
	5,402,032	22,078,105	3,827,607	15,570,701

29 Other operating expenses

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
Travel	3,429,197	14,015,128	2,526,378	10,277,306
Repairs and maintenance	1,934,291	7,905,447	1,210,343	4,923,675
Bank charges	1,658,339	6,777,631	1,111,971	4,523,498
Promotion and advertisement	1,206,092	4,929,298	347,704	1,414,460
Office supplies	943,621	3,856,579	847,113	3,446,056
Communication costs	887,765	3,628,296	761,951	3,099,617
Short-term and low valued rental expenses	829,150	3,388,736	568,682	2,313,398
NBC license fees	818,653	3,345,835	403,566	1,641,706
Security expenses	792,558	3,239,185	749,332	3,048,283
Utilities expenses	691,713	2,827,031	450,828	1,833,968
Staff developments and trainings	492,229	2,011,740	311,085	1,265,494
Intangible asset written-off	443,359	1,812,008	-	-
Stamp and registration expense	400,535	1,636,987	138,381	562,934
Printing expenses	304,536	1,244,639	126,809	515,859
Business meals and entertainment	289,955	1,185,046	248,804	1,012,135
Taxes and licenses	247,695	1,012,329	198,364	806,945
Professional fees	127,124	519,556	189,648	771,488
Insurance expenses	116,243	475,085	121,274	493,343
Charitable donations	33,046	135,059	1,551,433	6,311,229
Loss on disposal of property and equipment	6,442	26,328	1,169	4,755
Others	194,999	796,962	205,952	837,817
	15,847,542	64,768,904	12,070,787	49,103,966

30 Net impairment loss on financial instruments

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
Loans to customers	16,145,796	66,472,242	5,709,261	23,225,274
Balances with other banks	12,622	51,586	88,958	361,881
Credit commitments and financial guarantee	22,505	91,978	-	-
	16,180,923	66,131,432	5,798,219	23,587,155

31 Income tax

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

(a) Income tax expense

In accordance with Cambodia's tax law, the Bank has the obligation to pay tax on income ("ToI") at the rate of 20% of taxable income or minimum tax at 1% of turnover, inclusive of all taxes except value-added tax, whichever is higher.

Income tax expense comprises:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Current income tax	**13,125,117**	**53,642,353**	12,772,622	51,959,026
Deferred tax income	**(1,249,325)**	**(5,105,991)**	(1,441,580)	(5,864,347)
	11,875,792	**48,536,362**	11,331,042	46,094,679

The reconciliation of income tax expense shown in profit or loss follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Profit before income tax	**58,178,911**	**237,777,209**	56,125,437	228,318,278
Income tax expense at applicable tax rate of 20% before adjustment	**11,635,782**	**47,555,441**	11,225,087	45,663,654
Non-deductible expenses				
Permanent differences	**(6,006,620)**	**(24,549,056)**	(1,335,625)	(5,433,322)
Temporary differences	**6,246,630**	**25,529,977**	1,441,580	5,864,347
Estimated tax at the rate of 20% (A)	**11,875,792**	**48,536,362**	11,331,042	46,094,679
Minimum tax at the rate of 1% of revenue (B)	**1,765,935**	**7,217,376**	1,414,943	5,755,988
Estimated current income tax expense (higher of A or B)	**11,875,792**	**48,536,362**	11,331,042	46,094,679

(b) Current tax liabilities

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
At beginning of the year	**11,664,774**	**47,522,289**	6,508,449	26,326,676
Current income tax	**13,125,117**	**53,642,353**	12,772,622	51,959,026
Income tax paid	**(13,175,186)**	**(53,846,985)**	(7,616,297)	(30,983,096)
Currency translation differences	**-**	**500,083**	-	219,683
At end of the year	**11,614,705**	**47,817,740**	11,664,774	47,522,289

(c) Deferred tax asset - net

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Deferred tax assets	**5,303,797**	**21,835,732**	3,838,230	15,636,949
Deferred tax liabilities	**(379,625)**	**(1,562,916)**	(163,383)	(665,622)
	4,924,172	**20,272,816**	3,674,847	14,971,327

The net movement of deferred taxes during the year was as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
At beginning of the year	3,674,847	14,971,327	2,233,267	9,033,565
Credited to profit or loss	1,249,325	5,105,991	1,441,580	5,864,347
Currency translation differences	-	195,498	-	73,415
	4,924,172	20,272,816	3,674,847	14,971,327

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

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Unamortised loan processing fees	**1,609,807**	**6,627,575**	1,607,940	6,550,748
Impairment loss allowance	**2,053,320**	**8,453,518**	1,237,758	5,042,626
Employee benefits	**505,794**	**2,082,354**	403,081	1,642,152
Interest payable to related parties	**834,865**	**3,437,139**	261,114	1,063,778
Leases	**228,040**	**938,841**	166,302	677,514
Unrealised foreign exchange losses/(gains)	**71,971**	**296,305**	162,035	660,131
Depreciation of property and equipment	**(379,625)**	**(1,562,916)**	(163,383)	(665,622)
	4,924,172	**20,272,816**	3,674,847	14,971,327

(d) Tax contingencies

On 09 December 2020, the Bank received a notification letter from the GDT to conduct a tax audit for the 2018 fiscal year's profit tax and withholding taxes. Subsequently, the Bank has received the initial tax reassessment from the GDT on 30 November 2021. The Bank filed an administrative protest on 06 January 2022. On 20 July 2022, the Bank has received again a reassessment letter from GDT with the same amount as in the initial reassessment. On 23 August 2022, the Bank submitted again a protest letter to provide additional support for this reassessment. As at 31 December 2022, there has been no further response from GDT on these protests yet. The Management believes that the likelihood for payment of the reassessed tax is remote.

On 06 August 2021, the Bank has received a notification letter form the GDT to conduct a tax audit for the year 2019. As at the date of this report, neither an initial nor final assessment has been issued to the Bank.

On 26 April 2022, the Bank has received a notification letter from the GDT to conduct a tax audit for the years 2020 and 2021. As at the date of this report, neither an initial nor final assessment has been issued to the Bank.

32 Additional notes to the statement of cash flows

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

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Cash on hand	**12,238,185**	**50,384,608**	11,469,663	46,727,407
Balances with the NBC*	**14,991,537**	**61,720,158**	15,776,965	64,275,356
Balances with other banks**	**17,375,350**	**71,534,316**	18,652,441	75,990,045
	44,605,072	**183,639,082**	45,899,069	186,992,808

(*) Excluded from the balances with the NBC are capital guarantees and reserve requirements as mentioned in note 8.

(**) Excluded from the balances with other banks are term deposits with maturity date of more than 3 months from the date of acquisition amounting to USD104,023,889 (2021: USD95,946,436).

During the year, the non-cash financing transaction of the Bank includes additional right-of-use assets amounting to USD5,438,145 (2021: USD6,169,451).

33 Related party transactions and balances

a) Related parties and relationship

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

Related parties	Relationship
Woori Bank	Ultimate parent company
Affiliates	All entities under the same ultimate parent company
Board of Directors	Persons overseeing the activities of the Bank
Key management	The key management personnel are those participating in the administration, direction, management, or the design and implementation of the internal controls of the Bank. The key management personnel of the Bank include all EXCO members appointed by the Board of Directors.

b) Significant transactions and balances with related parties are as follows:

i. Borrowings and transactions with affiliates:

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Borrowings	**606,374,329**	**2,496,443,112**	539,505,568	2,197,945,684

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Proceeds from borrowings	**252,500,000**	**1,031,967,500**	468,700,000	1,906,671,600
Repayments of principal	**(185,631,239)**	**(758,674,874)**	(253,529,633)	(1,031,358,547)
Interest expense	**22,045,639**	**90,100,527**	7,385,919	30,090,234

ii. Directors and key management remuneration:

	Year ended 31 December 2022		Year ended 31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Directors				
Fee and related expenses	**27,895**	**114,007**	25,953	105,577
Key Management				
Salaries and other short-term benefits	**1,282,783**	**5,242,734**	1,200,809	4,884,891

34 Financial risk management

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Asset and Liability Management Committee ("ALCO") and Risk Management Committee to formulate broad parameters of acceptable risk for the Bank and monitor the activities against these parameters. The risk management policy is approved by the Board of Directors.

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. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities.

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

34.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank's main income-generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans to customers. The Bank considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

a. Credit risk management

The Bank's Credit Committee together with Credit Analysis and Approval, Loan Policy, Loan Recovery, Loan Review, Business Development, Risk Management, and Finance and Accounting Departments are responsible for managing the Bank's credit risk by:

- Ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Bank's stated policies and procedures, CIFRS, and relevant supervisory guidance.
- Identifying, assessing, and measuring credit risk across the Bank, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers, and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Bank's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Bank's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information, and the method used to measure ECL.
- Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools, and data to assess credit risk and to account for ECL. Providing advice, guidance, and specialist skills to business units to promote best practices throughout the Bank in the management of credit risk.

b. Incorporation of forward-looking information

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

The Bank formulates three economic scenarios: a baseline, bad and good cases.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as Economic Intelligent Unit.

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

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

c. Significant increase in credit risk

As explained in Note 4.4, the Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank uses number of days past due as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by its borrower's business sector. The table below provides a summary of the Bank's internal credit risk grades.

	2022			2021		
Sector of loans	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	PD			PD		
Agriculture	1.37%	40.15%	100%	0.71%	44%	100%
Household/Family	1.63%	47.35%	100%	0.68%	39%	100%
Manufacturing	1.47%	38.18%	100%	1.08%	41%	100%
Services	1.35%	42.91%	100%	1.23%	54%	100%
Trade and commerce	1.24%	40.11%	100%	0.74%	46%	100%
Transportation	1.15%	41.73%	100%	0.84%	46%	100%
Others	0.26%	14.48%	100%	0.26%	28%	100%
Average	1.21%	37.84%	100%	0.79%	43%	100%

The Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrates otherwise. The credit-impaired financial asset is defined as having repayment default of over 90 days.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes more than 30 days past due.

The Bank has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may be moved back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

The key drivers for credit risk on loan portfolios are Cambodia's gross domestic products, imports of goods and services, consumer price index, private consumption, government consumption, gross fixed investment, and exports of goods and services.

Based on the forward-looking information analysis, the impact of macro-economic on ECL calculation is not highly correlated, thus the Management decided not to incorporate adjustment of forward-looking PD into ECL calculation.

d. Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

These figures are generally derived from internally developed statistical models and other historical data.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. LGD models for unsecured assets consider time of recovery, recovery rates, and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that is permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments, and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

The Bank measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk and not a longer period. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. For such financial instruments, the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Bank does not enforce in the normal day-to-day management of the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are canceled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

The ECL calculation for accounting purposes is different from the ECL calculation for regulatory purposes, although many inputs used are similar. The Bank has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes. The main differences between the methodologies used to measure ECL in accordance with CIFRS 9 versus the ones applied for regulatory purposes are:

- Percentage of provision by classification based on short/long term loan
- Number of days past due
- Forward-looking of macro-economic factor
- Probability of default and historical recovery rate

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk, it can be necessary to perform the assessment on a collective basis as noted below.

The COVID-19 outbreak on the economic growth resulting the economic variables that were used in the models being out of the bounds for which CIFRS 9 models had been built and recalibrated to operate. This resulted from CIFRS 9 models not commensurate with the accurate outcomes under the COVID-19 condition. Hence, the post-model overlays based on a sensitive analysis and the Bank's senior management's judgment were necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

The Management provides post-model overlays or adjustments as at 31 December 2022 by including adjustments in the PD rates.

e. COVID-19 overlays

COVID-19 overlay represents adjustments in relation to data and model limitations as a result of the COVID-19 economic disruption. The adjustments are based on a combination of portfolio level credit risk analysis and an evaluation of ECL coverage at an exposure level. This also includes the effect of government and other support program. Considerations included the potential severity and duration of the economic disruption and the heightened credit risk of specific sectors and loan classes or segments. The impact of post-model adjustments made in estimating the reported ECL as at December 31, 2022 and 2021 follows:

	31 December 2022	31 December 2021
Agriculture	**0.67%**	0%
Household/Family	**1.05%**	0.32%
Manufacturing	**0.64%**	0.39%
Services	**0.83%**	1.01%
Trade and commerce	**0.68%**	0.29%
Transportation	**0.58%**	0.52%
Others	**0%**	0%

f. Groupings based on shared risks characteristics

The Bank has defined four main segments for PD calculation which have similar risk behaviours based on analysis of roll rates, as shown in the table below. These segments are:

- Agriculture
- Household/Family
- Manufacturing
- Services
- Trade and commerce
- Transportation
- Others

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

g. Concentration of credit risk

An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Balances with banks at amortised cost				
Concentration by sector:				
Financial institution	**131,600,533**	**541,799,394**	122,806,001	500,311,648
Loans to customers at amortised cost				
Concentration by sector:				
Agriculture	**287,805,468**	**1,184,895,112**	248,265,404	1,011,433,256
Trade and commerce	**196,777,308**	**810,132,177**	134,864,521	549,438,059
Services	**147,743,924**	**608,261,735**	107,129,434	436,445,314
Household	**477,349,096**	**1,965,246,228**	375,331,135	1,529,099,044
Transportation	**55,883,845**	**230,073,790**	53,738,994	218,932,662
Others	**17,764,426**	**73,136,142**	8,503,999	34,645,291
	1,183,324,067	**4,871,745,184**	927,833,487	3,779,993,626

h. Credit quality analysis

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating, and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2022				
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	KHR'000
Balances with other banks:					
Normal	131,600,533	-	-	131,600,533	541,799,394
Loss allowance	(166,171)	-	-	(166,171)	(684,126)
Carrying amount	131,434,362	-	-	131,434,362	541,115,268
Loans to customers:					
Normal	1,130,514,914	122,454	2,259,558	1,132,896,926	4,664,136,644
Special mention	26,704,592	3,151,907	148,144	30,004,643	123,529,115
Substandard	3,024,529	302,858	3,619,003	6,946,390	28,598,288
Doubtful	778,286	3,153	6,915,251	7,696,690	31,687,273
Loss	789,634	198,526	4,791,258	5,779,418	23,793,864
	1,161,811,955	3,778,898	17,733,214	1,183,324,067	4,871,745,184
Loss allowance	(11,065,874)	(1,070,011)	(9,935,726)	(22,071,611)	(90,868,823)
Carrying amount	1,150,746,081	2,708,887	7,797,488	1,161,252,456	4,780,876,361
Credit commitments and financial guarantee:					
Normal	2,304,959	-	-	2,304,959	9,489,516
Loss allowance	(22,505)	-	-	(22,505)	(92,653)
Carrying amount	2,282,454	-	-	2,282,454	9,396,863

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	KHR'000
Balances with other banks:					
Normal	122,806,001	-	-	122,806,001	500,311,648
Loss allowance	(153,549)	-	-	(153,549)	(625,559)
Carrying amount	122,652,452	-	-	122,652,452	499,686,089
Loans to customers:					
Normal	906,534,759	-	41,006	906,575,765	3,693,389,666
Special mention	11,983,289	2,316,919	193,410	14,493,618	59,047,000
Substandard	970,701	224,458	1,769,754	2,964,913	12,079,056
Doubtful	185,589	17,170	1,321,205	1,523,964	6,208,629
Loss	97,730	103,813	2,073,684	2,275,227	9,269,275
	919,772,068	2,662,360	5,399,059	927,833,487	3,779,993,626
Loss allowance	(5,210,899)	(797,989)	(3,333,409)	(9,342,297)	(38,060,518)
Carrying amount	914,561,169	1,864,371	2,065,650	918,491,190	3,741,933,108

This table summarises the loss allowance as of the year end by class of exposure/asset.

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Loss allowance by classes				
Balances with other banks	**(166,171)**	**(684,126)**	(153,549)	(625,559)
Loans to customers	**(22,071,611)**	**(90,868,823)**	(9,342,297)	(38,060,518)
Credit commitments and financial guarantee	**(22,505)**	**(92,653)**	-	-
	(22,260,287)	**(91,645,602)**	(9,495,846)	(38,686,077)

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

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	KHR'000
Loss allowance – Balances with other banks					
Loss allowance at 01 January 2021	(64,591)	-	-	(64,591)	(261,271)
Changes in loss allowance:					
Increase due to change in credit risk	(88,958)	-	-	(88,958)	(362,415)
Currency translation differences	-	-	-	-	(1,873)
Loss allowance at 31 December 2021	(153,549)	-	-	(153,549)	(625,559)
Loss allowance - Loans to customers					
Loss allowance at 01 January 2021	(3,278,173)	(140,330)	(1,018,545)	(4,437,048)	(17,947,859)
Changes in loss allowance:					
- Transfer to stage 1	(60,078)	13,219	46,859	-	-
- Transfer to stage 2	8,929	(10,204)	1,275	-	-
- Transfer to stage 3	18,540	81,450	(99,990)	-	-
Net re-measurement of loss allowances and others	442,894	(453,071)	(2,103,702)	(2,113,879)	(8,611,943)
Write-off	-	-	804,012	804,012	3,275,545
New financial assets originated	(3,669,886)	(329,495)	(874,526)	(4,873,907)	(19,739,202)
Financial assets derecognised	1,326,875	40,442	(88,792)	1,278,525	5,208,711
Currency translation differences	-	-	-	-	(128,675)
Loss allowance at 31 December 2021	(5,210,899)	(797,989)	(3,333,409)	(9,342,297)	(38,060,518)

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

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
	USD	**USD**	**USD**	**USD**	**KHR'000**
Loans to customers					
Gross carrying amount at 01 January 2022	**919,772,068**	**2,662,360**	**5,399,059**	**927,833,487**	**3,779,993,626**
Changes in gross carrying amount:					
- Transfer to stage 1	**(264,906)**	**(74,540)**	**(40,226)**	**(379,672)**	**(1,563,110)**
- Transfer to stage 2	**(2,918,446)**	**2,918,446**	**-**	**-**	**-**
- Transfer to stage 3	**(13,180,882)**	**(1,091,480)**	**14,272,362**	**-**	**-**
New financial assets originated	**736,135,712**	**1,521,581**	**2,612,512**	**740,269,805**	**3,047,690,787**
Financial assets derecognised	**(477,731,591)**	**(2,157,469)**	**(1,094,696)**	**(480,983,756)**	**(1,980,210,123)**
Write-off	**-**	**-**	**(3,415,797)**	**(3,415,797)**	**(14,062,836)**
Currency translation differences	**-**	**-**	**-**	**-**	**39,896,840**
Gross carrying amount at 31 December 2022	**1,161,811,955**	**3,778,898**	**17,733,214**	**1,183,324,067**	**4,871,745,184**
Loss allowance at 31 December 2022	**(11,065,874)**	**(1,070,011)**	**(9,935,726)**	**(22,071,611)**	**(90,868,823)**

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	KHR'000
Loans to customers					
Gross carrying amount at 01 January 2021	621,245,312	435,868	1,457,976	623,139,156	2,520,597,886
Changes in gross carrying amount:					
- Transfer to stage 1	106,572	(42,256)	(64,316)	-	-
- Transfer to stage 2	(1,663,712)	1,665,343	(1,631)	-	-
- Transfer to stage 3	(3,446,167)	(248,368)	3,694,535	-	-
New financial assets originated	740,351,358	782,178	766,801	741,900,337	3,018,050,571
Financial assets derecognised	(436,821,295)	69,595	349,706	(436,401,994)	(1,775,283,312)
Write-off	-	-	(804,012)	(804,012)	(3,270,721)
Currency translation differences	-	-	-	-	19,899,202
Gross carrying amount at 31 December 2021	919,772,068	2,662,360	5,399,059	927,833,487	3,779,993,626
Loss allowance at 31 December 2021	(5,210,899)	(797,989)	(3,333,409)	(9,342,297)	(38,060,518)

Under the Bank's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes more than 30 days past due. This is the case mainly for loans to customers. The table below provides an analysis of the gross carrying amount of loans to customers by past due status.

	31 December 2022		31 December 2021	
	Gross carrying amount	**Loss allowance**	Gross carrying amount	Loss allowance
	USD	**USD**	USD	USD
Loans to customers:				
0-30 days	**1,167,396,878**	**(12,899,324)**	920,568,392	(5,533,691)
31-60 days	**2,034,316**	**(613,668)**	1,409,804	(444,140)
61-90 days	**1,666,033**	**(522,264)**	1,338,228	(409,233)
91-180 days	**4,191,523**	**(2,776,889)**	2,510,036	(1,700,234)
More than 180 days	**8,035,317**	**(5,281,971)**	2,007,027	(1,254,999)
Total	**1,183,324,067**	**(22,094,116)**	927,833,487	(9,342,297)
In KHR'000 equivalents	**4,871,745,184**	**(90,961,476)**	3,779,993,626	(38,060,518)

As shown above, the Bank's maximum exposure is significantly derived from loans to customers. Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from its loans. In order to mitigate the exposure of credit risk arising from loans, all loan size limits must not exceed 50% of estimated saleable value of the pledged collateral, except for other loans authorized by Management Credit Committee wherein the loan to collateral value exceed 50%. As at 31 December 2022, approximately 95.08% (2021: 98.29%) of these loans and advances, gross, are collateralised.

i. Collateral held as security and other credit enhancements

The Bank holds residential properties as collaterals for majority of loans, and the collaterals include land, house, building, and other immovable assets. The Bank's policy is to fund up to 75% of the collateral value. There was no change in the Bank's collateral policy during the year.

34.2 Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument, will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates and currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates, and equity prices.

i Market risk management

The Bank's market risk management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

As with liquidity risk, ALCO is responsible for ensuring the effective management of market risk throughout the Bank. Specific levels of authority and responsibility in relation to market risk management have been assigned to appropriate market risk committees.

The core market risk management activities are:

- the identification of all key market risks and their drivers;
- the independent measurement and evaluation of key market risks and drivers;
- the use of results and estimates as the basis for the Bank's risk/return-oriented management; and
- monitoring risks and reporting on them.

The Bank uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Quantitative limits for fair value and net income sensitivities, stress tests, scenario analyses, and ratios on economic capital are used to enforce the Bank's market risk appetite. The quantitative and qualitative factors limiting market price risk are determined by the Management ALCO by reference to the Bank's management of economic capital. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates, in collaboration with the finance function, potential financial losses, and defines proposals for further action, which are discussed with the market units. Risk concentrations are restricted directly with specific limits or are indirectly avoided using the limit structure described above. Market risk reports reflecting the Bank's exposures, risk concentrations, stress test results are reviewed on a daily basis. Appropriate actions are taken when needed, including revisiting the market risk management policies and relative limits to ensure that the Bank's market risk management objective is met.

The Bank's exposure to market risk pertains to non-trading portfolios.

There has been no change to the Bank's exposure to market risks or the manner in which these risks are managed and measured.

a Foreign exchange risk

The Bank operates in the Kingdom of Cambodia and transacts in USD, KHR, and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Bank's functional currency.

The balances in monetary assets and liabilities denominated in their respective currencies were as follows:

	31 December 2022				
	USD	KHR	THB	Total	
	USD	USD	USD	USD	KHR'000
On-the statement of financial position					
Financial assets					
Cash on hand	8,927,399	2,692,816	617,970	12,238,185	50,384,608
Balances with the NBC	90,383,756	9,164,323	-	99,548,079	409,839,441
Balances with other banks	127,346,408	4,066,658	21,296	131,434,362	541,115,268
Loans to customers	1,001,699,633	152,561,059	6,991,764	1,161,252,456	4,780,876,361
Investment securities	15,353	-	-	15,353	63,208
Other assets	340,536	191,214	224,341	756,091	3,112,827
Total financial assets	1,228,713,085	168,676,070	7,855,371	1,405,244,526	5,785,391,713
Financial liabilities					
Deposits from customers	308,944,635	41,597,920	2,921,917	353,464,472	1,455,213,231
Borrowings	-	128,431,315	-	128,431,315	528,751,724
Amounts due to related parties	606,374,329	-	-	606,374,329	2,496,443,112
Lease liabilities	12,652,171	-	-	12,652,171	52,088,988
Other liabilities	5,247,436	258,987	835	5,507,258	22,673,381
Total financial liabilities	933,218,571	170,288,222	2,922,752	1,106,429,545	4,555,170,436
Off-balance sheet					
Credit commitments	1,550,225	716,571	-	2,266,796	9,332,399
Financial guarantee contract	15,658	-	-	15,658	64,464
Total financial assets	1,565,883	716,571	-	2,282,454	9,396,863

	31 December 2021				
	USD	KHR	THB	Total	
	USD	USD	USD	USD	KHR'000
On-the statement of financial position					
Financial assets					
Cash on hand	8,477,559	2,376,887	615,217	11,469,663	46,727,407
Balances with the NBC	73,734,014	9,621,524	-	83,355,538	339,590,462
Balances with other banks	117,559,233	5,093,219	-	122,652,452	499,686,089
Loans to customers	779,297,469	131,134,171	8,059,550	918,491,190	3,741,933,108
Investment securities	15,353	-	-	15,353	62,548
Other assets	681,216	139,645	450,967	1,271,828	5,181,427
Total financial assets	979,764,844	148,365,446	9,125,734	1,137,256,024	4,633,181,041
Financial liabilities					
Deposits from customers	175,146,515	40,567,881	1,740,765	217,455,161	885,912,326
Borrowings	-	100,308,125	-	100,308,125	408,655,301
Amounts due to related parties	539,505,568	-	-	539,505,568	2,197,945,684
Lease liabilities	9,764,532	-	-	9,764,532	39,780,703
Other liabilities	6,190,472	188,675	1,102	6,380,249	25,993,134
Total financial liabilities	730,607,087	141,064,681	1,741,867	873,413,635	3,558,287,148

ii Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value 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.

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. The Bank manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

The Bank has no significant financial assets and liabilities with floating interest rates. Balances with the NBC and with banks earn fixed interest for the period of the deposit and placement, and loans to customers earn fixed interest based on outstanding balance over the agreed term. Therefore, no sensitivity analysis for interest rate risk was presented.

The following is a summary of the Bank's interest rate gap position on non-trading portfolios. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank's statement of financial position based on the maturity date if fixed rate.

31 December 2022	**Up to 1 month**	**>1–3 months**	**>3–12 months**	**1–5 years**	**Over 5 years**	**Non-interest sensitive**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Financial assets							
Cash on hand	-	-	-	-	-	12,238,185	12,238,185
Balances with the NBC	-	50,345	151,509	-	17,590,000	81,756,225	99,548,079
Balances with other banks	5,972,480	7,137,765	76,685,417	27,172,652	-	14,466,048	131,434,362
Loans to customers	1,067,553	2,374,364	49,581,428	797,265,930	310,963,181	-	1,161,252,456
Investment securities	-	-	-	15,353	-	-	15,353
Other assets	-	-	-	-	-	756,091	756,091
	7,040,033	9,562,474	126,418,354	824,453,935	328,553,181	109,216,549	1,405,244,526
Financial liabilities							
Deposits from customers	79,399,522	58,603,817	195,869,530	19,406,920	184,683	-	353,464,472
Borrowings	4,861,596	12,638,923	71,937,115	38,993,681	-	-	128,431,315
Amounts due to related parties	2,552,469	3,059,739	244,871,946	355,890,175	-	-	606,374,329
Lease liabilities	2,522	13,838	156,750	3,759,176	8,719,885	-	12,652,171
Other liabilities	-	-	-	-	-	5,507,258	5,507,258
	86,816,109	74,316,317	512,835,341	418,049,952	8,904,568	5,507,258	1,106,429,545
Total interest re-pricing gap	(79,776,076)	(64,753,843)	(386,416,987)	406,403,983	319,648,613	103,709,291	298,814,981
In KHR'000 equivalent	(328,438,105)	(266,591,572)	(1,590,878,735)	1,673,165,198	1,315,993,340	426,971,151	1,230,221,277
Off-balance sheet							
Credit commitments	-	-	-	-	-	2,266,796	2,266,796
Financial guarantee contract	-	-	-	-	-	15,658	15,658
Total in USD	-	-	-	-	-	2,282,454	2,282,454
In KHR'000 equivalent	-	-	-	-	-	9,396,863	9,396,863

31 December 2021	Up to 1 month	>1–3 months	>3–12 months	1–5 years	Over 5 Years	Non-interest sensitive	Total
	USD	USD	USD	USD	USD	USD	USD
Financial assets							
Cash on hand	-	-	-	-	-	11,469,663	11,469,663
Balances with the NBC	-	-	200,000	-	17,590,000	65,565,539	83,355,539
Balances with other banks	5,852,517	5,000,000	68,805,000	25,750,000	-	17,244,935	122,652,452
Loans to customers	12,375,561	2,071,846	23,628,704	724,798,393	164,958,983	-	927,833,487
Investment securities	-	-	-	15,353	-	-	15,353
Other assets	-	-	-	-	-	1,271,828	1,271,828
	18,228,078	7,071,846	92,633,704	750,563,746	182,548,983	95,551,964	1,146,598,321

Financial liabilities							
Deposits from customers	52,066,874	32,361,077	104,505,001	28,233,357	288,852	-	217,455,161
Borrowings	3,934,978	8,849,029	55,982,896	31,541,222	-	-	100,308,125
Amounts due to related parties	-	420,280,249	119,225,319	-	-	-	539,505,568
Lease liabilities	3,529	8,894	109,127	4,172,638	5,470,344	-	9,764,532
Other liabilities	-	-	-	-	-	6,380,249	6,380,249
	56,005,381	461,499,249	279,822,343	63,947,217	5,759,196	6,380,249	873,413,635
Total interest re-pricing gap	(37,777,303)	(454,427,403)	(187,188,639)	686,616,529	176,789,787	89,171,716	273,184,686
In KHR'000 equivalent	(153,904,732)	(1,851,337,240)	(762,606,515)	2,797,275,739	720,241,592	363,285,571	1,112,954,411

34.3 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.

Management monitors liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and projection for the next day, week, and month, respectively, as these are key periods for liquidity management. Management monitors the movements of the main depositors and projection of their withdrawals.

The following tables present an analysis of the liabilities of the Bank by relevant maturity based on the remaining period at the statement of financial position date to the contractual or estimated maturity dates.

	Up to 1 month	>1–3 months	>3–12 months	1–5 years	Over 5 Years	Total
	USD	USD	USD	USD	USD	USD
31 December 2022						
Financial liabilities						
Deposits from customers	**79,864,164**	**59,215,449**	**209,029,568**	**20,325,065**	**227,080**	**368,661,326**
Borrowings	**5,370,386**	**14,188,093**	**71,989,690**	**40,567,732**	**-**	**132,115,901**
Amounts due to related parties	**6,249,498**	**8,035,463**	**263,500,348**	**364,671,208**	**-**	**642,456,517**
Lease liabilities	**255,134**	**510,268**	**2,296,206**	**8,202,983**	**5,374,335**	**16,638,926**
Other liabilities	**2,099,359**	**2,619,699**	**556,899**	**219,160**	**12,141**	**5,507,258**
Total financial liabilities	**93,838,541**	**84,568,972**	**547,372,711**	**433,986,148**	**5,613,556**	**1,165,379,928**
In KHR'000 equivalent	**386,333,273**	**348,170,458**	**2,253,533,451**	**1,786,720,971**	**23,111,010**	**4,797,869,163**
Off-balance sheet items:						
Credit commitments	-	-	2,266,796	-	-	2,266,796
Financial guarantee	-	15,658	-	-	-	15,658
Total off-balance sheet exposures	-	15,658	2,266,796	-	-	2,282,454
In KHR'000 equivalent	-	64,464	9,332,399	-	-	9,396,863

The Bank performs maturity analyses for financial liabilities that shows the remaining contractual maturities. The Bank also monitors the assets held to manage liquidity risk on a continuous basis and it could obtain temporary fund from the overdraft facilities with other banks anytime it encounters liquidity problem.

Liquidity reserves
The Bank maintains a pool of liquid assets which represents the primary source of liquidity in stress scenarios. Its composition is subject to limits designed to reduce concentration risks which are monitored on an ongoing basis.

The Bank's liquidity reserves are analysed below:

	31 December 2022		31 December 2021	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	USD	**USD**	USD	USD
Cash on hand	**12,238,185**	**12,238,185**	11,469,663	11,469,663
Balances with the NBC*	**14,991,537**	**14,991,537**	15,776,965	15,776,965
Balances with other banks	**131,434,362**	**131,434,362**	122,652,452	122,652,452
Undrawn credit lines	**151,686,325**	**1,161,252,456**	123,582,032	123,582,032
	310,350,409	**1,319,916,540**	273,481,112	273,481,112
In KHR'000 equivalent	**1,277,712,634**	**5,434,096,395**	1,114,162,050	1,114,162,050

**Balances with the NBC does not include statutory deposits.*

Financial assets to support future funding

	Up to 1 month	>1–3 months	>3–12 months	1–5 years	Over 5 Years	
	USD	USD	USD	USD	USD	USD
31 December 2021						
Financial liabilities						
Deposits from customers	53,347,639	32,204,908	106,521,781	30,062,026	341,532	222,477,886
Borrowings	3,328,715	7,091,291	63,196,117	34,078,789	-	107,694,912
Amounts due to related parties	503,143	1,758,569	185,476,010	366,042,418	-	553,780,140
Lease liabilities	210,809	421,619	1,897,285	6,702,283	3,335,473	12,567,469
Other liabilities	2,184,002	3,519,283	282,841	183,997	210,126	6,380,249
Total financial liabilities	59,574,308	44,995,670	357,374,034	437,069,513	3,887,131	902,900,656
In KHR'000 equivalent	242,705,731	183,312,360	1,455,941,815	1,780,621,196	15,836,172	3,678,417,273

	Encumbered		Unencumbered			
	Pledged as collateral (i)	Other (ii)	Available as collateral (iii)	Others (iv)	Carrying amount	Carrying amount
	USD	USD	USD	USD	USD	KHR'000
31 December 2022						
Cash on hand	**-**	**-**	**-**	**12,238,185**	**12,238,185**	**50,384,608**
Balances with the NBC	**201,737**	**84,556,542**	**-**	**14,789,800**	**99,548,079**	**409,839,441**
Balances with other banks	**114,225,183**	**-**	**-**	**17,209,179**	**131,434,362**	**541,115,268**
Loans to customers	**-**	**-**	**-**	**1,161,229,951**	**1,161,229,951**	**4,780,783,708**
Other assets	**-**	**-**	**-**	**756,091**	**756,091**	**3,112,827**
	114,426,920	**84,556,542**	**-**	**1,206,223,206**	**1,405,206,668**	**5,785,235,852**
31 December 2021						
Cash on hand	-	-	-	11,469,663	11,469,663	46,727,407
Balances with the NBC	200,000	67,578,573	-	15,576,965	83,355,538	339,590,462
Balances with other banks	104,153,560	-	-	18,498,892	122,652,452	499,686,089
Loans to customers	-	-	-	918,491,190	918,491,190	3,741,933,108
Other assets	-	-	-	1,271,828	1,271,828	5,181,427
	104,353,560	67,578,573	-	965,308,538	1,137,240,671	4,633,118,493

i. This represents currency purchase from the NBC through its Liquidity Providing Collateralised Operation (LPCO) mechanism against the NCD.

ii. This represents assets that are not pledged but that the Bank believes it is restricted from using to secure funding, for legal or other reasons. This includes capital guarantee and reserve requirement.

iii. This represents assets that can be used as collateral to access secure funding.

iv. This represents assets that are not restricted for use as collateral, but that the Bank would not consider readily available to secure funding in the normal course of business.

34.4 Capital risk

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

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

The Bank's lead regulator, the NBC, sets and monitors capital requirements for the Bank and the banking industry in Cambodia.

Capital risk management

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

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

On 22 February 2018, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, all banking institutions shall comply with the provisions related to the capital conservation buffer (CCB) at least 50% of the conservation buffer by 01 January 2019 and fully comply by 01 January 2020. However, on 17 March 2020, the NBC has reduced the CCB to 50% amid the COVID-19 outbreak.

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

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

35 Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below presents the carrying value of the Bank's financial instruments by category based on the classification requirements of CIFRS 9:

	31 December 2022		31 December 2021	
	USD	**KHR'000**	USD	KHR'000
Financial assets				
Financial assets at fair value:				
Investment in equity securities	**15,353**	**63,208**	15,353	62,548
Financial assets at amortised cost:				
Cash on hand	**12,238,185**	**50,384,608**	11,469,663	46,727,407
Balances with the NBC	**99,548,079**	**409,839,441**	83,355,538	339,590,462
Balances with other banks, net	**131,434,362**	**541,115,268**	122,652,452	499,686,089
Other assets*	**756,091**	**3,112,827**	1,271,828	5,181,427
Loans to customers, net	**1,161,229,951**	**4,780,783,708**	918,491,190	3,741,933,108
	1,405,222,021	**5,785,299,060**	1,137,256,024	4,633,181,041
Financial liabilities				
Financial assets at amortised cost:				
Deposits from customers	**353,464,472**	**1,455,213,231**	217,455,161	885,912,326
Other liabilities**	**5,507,258**	**22,673,381**	6,380,249	25,993,134
Borrowings	**128,431,315**	**528,751,724**	100,308,125	408,655,301
Amounts due to related parties	**606,374,329**	**2,496,443,112**	539,505,568	2,197,945,684
Lease liabilities	**12,652,171**	**52,088,988**	9,764,532	39,780,703
	1,106,429,545	**4,555,170,436**	873,413,635	3,558,287,148

**Other assets only consist of security deposits refundable in cash.*
***Other liabilities do not include taxes payables which are not considered financial liabilities.*

The Bank's investment in securities represents investment in Credit Bureau Holding (Cambodia) Ltd. with 5% as equity cash investment and 1% through the Association of Banks in Cambodia. No fair value disclosures are provided for equity investment securities of USD15,353 (2021: USD15,353) that are measured at cost because their fair value cannot be reliably measured. The investment is neither redeemable nor transferrable and there is no market for them. The Bank do not intend to dispose these investments.

The fair value of borrowings, amounts due to related parties, and lease liabilities are estimated by discounting their expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Bank believes that the effective interest rates were not significantly different from the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration of the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings, amounts due to related parties, and lease liabilities approximates their carrying values at the reporting date.

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

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.

As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. Management believes that the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values. In making this assessment, Management assumes that loans to customers are mainly held to maturity with fair values equal to the book value of loans to customers adjusted for provision for loan losses, if any.

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.

36. Commitment and contingencies

The Bank has the contractual amounts for off-balance sheet financial instruments that commits it to extend credit to customers, guarantee and other facilities as follows:

Loan commitments, guarantees and other financial commitments

		31 December 2022
	USD	**KHR'000**
Unused portion of approved credit facilities	2,289,242	9,424,809
Performance and bankers' guarantees	15,717	64,707
	2,304,959	9,489,516
Credit commitments and financial guarantee	2,304,959	9,489,516

37. Events after reporting period

No other significant events occurred after the end of the reporting period and the date of authorisation of the financial statements which would require adjustments or disclosures to be made in the financial statements.

38. Authorisation of financial statements

The financial statements as at 31 December 2022 and for the year then ended were approved for issue by the Board of Directors on 27 March 2023.