2022 ANNUAL REPORT

CCU Commercial Bank Plc.

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I. Overview

1. About Us

CCU Commercial Bank Plc. is a full-fledged commercial bank where the Bank has got a full official license in April 2022 from National Bank of Cambodia.

Currently, our head office is located at No.15, Preah Monivong Blvd., Sangkat Boeung Trabek, Khan Chamkarmorn, Phnom Penh, Cambodia.

2. The Chairman's Message

Dear Stakeholders,

The overall Cambodia economic has been back on track from -3.0% in 2020 to growth of 3% and 5.3% in 2021 and 2022 respectively, based on ADB's forecast, which mainly due to the strong supports and covid-19 response policies and initiatives from Cambodian Government, National Bank of Cambodia, and various sectors especially banking sectors in providing funds to achieve such fast recovery and positive outlook.

In addition, the biggest challenge for most banks, including ours, is maintaining a high degree of competitiveness and differentiation given the evolving banking scenario. To accomplish our vision and mission, our Bank has stuck to our core values, professional practices, and customer service concept of 'See You Again' which entails a professionalism, sustainable strategies, new products and services development, and virtually improving every process of the Bank.

Business Performance

Despite the very challenging operating environment caused by the COVID-19 pandemic and being the new player in the market, CCU Bank's gross loans have reached **USD 18,000 thousand** as of 31 December 2022.

Business Strategy

CCU Bank is currently in pursuit of digital transformation, while continuously maintaining best-in-class services, putting efforts to provide greater service and experiences, and striving to respond quickly to the customers' needs. CCU Bank has constantly improved its product features and service delivery to cater to the diverse needs of customers and drives greater innovation to provide more convenience and higher efficiency for their banking needs. Besides, the Bank has dedicated itself to providing customized and personalized products and services to their customers based on their exclusive needs. The capacity to meet the evolving needs of customers and beyond their expectation has continued to shape CCU Bank's high level of service standard.

Head Office & Branch

In 2022, CCU Bank has 1 branch. CCU Bank has a strong commitment to provide efficient service and banking convenience to the customers had seen CCU Bank planning to expand its branch network in the near future.

Focus and Commitment

Despite the challenging operating conditions, CCU Bank has illustrated its ability to navigate through challenging times. CCU Bank continues to step up efforts to ensure that its corporate governance and risk management practices keep pace with the changing environment.

Our Appreciation

We would like to thank all stakeholders, including our customers and partners, in making CCU Bank to withstand and navigate through a first yet challenging year. We are also thankful to the Management and all employees for their efforts, supports, and dedications to making a better CCU Bank. Last but least, we would like to extend our deepest gratitude to National Bank of Cambodia and the relevant authorities for their guidance and support.

MR. CHEN BO
Chairman

3. The CEO's Message

Over the past two decades, Cambodia has undergone a significant transition, reaching lower middle-income status in 2015. Authorities aspire to attain upper middle-income status by 2030. Driven by garment exports and tourism, Cambodia's economy has sustained an average growth rate of 7.7%, according to World Bank data, between 1995 and 2018, making it among the fastest-growing economies in the world. The growth of the country remained remarkable until the covid pandemic struck the country in 2020 and ended the consecutive growing phenomenon of the country which led the country to experience the low economy growth of -3.0% in 2020. However, due to the strong supports and various initiatives for covid-affected businesses and individuals from National Government of Cambodia and National Bank of Cambodia, Cambodia was able to rebound the economy growth back to 3.0% in 2021 and estimated to have an accelerated growth onwards and get back to pre-covid growth rate in 2024 based on the World Bank projection. Based on ADB's forecast, the growth will be at 5.3% in 2022 and 6.5% in 2023 due to strong merchandise exports and foreign direct investment inflows. Our Bank has operated since Q2 of 2022 and we have performed well during the year despite coming late into the market. Our financial performance has been well with positive growth, in which generated overall promising performance.

This fast rebounding and high economic growth also mean that there will be more demands for loans to start up the businesses and personal needs to upgragde the lifestyles. By foreseeing those demands and trends, CCU Commercial Bank has been established to help Cambodian people and be at the side for their needs in term of personal, professional, and business. Cambodian people will have no more issue in accessing to funds for starting up their business, expanding existing ones, or even just to fulfill personal and daily needs. CCU Bank has stepped in to be the Bank that satisfies those needs and accompanies customer's life journey. CCU Bank has aimed to expand our footprint in the all over Cambodia in the near future in order to provide more supports to Cambodia in other areas. CCU Bank will be the first bank that comes up in Customers' mind as their companion in all life aspects from personal to professional to business.

Regardless of being the new player in the market, throughout the year, we have built our new head office and the first branch in Phnom Penh and the expansion of the Bank's IT infrastructure for the years to come. Our IT team has also successfully deployed world's leading solutions to improve access to the Bank's core banking system to boost the banking performance and customer experience. Our IT team is working to get more new and advanced technology into our Bank as to improve overall customer satisfaction. During the recovery period of 2022, we kept providing loans to local businesses to support their operations and growth as access to capital is vital at any time. This action indeed has played an important role in helping the economy.

Last but not least, we really thank you and hope to provide the excellent service and support to everyone who is in need to grow their business, to start up their business, or to upgrade their own lifestyles. We have all the products to help and to meet your need for your better future; hence, financing the future beyond banking. We are also committed to providing the services and products that live up to our CCU Bank's core values. **"See You Again"** will be the standard for our service with the emphasis to provide excellent and professional services to make customers happy and come back to our Bank again for continuous support and use of other services.

Thank you
CEO

4. Vision, Mission, and Core Values

Vision

To be a leading financial institution of choice for Cambodian through elite banking services, innovation, and technology.

Mission

To create value for our stakeholders beyond banking and wealth.

Core Values

Our staff will strictly hold the corporate values while professionally serving and carrying out various activities.

Below are our core values:

C

Customer-focused:
we are placing customers' needs as our main priority.

C

Community-and-charity-cause-based:
we are contributing back to society wherever and whenever is possible.

U

Upper customer service and care:
we are caring about the customers and serve them with better customer service experience.

B

Bold:
we are working to provide new services, products, and experiences to the market.

A

Accountable:
we are responsible for any activities we have carried out which will be abided by the laws and regulations and be transparent.

N

Nerve:
we have the nerve to do things differently to serve the customers better.

K

Knowledge-driven:
our staff are professional and dedicated with years of experiences in the industry.

5. Key Management Profiles

Mr. Kong Bun Norin

Chief Executive Officer

Mr. Norin has been a leader in banking sector of Cambodia including both the regulatory bodies and the private financial institutions for over 22 years.

His professional path started from financial institution examiner and supervision to global market and treasury services. Later, he began to establish and to operate a startup specialized bank standing as the executive board director; then was the executive committee member in the commercial and corporate banking; and later on, he was appointed to be CEO in a top five Fintech and Agent Banking (payment services provider).

Additionally, **Mr. Norin** has always kept up to date with technology since early 2010, and he has generated those experiences into a new market platform called digital financing. Furthermore, he is also the founder of a local well-known E-commerce market platform. He is also an expert in Strategic Deployment and Execution, Change Management, Governance, Compliance, Banking Regulatory, Risk Management, Commercial Lending Business, Structure Financing, FX management, Interbank Operations, and Trade Finance. With this variety of skills and being the cherished leadership, he is appointed to be the CEO of CCU Commercial Bank Plc.

Mr. Tian Tao

Chief Operation Officer

Mr. Tian Tao is the Chief Operation Officer of CCU Commercial Bank Plc. He's had professional jobs in the banking field for over 17 years and has a profound understanding of banking and finance.

He is familiar with financial regulations and policies, international business products and operating procedures of the banking industry; also, he has experiences in risk management, credit approval, interbank and capital business, product marketing skills, and good customer service awareness and skills, which can effectively establish customer trust to achieve product marketing and business cooperation.

In September 2022, he started his job at CCU Commercial Bank Plc, as a Chief Operation Officer. Presently, he has been taking responsibility for leading operation such as Core Banking Operations, HR Management, Marketing, Chinese Business, Administrative Management, developing the linking projects of big operations of the Bank, as well as driving the operations for CCU Commercial Bank Plc.

Mr. Tian Tao graduated with a bachelor's degree in Finance and Economics from Southwestern University of Finance and Economics.

Mr. Hoeung Sothol

Chief Technology Officer

Mr. Sothol is currently the Chief Technology Officer. He's had professional jobs in the banking field for over 18 years.

He has experiences in Core Banking System, Networks Security, Active-Active Data Center, Payment Gateway, and Open API, conducting research and other projects as well as strategic planning development. He spent nearly 15 years working at a top bank in Cambodia. In his job there, he participated in installing technology systems and organizing teams to meet the vision of the Bank.

In February 2019, he has started his job at CCU Commercial Bank Plc. as a Chief Technology Officer. Presently, he has been taking responsibility for leading systems such as Core Banking Systems, Network Infrastructures, developing the linking projects of big systems of the Bank, as well as driving the technology for CCU Commercial Bank Plc.

Mr. Sothol graduated with a Master and bachelor's degree in Computer Science and Engineering from Royal University of Phnom Penh of Cambodia. He also graduated with a bachelor's degree in Economic and Finance from Royal University of Law and Economics.

Mr. Chen Tong

Financial Controller

Mr. Chen Tong is the Financial Controller of CCU Commercial Bank Plc. He's had professional financial and auditing experiences in various international firms and in Deloitte China.

His auditing career has included Assurance Service experiences with Internet+, Education and Publication, Energy and Real Estate industry, etc., as well as non-assurance services such as Due Diligence and Agreed-upon Procedures. His professional role in the International Firm was managing subsidiaries in international trading, logistics, and energy. The scale of these companies can vary from Listed company in China, to start-up companies. Beneficial from the compound experiences, he is familiar with international accounting principles and strong in problem-solving in various complicated scenarios.

In December 2022, he started his job at CCU Commercial Bank Plc., and has been taking responsibility for finance and accounting policies and internal control building, budget control, and financial reporting.

Mr. Chen Tong graduated with a Master degree in Banking and Finance from Queen Mary, University of London, in November 2014. Prior to that, he graduated with a BSc degree in Accounting, Finance, and Management from the University of York (UK).

6. 2022 Business & Financial Highlights

CCU Bank has entered the market in 2022 and we are one of the Cambodia Premier banking institutions.

We offer the entire spectrum of products and services to customers within various industries from SMEs, businesses, and individuals.

Staff

39

Head Office

1

Share Capital
In Thousands USD

75,000

Total Asset
In Thousands USD

75,601

Total Loan (Net)
In Thousands USD

17,735

Gross Revenues
In Thousands USD

1,415

Net Worth
In Thousands USD

69,507

Solvency Ratio

92 %

7. Achievements in 2022

We got a full license from National Bank of Cambodia


KINGDOM OF CAMBODIA

Nation Religion King

NATIONAL BANK OF CAMBODIA

N° : B-64

LICENSE TO CARRY OUT BANKING OPERATIONS

THE NATIONAL BANK OF CAMBODIA

allows CCU COMMERCIAL BANK PLC. to carry out banking operations with head office at #15, Preah Monivong Blvd., Phum Phum 5 Sangkat Boeng Trabaek, Khan Chamkar Mon, Phnom Penh.

CCU COMMERCIAL BANK PLC. shall abide by the Law on Banking and Financial Institutions and all rules, regulations, circulars, and conditions issued by the National Bank of Cambodia.

Phnom Penh, April 29, 2022

Governor

Signed and sealed.

- This license is valid from the signing date.
- This license shall be displayed in public at all times.

Successfully Implemented the World-leading Core Banking System

During the first year of operations, our Bank has successfully launched the T24 core banking system with Temenos company. With T24 from Temenos, our systems are now more reliable, protected, and more accessible to customers. Our Bank has also set up various products and services, and besides, the Bank has launched the special account number system to provide customers with unique account number that they like and want.

Customers data privacy and security are of the main priority to us. Therefore, we have built and fully equipped a new standalone data center in Phnom Penh to securely store our data backups, improve the resilience of our IT platforms, and cover the expansion of the Bank's IT infrastructure for the years to come. The implementation of Cisco Network Access Control strengthened our cyber security, allowing the Bank to monitor which devices are trying to use the Bank's network and block unauthorized access. These ongoing IT and cybersecurity efforts were parts of our continuous plan to monitor, prevent and detect fraud, and maintain the security of our customers' information and the Bank's assets to ensure our customers' most secure banking experiences.

Milestones

Apr
2022

Commercial Bank Licensing

May
2022

Implementation of Core Banking System

Jul
2022

Successfully launched the Core Banking System

Dec
2022

Key Executives Onboarded

8. Business Operations Target

Financial perspective

Thanks to Cambodian Government's effort for making the country economy to the growing pace again, CCU Bank's business and profit performance had the good result for the first year of operations.

The Bank will continue its business strategy of focusing on meeting both the government laws and regulations and the needs of consumers, particularly the sectors that can push our economy to grow faster from real estate to farming, and so forth.

Customer perspective

'See You Again' will be the standard for our service with the emphasis to provide excellent and professional services to make customers happy and come back to our Bank again for continuous support and use of other services. With this in mind, we understand about the importance of excellent customer service in an intensely competitive banking and financing industry which is the key to our Bank in staying ahead of the competition.

The Bank will continue to place a high and significant commitment as to provide the international standards of customer service to our customers. We strongly believe that by following our standards of practices, we can deliver the best-in-class service to our customers and make them impressed and come back to have more services with us.

Information technology perspective

As customers are of highly importance to our Bank, our Bank is continuously adopting the latest technologies to provide both convenience and security for our customers' data. This will no doubt raise our customer service level to the new heights and achieve the 'See You Again' concept. The new and latest technologies are being deployed from time to time so that our customers feel safe and secured with all transactions with us.

Regarding the products and services part, the Bank has worked with world-class core banking vendors to stay on top of the country and catching up with all new trends in the world.

Human resource development

Our Human Resources Department is dedicated to the training and supporting employees for skills development and advancement as we believe that the key to the success of CCU Bank's "See You Again" service concept is merely the contribution from our staff. With the investment in our staff, we also believe that the excellence customer is only achievable if our staff play an active role in it.

Nevertheless, the Bank places and cares for the employees' needs and well-being. To satisfy and reward staffs on their performance, our Human Resources Department continuously promote both the personal and the professional growth of employees by planning to provide sponsorship on professional degree, language programs, and to offer low interest rates for housing, vehicle, and personal loans.

Significant operations plan for the following year

CCU Bank has high commitment to join various and latest initiatives of National Bank of Cambodia (NBC)'s such as the Bakong project, KH QR Code, NCSS, and much more in the upcoming year. We also incorporate the use of Khmer Riel and introduction of more Khmer Riel products and services per initiative from NBC as well. To fully support this, our Bank has embedded Khmer Riel version of the products and is actively incorporating the Khmer Riel features into all the new products and services of the Bank we are creating and developing. We are also promoting Khmer Riel loan and deposit accounts to our customers as the first choice of loan and savings product.

Our Bank also plans to form long term strategic partnerships with various institutions from financial and other key sectors which are contributing to the growth of the country as well. In order to connect more with our community, our Bank continues to develop our digital presence especially the social media by launching our new Website, LinkedIn, Facebook, Instagram, WeChat, and much more in the future.

9. Head Office

Currently, our head office is located at No. 15, Preah Monivong Blvd., Sangkat Boeung Trabek, Khan Chamkarmorn, Phnom Penh, Cambodia.

Our Contact Details

Phone : 023 900 777
Email : info@ccubank.com.kh
Website : www.ccubank.com.kh

Scan for Google Map

10. Our Products

Our core products are but not limited to:

- Premier Accounts
- Current Accounts
- Savings Accounts
- Fixed Deposit
- Business Loan
- Home Loan
- Car Loan
- Personal Loan

And many more exclusive privileges and personalized products and services for your exclusive needs.

11. Risk Management Principles

The core principle of the Bank's risk management is to ensure an integrated approach to managing both current and emerging threats or any significant risk exposure that would affect the banking operations. The function plays an essential role in supporting business development and execution, where our risk appetite and risk framework are used to balance between risk and return.

In 2022, since the startup of our banking operations, we have continuously improved our risk management framework and systems according to regulatory requirements from the National Bank of Cambodia and international best practices.

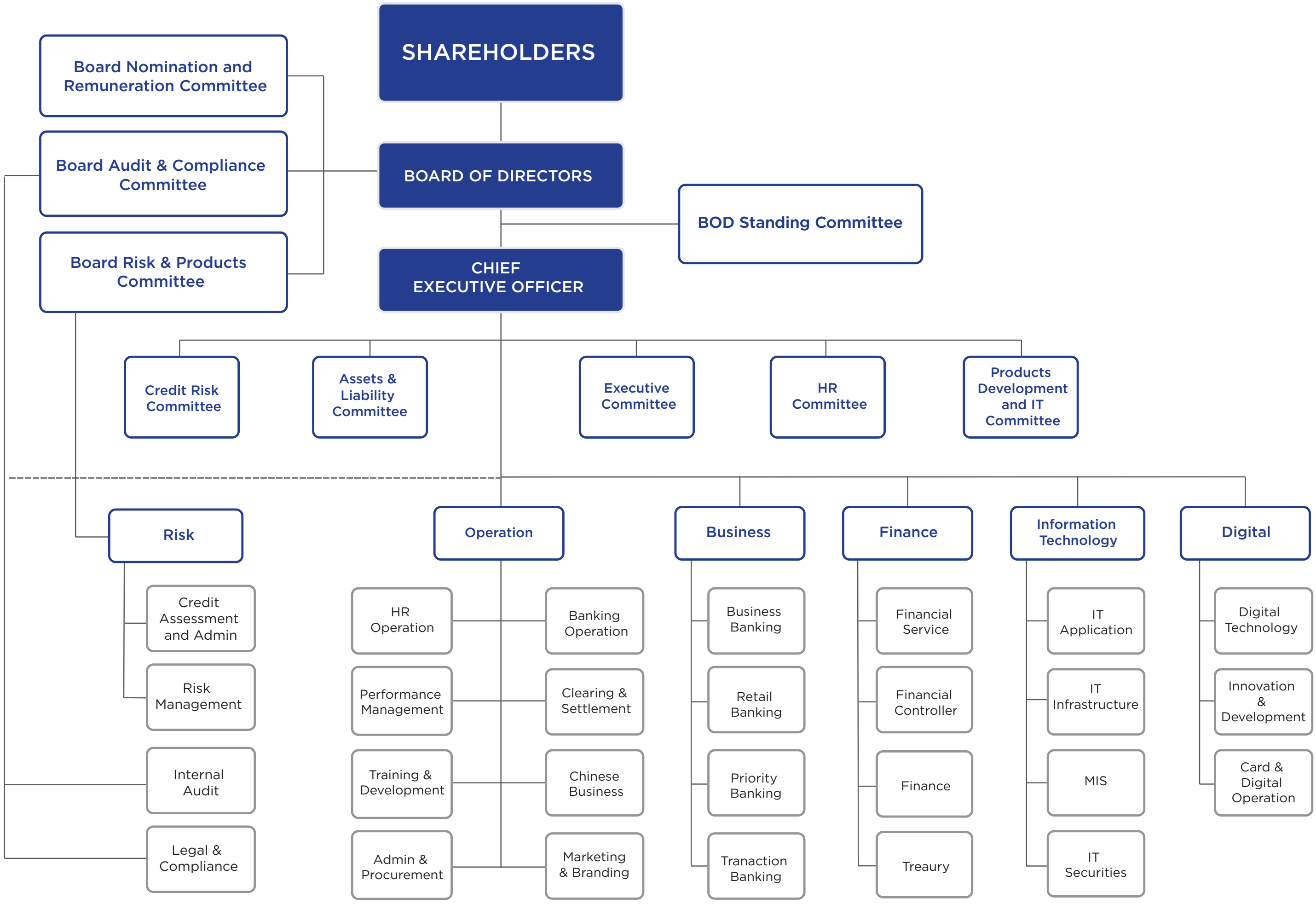
The key areas that we have focused on are :

- Implementing and rolling out the operational risk management with the focus on reviewing policies, procedures, and guidelines, and setting up the bank security, as it is of great importance to ensure business continuity without interruption, to ensure the accuracy of the internal and external reports, and to facilitate the internal work system for smoothness; overall, this will contribute to protecting both the Bank's physical and IT infrastructure.
- Credit Risk Management has focused on establishing a Credit Policy that is designed to govern the Bank's lending activities. Furthermore, the execution of lending activities is strictly governed by a Credit Policy that sets out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation, and procedures under which, a credit product will be assessed, offered, and measured. We also ensure a clear segregation of duties between loan originators, evaluators, and approving authorities.

Risk Management regularly monitors to ensure the protection of the Bank's assets and stringent internal control for building trust to relevant stakeholders and shareholders.

II. Corporate Structure

12. Organizational Structure



13. Corporate Governance

Key responsibilities of the Board

The key responsibilities of the Board include but are not limited to the following:

- Formulates CCU Bank's business plans and action plans on an annual basis in order to set the focus of CCU Bank's business in accordance with the prevailing economic and market environment.
- Approves CCU Bank's annual budget and reviews the action plans implemented by the Management to achieve business targets.
- Establishes strategies and significant policies relating to CCU Bank's business Operations.
- Reviews and monitors the Management's performance in implementing the strategies, business plans and targets, and policies as approved by the Board.
- Regular oversight of CCU Bank's business operations and performance by reviewing of management reports on the progress of business operations.
- Reviews and approves CCU Bank's financial statements.
- Prescribes the minimum standards and establishes policies on the management of credit risks and other key areas of CCU Bank's operations.
- Ensures that the infrastructure, internal controls, and risk management processes are well in place to assess and manage business risks inter alia operational, credit, market and liquidity risks, and ensures that they are implemented consistently.
- Carries out various functions and responsibilities laid down by National Bank of Cambodia (NBC) in the guidelines and directives that are issued by NBC from time to time.

The Board Committees

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

- Board Nomination and Remuneration Committee
- Board Audit and Compliance Committee
- Board Risk and Products Committee
- Board Standing Committee

Board meetings and supply of information

Board meetings are held at least 4 times a year. Reports on the progress of CCU Bank's business operations prepared by the Bank's management team are tabled for review by members of the Board. At these Board meetings, the members of the Board also evaluate business propositions and corporate proposals that require the Board's approval owing to statutory requirements or because of significant financial impact on the Bank.

The agenda for every Board meeting, together with comprehensive management reports, proposal papers, and supporting documents are furnished to all the Directors for their perusal well in advance of the Board meeting date, so that the Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision-making by the Directors.

Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting.

The Directors are regularly updated and advised by the Secretary of the Board on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors, including policy guidelines issued by NBC that concern CCU Bank. Every member of the Board has ready and unrestricted access to the advice and services of the Secretary, and the Directors have the liberty to seek external professional advice if so required by them.

Internal controls responsibility

The Board of the Bank is responsible for the adequacy and effectiveness of the Bank's system of internal controls. The Board ensures that the system manages the Bank's key areas of risk within an acceptable risk profile to increase the likelihood that the Bank's policies and business objectives will be achieved. The Board continually reviews the system to ensure that this system of internal controls provides a reasonable but not absolute assurance against any material misstatement of management and financial information and records or against any financial losses or fraud.

The Board has established an on going process for identifying, evaluating, and managing the significant risks faced by the Bank, and this process is included enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation, and monitoring of suitable internal controls to mitigate and control these risks.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Bank's assets.

Key internal control processes

(i) BOD Standing Committee was established to formulate and monitor the annual business strategic plan and for the subsequent years of the Bank implementation and to ensure effective general management and management of the fund, achieve higher profitability and maintain the prestige and reputation of the Bank on the financial market year after year. It also aims to support both management and board of director to link communication and facilitation the information flow including authority of approval discretion.

(ii) Board Audit and Compliance Committee was established by the Board of Director's approval to comply with Prakas from National Bank of Cambodia No B-7-08-211 Prokor "Prakas on Governance in Banking and Financial Institution". The committee is set up to assist Board of Directors of the Bank overseeing the integrityof bank's financial reporting, maintaining effectiveness and efficiency of internal control system at all levels of organization to comply with laws, regulations and codes of conduct to promote the bank's corporate governance. Moreover, to ensure that the Bank's management understands compliance risks to which the Bank may be exposed and to have in place appropriate policies and procedures to manage such risks. The committee shall review actions taken to ensure a robust and consistent compliance system is in place and promote a high compliance culture.

(iii) Board Risk and Products Committee was established to respond to aim at gathering and involving the resource from different departments to join the Committee to develop new products effectively and timely. The product development team members, process of product development (define the issue, concept of development, risk assessment, pilot-test, and rollout) as well as specific tasks, obligations and expectations of the new product development. The Committee is also set up to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation, and mitigation of strategic, operational, financial and external environment risks.

(iv) Board Nomination and Remuneration Committee
The purpose of establishing this committee is to provide transparency in the process of staff performance evaluation, salary incremental and other compensations for employees.

(v) Legal and Compliance Department (LCD) checks for compliance with applicable laws/ regulations ,internal policies and procedures, and highlights significant findings in respect of any non-compliance to the Bank's RC for review at its periodic meetings.

(vi) The Bank's annual business plan and annual budget are reviewed and approved by the Board. The Bank's performance is assessed against the approved budgets and explanations are provided for significant variances on a quarterly basis to the Board.

(vii) The Board receives and reviews reports from management on a regular basis. These reports include the accounts and financial information reports, the reports on monitoring of compliance with banking laws and NBC's guidelines on lending, capital adequacy, other regulatory requirements, and periodic progress reports on business operations which are tabled to the Board at its quarterly meetings.

(viii) There are policy, guidelines, and authority limits imposed on management within the Bank in respect of the day-to-day banking and financing operations, extension of credits, investments, acquisitions, and disposals of assets.

(ix) Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines , and procedures issued by the Bank which are updated from time to time.

Ethics, Integrety, and Trust

CCU Bank corporates culture of ethics and integrity is set from the top, embraced by all employees and manifested in all CCU Bank's business dealings. CCU Bank is committed to build a workforce that is primed to comply with the fast-changing regulatory environment whilst maintaining the highest standards of ethical behaviours in all CCU Bank's business activities.

A comprehensive set of policies have been established and reviewed from time to time to set the ethical and integrity standards required of all staff. Such codes and policies include Code of Ethics, Anti-Fraud Policy and Whistleblowing Policy and Procedures, Social Media Policy, Information Security Policy and Anti-Money Laundering and Countering Financing of Terrorism and Targeted Financial Sanction Policy.

Code of Conduct and Ethics

CCU Bank's Code of Conduct and Code of Ethics are consistent with the Professional Code for the Financial Services Industry issued by the National Bank of Cambodia and the Association of Banks in Cambodia to ensure that the corporate culture of professionalism and responsible conduct are embedded in all business operation and processes. The purpose of this Bank's Code of Conduct (hereinafter referred to as the "Code") is to encourage proper standards of conduct and sound business practices, and to suppress any illegal, dishonorable, or improper practices in relation to the business of the Bank.

The purpose of the Code is to:

- Uphold the good image and reputation of the Bank and to maintain public confidence of the Bank in the security and integrity of the banking system;
- Maintain an impartial and unbiased relationship between the Bank and customers;
- Uphold the high standards of personal integrity and professionalism of the Bank's employees;
- Maintain independence of judgment and action by consciously disclosing and avoiding any possible conflict of interest;
- Encourage employees to share in building a more just and humane society.

Anti-fraud policy

CCU Bank adopts a zero-tolerance approach towards any form of fraud. In line with CCU Bank's commitment to act professionally and with integrity in all business activities, the Anti-Fraud Policy is established with the following objectives:

- Ensure CCU Bank's business is conducted in accordance with the law.
- Nurture an environment of honesty and integrity.
- Promote awareness of CCU Bank's stand on improper, illegal and dishonest acts and the consequences of such acts.
- Create employee awareness of their roles, rights, and responsibilities in relation to improper, illegal, and dishonest acts.

Anti-bribery and anti-corruption policy

CCU Bank is committed to conducting its business in accordance with the highest ethical standards and in full compliance with all applicable laws and regulations in all locations and jurisdictions in which CCU Bank operates.

The Policy is put in place with the following objectives:

- Build and foster a business environment which is free of bribes and corruption, enhancing integrity, transparency, and accountability.
- Inculcate in all members of the Board of Directors and staff the corporate values and commitment of the Bank against corruption in all its forms, including bribery.
- Define what constitutes bribery and corruption and other prohibited practices.

Any breach of the Policy will result in disciplinary proceeding including but not limited to staff dismissal and the right to terminate any relationships with third parties.

Whistleblowing policy and procedure

CCU Bank's Whistleblowing Policy and Procedures mobillise its employees and third parties to communicate their suspicions of malpractice, impropriety, non-compliance, or improper conduct by its employees in the course of their work in a responsible and transparent manner without the fear of reprisals or any detrimental action.

The Policy aims to create an environment where employees, vendors, service providers, customers and other stakeholders are able to raise concerns on misconduct, irregularities or malpractices, without fear or harassment and / or victimisation and with an assurance that their concerns will be taken seriously.

The objectives of the policy are:

- To provide an avenue or channel(s) for employees and third parties (e.g. interns, consultants, contractors, vendors, suppliers, customers) to disclose any alleged illegal, unethical, questionable practices, or improper conduct within the Bank.
- To set out the protection accorded to the whistleblowers who disclose such allegations in good faith.

Social media policy

The rapid adoption of technological advances has revolutionised the way we communicate. Social media interactions become increasingly important in our daily lives as well as in business engagements. With the exponential growth and application in social media, the Social Media Policy is established to mitigate the risks and ramifications brought on by unguided or irresponsible usage of social media platforms.

CCU Bank's social media Policy provides the guidelines, behavioural conducts and decorum, clearly articulating CCU Bank's expectations which every employee must observe while engaging in social media activities both in their personal or professional capacity.

CCU Bank's social media Policy is developed with the following objectives:

- To set out the guidelines on the responsible and ethical usage of social media by all employees of the Bank.
- To set out the possible consequences of policy violation by employees.

Information security policy

Information security lays a solid foundation in preserving the availability, integrity, and confidentiality of information for all business operations and mitigate the risk of growing information security threats. As a responsible and committed financial institution, it is incumbent of CCU Bank and its employees to manage information in a secure and confidential manner.

In this regard, the Information Security Policy is implemented with the following objectives:

- Protect the Bank's information from possible threats whether internal or external, deliberate accidental.
- Enable secure information sharing.
- Ensure all employees are aware of their roles and responsibilities in managing and protecting the confidentiality and integrity of the information they handle.
- Protect the Bank from legal liability due to inappropriate use of its information.
- Comply with applicable laws and regulations.

Anti-money laundering/ countering financing of terrorism and targeted financial sanctions policy

CCU Bank is vigilant of the ever-changing mode and platform of money laundering and the financial crimes threatening the integrity and stability of the financial industry. Beyond the moral imperative to combat money laundering and financing of terrorism, CCU Bank has instituted a comprehensive AML/CFT and TFS framework encompassing both the legal and regulatory requirements. Robust infrastructure and system of internal controls are in place to detect and prevent the risk of CCU Bank's business from being misused as a conduit for money laundering and financing of terrorism and to deter illicit funds from flowing into the financial system.

CCU Bank's AML/CFT and TFS Policy is established with the following objectives:

- Set out the expectation of AML/CFT and TFS requirements for the entities within CCU Bank.
- Establish a framework to ensure that all employees understand and comply with the AML/CFT and TFS requirements to combat against money laundering or terrorism financing risk.

Embedding ethics, integrity, and trust in CCU Bank corporate culture

A mutually respectful work environment which upholds honesty and ethical values is fundamental to the success of any establishment. In line with this commitment, CCU Bank has established a comprehensive framework aimed to inculcate and strengthen ethical behaviour and conduct among its employees. The framework covers the following:

- Incorporation of applicable guidelines and policies in the offer letter and service undertaking to be read, understood, and acknowledged by all employees upon their appointment.
- Emphasis of the guidelines and policies during the induction programme for new employees.
- Reminders via employee circulars.
- Comprehensive training on the standards of ethical conduct expected of employees in CCU Bank with emphasis on:
  - Enhancing employees' knowledge on regulatory requirements.
  - Enabling employees to understand and internalise the ethical standards set by the Bank.
  - Equipping employees with knowledge and skills to handle ethical dilemmas with integrity.
  - Equipping employees with knowledge and skills to detect early warning signs of fraud and malpractices.
  - Enabling employees to comply with CCU Bank's Code of Ethics and Conduct.
- Extensive supervisory control and procedures in CCU Bank's daily operations to ensure scrupulous dealings which are integral to the Bank's corporate culture.
- Conducting stringent and vigorous pre-employment screening on potential incumbents in order to prevent or minimise infiltration of undesirable elements into the staff force.
- Conducting checks and monitoring on employee compliance with relevant guidelines or policies by the internal audit or compliance team on a regular basis.
- Implementing a performance management system incorporating the achievement of expected ethical standards and compliance in the performance evaluation criteria.
- Adopting strategic risk governance on employee remuneration through malus reversal or downward revaluation of rewards in the event of fraud and misconduct.

Prudential framework against unethical practices

Ethical culture and conduct in any business are important to sustain the trust of customers. CCU Bank does not tolerate any form of unethical behaviour and takes a serous view on any violations of CCU Bank's Code of Conduct or any applicable laws, regulations, or policies. Strict enforcement with appropriate disciplinary actions is meted out on staff who have contravened the Bank's policies, rules, and regulations. All breaches to CCU Bank's Code of Ethics and Conduct are reported to the Board of Directors on a timely basis for the Board to exercise proactive oversight on business integrity issues.

III. AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

14. Directors' report

The Board of Directors ("the Directors") hereby submitting its report and the audited financial statements of CCU Commercial Bank Plc. ("the Bank") as at 31 December 2022 and for the year then ended.

THE BANK

The Bank was incorporated in Cambodia under the Registration No. 2000035606 dated 24 December 2020, granted by the Ministry of Commerce. On 29 April 2022, the Bank was granted a permanent banking license No. B-64 from the National Bank of Cambodia ("NBC").

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of these principal activities during the year.

RESULTS OF OPERATION AND DIVIDEND

The results of financial performance for the year ended 31 December 2022 are set out in the statement of profit or loss and other comprehensive income on page 32.

There were no dividends declared or paid during the year (2021: nil).

SHARE CAPITAL

The Company was incorporated on 24 December 2020 with a registered share capital of USD 75,000,000 divided into 75,000,000 ordinary shares with par value of USD 1 per share.

BAD AND DOUBTFUL LOANS

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans or making of allowance for impairment losses and satisfied themselves that all known bad loans had been written off and that adequate loss allowance has 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 or the amount of the allowance for impairment losses 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 value as shown in the accounting records of the Bank, have been written down to an amount which they might be expected to realise.

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 values attributed to the assets in the financial statements of the Bank misleading in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

(a) no charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or,
(b) no contingent liability in respect of the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

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 financial 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.

ITEMS OF UNUSUAL NATURE

The financial performance of the Bank for the financial year was 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 period 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 financial performance of the Bank for the current period in which this report is made.

THE BOARD OF DIRECTORS

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

Mr. Chen Bo	Chairman
Ms. Jiang Yifei	Member of Board of Director
Mr. Pang Visal	Member of Board of Director
Mr. Xia Edmond	Independent Director
Mr. Su Samnang	Independent Director

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

In preparing these financial statements, the Directors are required to:

i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") and guidelines of the National Bank of Cambodia, which are supported by reasonable and prudent judgments and estimates, and then apply them consistently;

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

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

iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue its operations in the foreseeable future; and,

v) control and direct effectively the Bank in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

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

The Directors confirm that the Bank has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, have been properly drawn up and, present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the CIFRSs, were approved by the Directors.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

ព្រះរាជាណាចក្រកម្ពុជា
ស៊ីស៊ីយូ ខមមើសល បែង ម.ក
CCU COMMERCIAL BANK PLC.
KINGDOM OF CAMBODIA

Mr. Kong Bun Norin
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
29 May 2023

15.

Independent Auditor's Report

Grant Thornton (Cambodia) Limited

20th Floor Canadia Tower
315 Preah Ang Duong Street
corner Monivong Boulevard
Sangkat Wat Phnom
Khan Daun Penh
Phnom Penh
Kingdom of Cambodia

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To the Shareholders of CCU Commercial Bank Plc.

Opinion

We have audited the financial statements of CCU Commercial Bank 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 and other explanatory information.

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and the Board of Directors for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 maycause 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.

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ng Yee Zent
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
29 May 2023

16. Audited financial statements:

STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2022

	Note	31 December 2022		31 December 2021	
		US$	KHR'000	US$	KHR'000
ASSETS					
Cash on hand	6	3,090	12,722	5,118	20,851
Deposits and placements with the NBC	7	2,025,447	8,338,765	-	-
Deposits and placements with other banks	8	44,658,345	183,858,406	967	3,940
Loans to customers, net	9	17,735,403	73,016,654	-	-
Amounts due from related parties	27(d)	-	-	75,000,000	305,550,000
Statutory deposits with the NBC	10	7,500,000	30,877,500	-	-
Property and equipment	11	815,002	3,355,363	58,459	238,162
Right-of-use assets	12	1,053,065	4,335,469	1,221,795	4,977,593
Intangible assets	13	1,265,253	5,209,047	799,017	3,255,195
Other assets	14	545,575	2,246,132	97,731	398,156
TOTAL ASSETS		**75,601,180**	**311,250,058**	**77,183,087**	**314,443,897**
LIABILITIES AND EQUITY					
LIABILITIES					
Lease liabilities	12	1,053,838	4,338,651	1,182,860	4,818,972
Income tax payable	23	14,157	58,284	-	-
Other liabilities	15	941,425	3,875,847	1,878,974	7,654,940
TOTAL LIABILITIES		**2,009,420**	**8,272,782**	**3,061,834**	**12,473,912**
EQUITY					
Share capital	16	75,000,000	308,775,000	75,000,000	305,550,000
Accumulated losses		(1,408,240)	(5,738,780)	(878,747)	(3,574,742)
Other reserves		-	(58,944)	-	(5,273)
TOTAL EQUITY		**73,591,760**	**302,977,276**	**74,121,253**	**301,969,985**
TOTAL LIABILITIES AND EQUITY		**75,601,180**	**311,250,058**	**77,183,087**	**314,443,897**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		For the year ended 31 December 2022		For the period from 24 December 2020 to 31 December 2021	
	Note	US$	KHR'000	US$	KHR'000
Interest income	17	1,415,663	5,785,815	728	2,962
Interest expense	17	(91,595)	(374,349)	(40,779)	(165,889)
Net interest income/(expense)	17	**1,324,068**	**5,411,466**	**(40,051)**	**(162,927)**
Other gains – net	18	1,588	6,490	442	1,798
Total other operating income		**1,588**	**6,490**	**442**	**1,798**
Credit impairment losses - net	19	(465,207)	(1,901,301)	(33)	(134)
Net other operating income/ (loss)		**860,449**	**3,516,655**	**(39,642)**	**(161,263)**
Personnel expenses	20	(521,433)	(2,131,097)	(510,207)	(2,075,522)
Depreciation and amortisation	21	(347,473)	(1,420,122)	(144,252)	(586,817)
Other operating expenses	22	(506,879)	(2,071,614)	(184,646)	(751,140)
		(1,375,785)	**(5,622,833)**	**(839,105)**	**(3,413,479)**
Loss before income tax		**(515,336)**	**(2,106,178)**	**(878,747)**	**(3,574,742)**
Income tax expense	23	(14,157)	(57,860)	-	-
Net loss for the year/period		**(529,493)**	**(2,164,038)**	**(878,747)**	**(3,574,742)**
Other comprehensive income:					
Items that will be reclassified to profit or loss					
Currency translation differences		-	(53,671)	-	(5,273)
Total comprehensive loss for the year/period		**(529,493)**	**(2,217,709)**	**(878,747)**	**(3,580,015)**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Bank							
	Share capital		Accumulated losses		Other reserves		Total	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000
Balance at 1 January 2022	**75,000,000**	**305,550,000**	**(878,747)**	**(3,574,742)**	**-**	**(5,273)**	**74,121,253**	**301,969,985**
Net loss for the year	-	-	(529,493)	(2,164,038)	-	-	(529,493)	(2,164,038)
Other comprehensive income	-	-	-	-	-	(53,671)	-	(53,671)
Total comprehensive loss for the year	**-**	**-**	**(529,493)**	**(2,164,038)**	**-**	**(53,671)**	**(529,493)**	**(2,217,709)**
Transactions with owners in their capacity as owners:								
Currency translation differences	-	3,225,000	-	-	-	-	-	3,225,000
Total transactions with owners	**-**	**3,225,000**	**-**	**-**	**-**	**-**	**-**	**3,225,000**
Balance at 31 December 2022	**75,000,000**	**308,775,000**	**(1,408,240)**	**(5,738,780)**	**-**	**(58,944)**	**73,591,760**	**302,977,276**
Balance at 24 December 2020 (date of incorporation)	**75,000,000**	**305,550,000**	**-**	**-**	**-**	**-**	**75,000,000**	**305,550,000**
Net loss for the period	-	-	(878,747)	(3,574,742)	-	-	(878,747)	(3,574,742)
Other comprehensive income	-	-	-	-	-	(5,273)	-	(5,273)
Total comprehensive loss for the period	**-**	**-**	**(878,747)**	**(3,574,742)**	**-**	**(5,273)**	**(878,747)**	**(3,580,015)**
Balance at 31 December 2021	**75,000,000**	**305,550,000**	**(878,747)**	**(3,574,742)**	**-**	**(5,273)**	**74,121,253**	**301,969,985**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	For the year ended 31 December 2022		For the period from 24 December 2020 to 31 December 2021	
		US$	KHR'000	US$	KHR'000
Cash flows from operating activities					
Cash (used in)/generated from operations	25	(20,412,117)	(83,424,322)	1,020,140	4,149,929
Interest received	17	459,726	1,878,900	-	-
Net cash (used in)/flows from operating activities		**(19,952,391)**	**(81,545,422)**	**1,020,140**	**4,149,929**
Cash flows from investing activities					
Statutory deposits with the NBC	10	(7,500,000)	(30,652,500)	-	-
Deposits and placements with other banks - maturity more than three months	8	(40,000,000)	(163,480,000)	-	-
Purchases of intangible assets	13	(571,379)	(2,335,226)	(814,103)	(3,311,771)
Purchases of property and equipment	11	(830,143)	(3,392,794)	(116,918)	(475,622)
Net cash used in investing activities		**(48,901,522)**	**(199,860,520)**	**(931,021)**	**(3,787,393)**
Cash flows from financing activities					
Payment of lease liabilities	12	(220,617)	(901,662)	(83,001)	(337,648)
Capital contribution	16	75,000,000	306,525,000	-	-
Net cash flow from/(used in) financing activities		**74,779,383**	**305,623,338**	**(83,001)**	**(337,648)**
Net change in cash and cash equivalents		**5,925,470**	**24,217,396**	**6,118**	**24,888**
Cash and cash equivalents at beginning of year/period		6,118	24,925	-	-
Currency translation differences		-	178,026	-	37
Cash and cash equivalents at end of year/period	24	**5,931,588**	**24,420,347**	**6,118**	**24,925**

The accompanying notes form an integral part of these financial statements.

1. The Bank

The Bank was incorporated in Cambodia under the Registration No. 2000035606 dated 24 December 2020, granted by the Ministry of Commerce. On 29 April 2022, the Bank was granted a permanent banking license No. B-64 from the National Bank of Cambodia ("NBC").

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of these principal activities during the year.

The registered address of the Bank is located at No. 15, Preah Monivong Blvd., Phum 5, Sangkat Boeung Trabaek, Khan Chamkar Mon, Phnom Penh.

The financial statements of the Bank were authorised for issue by the Board of Directors on 29 May 2023.

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 Cambodian International Financial Reporting Standards ("CIFRSs"). CIFRSs are equivalent to International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Boards ("IASB") because IFRSs are adopted by the Accounting and Auditing Regulator without modification as CIFRSs.

2.2 Basis of preparation

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

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

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

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

2.3 Rounding of amounts

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

3. Adoption of new and revised accounting standards

a) New and revised accounting standards effective during the year

The accounting policies adopted are consistent with those of the previous financial year, except that the Company adopted the following new accounting pronouncements, as applicable, starting 1 January 2022.

Amendments/Improvements to CIFRS

- Reference to the Conceptual Framework - Amendments to CIFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to CIAS 16
- Onerous Contracts - Costs of Fulfilling a Contract - Amendments to CIAS 37
- CIFRS 1, First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
- CIFRS 9, Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
- CIAS 41, Agriculture - Taxation in fair value measurements

These amendments did not have significant impact on the financial statements of the Bank.

b) New and revised accounting standards which are not yet effective

At the date of authorization of these financial statements, the following new and revised accounting standards that have been issued but are not yet effective were assessed to be not applicable to the Bank:

New CIFRS, and amendments/improvements to CIFRSs that have been issued, but yet to be effective beginning on or after 1 January 2023

- CIFRS 17, Insurance Contracts
- Amendments to CIAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates - Amendments to CIAS 8
- Disclosure of Accounting Policies - Amendments to CIAS 1 and CIFRS Practice Statement 2
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

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

a) 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"). The US$ reflects the economic substance of underlying events and circumstances of the Bank. The financial statements are therefore presented in US$, which is the Bank's functional and presentation currency.

b) Transactions and balances

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

c) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, a translation of the financial statements from US$ to Khmer Riel is required. The statements of profit or loss and other comprehensive income and cash flows are translated into Khmer Riel using the average rates for the year. Assets and liabilities for each statement of financial position presented are translated using the closing rates as of the reporting dates. Resulting exchange difference arising from the translation of shareholders' capital is recognised directly in equity; all other resulting exchange differences are recognised in other comprehensive income.

The Bank used the official rate of exchange published by the NBC for the years 2022 and 2021. As at the reporting date, the yearly average rate was US$ 1 to KHR 4,087 (2021: US$ 1 to KHR 4,068) and the closing rate was US$1 to KHR 4,117 (2021: US$ 1 to KHR 4,074).

4.2 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprises cash on hand, unrestricted deposits and placements with the NBC, deposits and placements with other banks, and other short-term highly liquid investments with original maturities of three months or less where the Bank has full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.

4.3 Financial assets

a) Classification

The Bank classifies its financial assets as measured at amortised cost, which include cash on hand, deposits and placements with the NBC and other banks, loan to customers, and certain other assets.

The classification depends on the Bank's model for managing financial assets and the contractual terms of the financial assets cash flows.

The Bank classifies their financial assets at amortised cost only if both of the following criteria are met and is not designated as at fair value through profit and loss ("FVPL"):

- The asset is held within a business model with the objective of collecting the contractual cash flows.
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A debt instrument is measured at fair value through other comprehensive income ("FVOCI") only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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 outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified as FVPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership. A gain or loss on derecognition of a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised.

c) Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the Bank's business model for managing the assets and the cash flow characteristics of the assets. The Bank classifies its debt instruments as financial assets measured at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest earned from these financial assets is included in interest income in the statement of profit or loss using the effective interest rate method.

d) Reclassification of financial assets
The Bank reclassifies financial assets when and only when their business model for managing those assets changes.

e) Impairment
The Bank assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from credit commitments (including overdraft and revolving facilities) and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank applies a three-stage approach to measure ECL for the following categories:
- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdraft and revolving facilities) and financial guarantee contract.

The three-stage approach is based on the change in credit risk since initial recognition:

a) Stage 1: 12-months ECL
Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

b) Stage 2: Lifetime ECL – not credit impaired
Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

c) Stage 3: Lifetime ECL – credit impaired
Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

On 28 December 2021, the NBC issued Circular No. B7.021.2314 on Classification and Provisioning Requirements on Restructured Loans. On 18 January 2022, a workshop between all banks and financial institutions ("BFIs") under the Association of Banks in Cambodia and the NBC was held to assist BFIs in their application of the Circular and to discuss other related practical issues. Following this workshop, the NBC informed BFIs through letter No. B7.022.167 dated 20 January 2022, the deferment of monthly report submission to 10 February 2022, and the change in financial data to be used for reporting purposes to January 2022, among others.

4.4 Financial liabilities

Financial liabilities are recognised when the Bank becomes a party to the contractual provision of the instruments. Financial liabilities of the Bank include certain other liabilities.

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are lease liabilities, and certain other liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

4.5 Credit commitments and financial guarantee contracts

Credit commitments (including undrawn overdraft and revolving facilities) provided by the Bank are measured at the amount of the loss allowance. The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit commitments (including undrawn overdraft and revolving facilities), the expected credit losses are recognised as provisions (presented with other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under CIFRS 9 'Financial Instruments and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers, where appropriate.

These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in profit or loss within other operating expenses.

4.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.7 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction work-in-progress is not depreciated until it is ready for its intended use. Depreciation on other property and equipment are depreciated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

	Estimated useful life
Leasehold improvements	Shorte of lease term 2 - 5 years
Office furniture and equipment	2 - 5 years
Computer equipment	2 - 5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

4.8 Statutory deposit

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

4.9 Share capital, accumulated losses

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

Accumulated losses include all current and prior year losses.

4.10 Intangible assets

Intangible assets, which comprise acquired computer software license for the core banking system and related costs and other software, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of costs incurred to acquire the specific software license and bring them into use. These costs are amortised over their estimated useful lives of 5 years using the straight-line method. Intangible asset work-in-progress is not depreciated until it is ready for its intended use.

Costs associated with maintaining computer software are recognised as expenses when incurred

4.11 Impairment of non-financial assets

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

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

4.12 Leases

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

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use, except for low value (underlying asset is less than USD5,000) and short-term leases (lease term of 12 months or less).

Assets and liabilities arising from a lease are initially measured on a present value basis.

4.13 Income tax

The income tax expenses is the tax payable on the current's period taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in country where the Bank operates and generates taxable income.

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.14 Provision

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.15 Regulatory reserves

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

4.16 Employee benefits

a) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

b) Other long term employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law to introduce seniority payment scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued to provide guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- Annual service - effective January 2019, 15 days of employee average monthly salary and benefits each year, and is payable every six month on 30 June and 31 December (7.5 days each payment).
- Regarding to Notification No. 018/20 K.B/S.Ch.N.Kh.L from Ministry of Labour and Vocational Training issued on 02 June 2021 on Postponement of Payment of Back Pay Seniority Indemnity before 2019 and New Seniority Indemnity in 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in w hich the associated services are rendered by the employees of the Bank.

4.17 Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within "interest income" and "interest expense" respectively in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets ("POCI"), for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets.
- Financial assets that are not POCI but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

4.18 Related party transactions

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

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

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

4.19 Events after the 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 estimates, assumptions and judgements

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

5.1 Critical judgements 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.

a) 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 US$. The US$ 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.

b) Business model assessment

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

c) Expected credit loss allowance on financial assets at amortised cost

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

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

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

d) 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.

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:

a) Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

b) Income tax

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which are 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

c) 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 utilized.

d) 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 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 and right of use assets would increase the recognised operating expenses and decrease non-current assets.

e) 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 the 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.

f) 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.

g) 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 their 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. Cash on hand

	2022		2021	
	US$	KHR'000	US$	KHR'000
Current				
US Dollars	3,070	12,640	5,110	20,818
Khmer Riel	20	82	8	33
	3,090	**12,722**	**5,118**	**20,851**

7. Deposits and placements with the NBC

	2022		2021	
	US$	KHR'000	US$	KHR'000
Current				
Current accounts - US$	**2,025,447**	**8,338,765**	**-**	**-**

Annual interest rate of deposits and placements with the NBC is as follows

	2022	2021
Current accounts	0%	0%

8. Deposits and placements with other banks

	2022		2021	
	US$	KHR'000	US$	KHR'000
Deposits and placements with local banks				
Current accounts	3,903,051	16,068,860	1,000	4,074
Term deposits	40,000,000	164,680,000	-	-
Gross principal amounts	**43,903,051**	**180,748,860**	**1,000**	**4,074**
Accrued interest receivables	878,493	3,616,756	-	-
	44,781,544	**184,365,616**	**1,000**	**4,074**
Less: allowance for expected credit loss	(123,199)	(507,210)	(33)	(134)
	44,658,345	**183,858,406**	**967**	**3,940**

	2022		2021	
	US$	KHR'000	US$	KHR'000
Balance at 1 January / 24 December 2020 (date of incorporation)	33	134	-	-
Provision for expected credit loss	123,166	503,379	33	134
Currency translation differences	-	3,697	-	-
	123,199	**507,210**	**33**	**134**

The gross principal amounts above are analysed as follows:

a) By residency status

	2022		2021	
	US$	KHR'000	US$	KHR'000
Resident	43,903,051	180,748,860	1,000	4,074

b) By maturity

	2022		2021	
	US$	KHR'000	US$	KHR'000
Within 1 month	3,903,051	16,068,860	1,000	4,074
> 6 to 12 months	40,000,000	164,680,000	-	-
	43,903,051	**180,748,860**	**1,000**	**4,074**

c) By interest rates

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

	2022	2021
Current accounts	0 - 1%	0 - 5%
Fixed deposits	2.5% - 5.5%	Not applicable

9. Loans to customers-net

	2022		2021	
	US$	KHR'000	US$	KHR'000
At amortised cost				
Term loans	18,000,000	74,106,000	-	-
Total gross loans	**18,000,000**	**74,106,000**	**-**	**-**
Interest receivable	77,444	318,837	-	-
	18,077,444	**74,424,837**	**-**	**-**
Less: Allowance for expected credit loss	(342,041)	(1,408,183)	-	-
Total net loans	**17,735,403**	**73,016,654**	**-**	**-**

The amounts of term loans above are analysed as follows:

a) Analysis by industry

	2022		2021	
	US$	KHR'000	US$	KHR'000
Personal lending	18,000,000	74,106,000	-	-
	18,000,000	**74,106,000**	**-**	**-**

b) Analysis by loan classification

	2022		2021	
	US$	KHR'000	US$	KHR'000
Standard	18,000,000	74,106,000	-	-
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	18,000,000	**74,106,000**	**-**	**-**

c) Analysis by maturity

	2022		2021	
	US$	KHR'000	US$	KHR'000
Within 1 year	-	-	-	-
Later than 1 years and not later than 5 years	18,000,000	74,106,000	-	-
Later than 5 years	-	-	-	-
	18,000,000	**74,106,000**	**-**	**-**

d) Analysis by exposure

	2022		2021	
	US$	KHR'000	US$	KHR'000
Large exposure	-	-	-	-
Non-large exposure	18,000,000	74,106,000	-	-
	18,000,000	**74,106,000**	**-**	**-**

Large exposure is defined by the NBC as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

e) Analysis by relationship

	2022		2021	
	US$	KHR'000	US$	KHR'000
Related party	3,000,000	12,351,000	-	-
Non-related parties	15,000,000	61,755,000	-	-
	18,000,000	**74,106,000**	**-**	**-**

f) Analysis by residency

	2022		2021	
	US$	KHR'000	US$	KHR'000
Residents	18,000,000	74,106,000	-	-
Non-residents	-	-	-	-
	18,000,000	**74,106,000**	**-**	**-**

g) Interest rates

These Loans to customers earn annual interest rates as below:

	2022
Term loans:	8%

10. Statutory deposits with the NBC

	2022		2021	
	US$	KHR'000	US$	KHR'000
Non-current				
Capital guarantee deposits	7,500,000	30,877,500	-	-
	7,500,000	**30,877,500**	**-**	**-**

(i) Capital guarantee

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

(ii) Interest rate

	2022	2021
Capital guarantee	1.19 %	1.19 %

11. Property and equipment

	Leasehold improvements US$	Office furniture and equipment US$	Computer equipment US$	Total US$
Cost				
As at 1 January 2022	4,304	10,598	102,016	116,918
Additions	780,328	33,588	16,227	830,143
As at 31 December 2022	**784,632**	**44,186**	**118,243**	**947,061**
Accumulated depreciation				
As at 1 January 2022	2,152	5,299	51,008	58,459
Depreciation	15,159	6,277	52,164	73,600
As at 31 December 2022	**17,311**	**11,576**	**103,172**	**132,059**
Net book value	**767,321**	**32,610**	**15,071**	**815,002**
In KHR'000 equivalents	**3,159,061**	**134,255**	**62,047**	**3,355,363**
Cost				
As at 24 December 2020 (date of incorporation)	-	-	-	-
Additions	4,304	10,598	102,016	116,918
As at 31 December 2021	**4,304**	**10,598**	**102,016**	**116,918**
Accumulated depreciation				
As at 24 December 2020 (date of incorporation)	-	-	-	-
Depreciation	2,152	5,299	51,008	58,459
As at 31 December 2021	**2,152**	**5,299**	**51,008**	**58,459**
Net book value	**2,152**	**5,299**	**51,008**	**58,459**
In KHR'000 equivalents	**8,767**	**21,588**	**207,807**	**238,162**

12. Leases

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

The Bank leases lease two office spaces for its head office and branch operations. Rental contracts are typically made for fixed periods for 2 to 10 years. The leases have escalation clause and renewal rights. On renewal, the terms of the leases are renegotiated.

The Bank has recognised right-of-use assets for these leases, except for short-term leases (12 months or less) and leases for which the underlying asset is of low value (less than USD5,000).

(i) Amounts recognised in the statement of financial position

Right-of-use assets

	2022		2021	
	US$	KHR'000	US$	KHR'000
As at the beginning of the year/period	1,292,502	5,265,653	-	-
Additions	-	-	1,292,502	5,257,898
Currency translation differences	-	55,578	-	7,755
At the end of the year/period	**1,292,502**	**5,321,231**	**1,292,502**	**5,265,653**

Accumulated depreciation

	2022		2021	
	US$	KHR'000	US$	KHR'000
As at the beginning of the year/period	70,707	288,060	-	-
Depreciation	168,730	689,600	70,707	287,636
Currency translation differences	-	8,102	-	424
At the end of the year/period	**239,437**	**985,762**	**70,707**	**288,060**
Net book value	**1,053,065**	**4,335,469**	**1,221,795**	**4,977,593**

Lease liabilities

	2022		2021	
	US$	KHR'000	US$	KHR'000
As at the beginning of the year/period	1,182,860	4,818,972	-	-
Additions	-	-	1,225,082	4,983,634
Interest expense	91,595	374,349	40,779	165,889
Payments	(220,617)	(901,662)	(83,001)	(337,648)
Currency translation differences	-	46,992	-	7,097
At the end of the year/period	**1,053,838**	**4,338,651**	**1,182,860**	**4,818,972**

	2022		2021	
	US$	KHR'000	US$	KHR'000
Lease liabilities				
Less than one year	220,617	908,280	220,616	898,790
One to five years	796,617	3,279,672	873,233	3,557,551
More than five years	408,509	1,681,832	538,461	2,193,690
	1,425,743	**5,869,784**	**1,632,310**	**6,650,031**
Less: Future finance charges	**(371,905)**	**(1,531,133)**	**(449,450)**	**(1,831,059)**
Present value of minimum lease payments	**1,053,838**	**4,338,651**	**1,182,860**	**4,818,972**

	2022		2021	
	US$	KHR'000	US$	KHR'000
Lease liabilities				
Current	220,617	908,280	220,616	898,790
Non-current	1,205,126	4,961,504	1,411,694	5,751,241
	1,425,743	**5,869,784**	**1,632,310**	**6,650,031**

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2022		2021	
	US$	KHR'000	US$	KHR'000
Depreciation charge (Note 21)	168,730	689,600	70,707	287,636
Expense relating to leases of low-value assets, excluding short-term leases	19,177	78,376	18,981	77,215
Interest expense (Note 17)	91,595	374,349	40,779	165,889
	279,502	1,142,325	130,467	530,740

(iii) Amounts recognised in the statement of cash flows

	2022		2021	
	US$	KHR'000	US$	KHR'000
Total cash outflow for leases	220,617	901,662	83,001	337,648

13. Intangible assets

Computer software	**2022 US$**	**2021 US$**
Cost		
As at 1 January 2022/24 December 2020 (date of incorporation)	814,103	-
Additions	571,379	814,103
As at 31 December 2022	**1,385,482**	**814,103**
Accumulated amortisation		
As at 1 January 2022/24 December 2020 (date of incorporation)	15,086	-
Amortisation	105,143	15,086
As at 31 December 2022	**120,229**	**15,086**
Net book value	**1,265,253**	**799,017**
In KHR'000 equivalents	**5,209,047**	**3,255,195**

14. Other assets

	2022		2021	
	US$	KHR'000	US$	KHR'000
Advances	415,000	1,708,555	-	-
Deposits	79,413	326,943	73,919	301,146
Other prepayments	51,162	210,634	23,812	97,010
	545,575	**2,246,132**	**97,731**	**398,156**

15. Other liabilities

	2022		2021	
	US$	KHR'000	US$	KHR'000
Amount due to related party (Note 27 (d))	819,513	3,373,935	819,513	3,338,696
Taxes payable	7,666	31,561	7,735	31,512
Others	114,246	470,351	1,051,726	4,284,732
	941,425	**3,875,847**	**1,878,974**	**7,654,940**

16. Share capital

The total authorised numbers of shares of the Bank as at 31 December 2022 was 75,000,000 (2021: 75,000,000) with a par value of 1 USD per share (2021: 1 USD per share). All authorised shares are issued and fully paid up in year 2022.

	2022		2021	
	US$	KHR'000	US$	KHR'000
At 1 January 2022 / 24 December 2020 (date of incorporation)	75,000,000	305,550,000	75,000,000	305,550,000
Currency translation difference	-	3,225,000	-	-
At 31 December	**75,000,000**	**308,775,000**	**75,000,000**	**305,550,000**

	2022			2021		
Shareholders	**Number of share**	**%**	**US$**	**Number of share**	**%**	**US$**
Chen Bo	73,500,000	98%	73,500,000	73,500,000	98%	73,500,000
Jiang Yifei	750,000	1%	750,000	750,000	1%	750,000
Thiem Sounay	750,000	1%	750,000	750,000	1%	750,000
	75,000,000	**100**	**75,000,000**	**75,000,000**	**100**	**75,000,000**
In KHR'000 equivalents			**308,775,000**			**305,550,000**

17. Net interest income/(expense)

	2022		2021	
	US$	KHR'000	US$	KHR'000
Interest income from financial assets at amortised cost:				
Loan to customers	492,444	2,012,619	-	-
Deposits and placements with other banks	25,447	104,002	-	-
Deposits and placements with the NBC	893,187	3,650,454	-	-
Fair value of security deposit of land lease	4,585	18,739	728	2,962
	1,415,663	**5,785,815**	**728**	**2,962**
Interest expense on financial liabilities at amortised cost:				
Lease liabilities (Note 12 (ii))	91,595	374,349	40,779	165,889
	91,595	**374,349**	**40,779**	**165,889**
Net interest income/(expense)	**1,324,068**	**5,411,466**	**(40,051)**	**(162,927)**

18. Other gains - net

	2022		2021	
	US$	KHR'000	US$	KHR'000
Gain on foreign exchange	1,588	6,490	442	1,798

19. Credit impairment losses - net

	2022		2021	
	US$	KHR'000	US$	KHR'000
Expected credit loss (ECL):				
Loan to customers	342,041	1,397,922	-	-
Deposits and placements with other banks	123,166	503,379	33	134
	465,207	**1,901,301**	**33**	**134**

20. Personnel expenses

	2022		2021	
	US$	KHR'000	US$	KHR'000
Salaries and wages	449,423	1,836,792	429,759	1,748,260
Bonuses and incentive	33,854	138,361	14,782	60,133
Seniority payments	25,199	102,988	59,761	243,108
Other employee benefits	12,957	52,956	5,905	24,021
	521,433	**2,131,097**	**510,207**	**2,075,522**

21. Depreciation and amortisation

	2022		2021	
	US$	KHR'000	US$	KHR'000
Depreciation charge on property and equipment (Note 11)	73,600	300,803	58,459	237,811
Depreciation charge on right-of-use assets (Note 12)	168,730	689,600	70,707	287,636
Amortisation charge on intangible assets (Note 13)	105,143	429,719	15,086	61,370
	347,473	**1,420,122**	**144,252**	**586,817**

22. Other operating expenses

	2022		2021	
	US$	KHR'000	US$	KHR'000
Repairs and maintenance	191,550	782,865	81,574	331,843
Tax expenses	61,178	250,034	1,197	4,869
Office supplies	51,989	212,479	6,004	24,424
Membership	29,244	119,520	-	-
Utilities	28,209	115,290	18,958	77,121
License fees	27,764	113,471	-	-
Rental	19,177	78,376	18,981	77,215
Staff meal	13,612	55,632	12,380	50,362
Communication	14,295	58,424	5,844	23,773
Business and public relations	5,451	22,278	-	-
Professional fees	20,800	85,010	10,035	40,822
Marketing and advertising	3,285	13,426	-	-
Traveling	1,784	7,291	75	305
Others	38,541	157,518	29,598	120,406
	506,879	**2,071,614**	**184,646**	**751,140**

23. Income tax expense

a) Income tax expense

	2022		2021	
	US$	KHR'000	US$	KHR'000
Current income tax	14,157	57,860	-	-

b) Reconciliation between income tax expenses and accounting profit/loss

	2022		2021	
	US$	KHR'000	US$	KHR'000
Loss before income tax	(515,336)	(2,106,178)	(878,747)	(3,574,742)
Tax calculated at the Cambodian tax rate of 20%	(103,067)	(421,236)	(175,749)	(714,948)
Tax effect of reconciling items:				
Expenses not deductible for tax purposes	(14,815)	(60,547)	85,385	347,346
Movement of unrecognized deferred tax asset	117,882	481,783	90,364	367,602
Minimum tax	14,157	57,860	-	-
Income tax expense	**14,157**	**57,860**	-	-

Minimum tax

Under the Cambodian tax regulations, the Bank has an obligation to pay Income Tax at 20% of taxable profit or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher.

c) Unrecognised deferred tax assets

	2022		2021	
	US$	KHR'000	US$	KHR'000
Unrecognised deferred tax assets arising from:				
Property and equipment and Intangible assets	(105,965)	(436,257)	(77,605)	(316,162)
Credit impairment losses	32,408	133,425	7	27
Right-of-use assets	(210,613)	(867,094)	(244,359)	(995,519)
Lease liability	210,768	867,730	236,572	963,794
Business losses carry forward	281,648	1,159,545	175,749	716,003
	208,246	**857,349**	**90,364**	**368,143**

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

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

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

- Continuity of the business activity of the Bank
- No unilateral tax reassessment on the tax losses is made by the GDT during the tax year, and
- The loss must be recorded in the Tax on Income return and submitted to the GDT on time.

d) Other matter

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

24. Cash and cash equivalents

	2022		2021	
	US$	KHR'000	US$	KHR'000
Cash on hand (Note 6)	3,090	12,722	5,118	20,851
Deposits and placements with the NBC:				
Current accounts (Note 7)	2,025,447	8,338,765	-	-
Deposits and placements with other banks:				
Current accounts (Note 8)	3,903,051	16,068,860	1,000	4,074
	5,931,588	**24,420,347**	**6,118**	**24,925**

25. Cash flows information

a) Cash used in operations

	2022		2021	
	US$	KHR'000	US$	KHR'000
Loss before income tax	(515,336)	(2,106,178)	(878,747)	(3,574,742)
Adjustments for:				
Depreciation and amortisation (Note 21)	347,473	1,420,122	144,252	586,817
Credit impairment losses (Note 19)	465,207	1,901,301	33	134
Net interest (income) / expense ((Note 17)	(1,324,068)	(5,411,466)	40,051	162,927
Changes in working capital:				
Loan to customers	(18,000,000)	(73,566,000)	-	-
Other assets	(447,844)	(1,830,338)	(164,423)	(668,873)
Other liabilities	(937,549)	(3,831,763)	1,878,974	7,643,666
Cash (used in)/generated from operating activitiess	**(20,412,117)**	**(83,424,322)**	**1,020,140**	**4,149,929**

b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are related to acquisition of right-of-use assets (Note 12).

26. Reconciliation of liabilities arising from financing activities

The changes in the Bank's liabilities arising from financing activities can be classified as follows:

		Non-cash flow		Cash flow			31 December 2022	
	As at 1 January 2022	Additions	Interest expense	Proceeds	Repayments	Interest paid		
	US$	US$	US$	US$	US$	US$	US$	KHR'000
Lease liabilities	1,182,860	-	91,595	-	(129,022)	(91,595)	1,053,838	4,338,651

		Non-cash flow		Cash flow			31 December 2021	
	As at 24 December 2020 (date of incorporation)	Additions	Interest expense	Proceeds	Repayments	Interest paid		
	US$	US$	US$	US$	US$	US$	US$	KHR'000
Lease liabilities	-	1,225,082	40,779	-	(62,201)	(20,800)	1,182,860	4,818,972

27. Contingent liabilities and commitments

a) Operating lease commitments

The Bank recognised right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for low value (underlying asset is less than USD5,000) and short-term leases (lease term of 12 months or less) (see Note 4.10 and Note 12 for further information). The lease commitments of short-term leases are insignificant.

28. Related parties transactions and balances

The Bank entered into a number of transactions with related parties in the normal course of business. The volume of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

a) Related parties and relationship

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

Related parties	Relationship
Chen Bo	Shareholder
Jiang Yifei	Shareholder
Thiem Sounay	Shareholder
Key management personnel	All senior management staff of the Bank who make critical decisions in relation to the strategic direction of the Bank

b) Loans to a related party

	2022		2021	
	US$	KHR'000	US$	KHR'000
Chen Bo	3,000,000	12,351,000	-	-
Interest income	134,000	547,658	-	-

Loans to a related party are unsecured and bear interest at the rate of 8% per annum.

c) Amounts due from related parties

	2022		2021	
	US$	KHR'000	US$	KHR'000
Chen Bo	-	-	73,500,000	299,439,000
Jiang Yifei			750,000	3,055,500
Thiem Sounay			750,000	3,055,500
			75,000,000	**305,550,000**

The amounts due from a related party represent share capital not fully paid by a shareholder as at 31 December 2021. The Shareholder fully paid the share capital in 2022.

d) Amounts due to a related party

	2022		2021	
	US$	KHR'000	US$	KHR'000
Jiang Yifei	819,513	3,373,935	819,513	3,338,696

e) Key management compensation

	2022		2021	
	US$	KHR'000	US$	KHR'000
Salaries and short-term benefits	234,794	959,603	185,530	754,736

29. Financial risk management

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

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

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

The Bank holds the following financial instruments:

	2022		2021	
	US$	KHR'000	US$	KHR'000
Financial assets				
Financial assets at amortised costs				
Cash on hand	3,090	12,722	5,118	20,851
Deposits and placements with the NBC	2,025,447	8,338,765	-	-
Deposits and placements with other banks	44,781,544	184,365,616	1,000	4,074
Statutory deposits with the NBC	7,500,000	30,877,500	-	-
Loan to customers	18,077,444	73,016,654	-	-
Amounts due from related parties	-	-	75,000,000	305,550,000
Other financial assets*	79,378	326,799	73,404	299,048
Total financial assets	**72,466,903**	**296,938,056**	**75,079,522**	**305,873,973**

Excludes advance, prepayments and non-refundable deposits

	2022		2021	
	US$	KHR'000	US$	KHR'000
Financial liabilities				
Financial liabilities at amortised cost				
Other financial liabilities*				
Not within scope of CIFRS 9	933,759	3,844,286	1,871,239	7,623,428
Lease liabilities				
	1,425,743	5,869,784	1,632,310	6,650,031
Total financial liabilities	**2,359,502**	**9,714,070**	**3,503,549**	**14,273,459**

**Excludes taxes payable*

29.1 Credit risk

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

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

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

i) Credit risk measurement

Reviews are conducted on a regular basis with updated information on a borrower's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when there are signs of credit deterioration. Approval limit is set based on different type of facilities and type of collaterals.

ii) Risk limit control and mitigation policies

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

iii) ECL measurement

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

Stage 1: When a debt instrument is first recognised, the Bank recognises credit losses based on the twelve-month ECL. Stage 1 debt security also includes facilities where the credit risk has improved and security has been reclassified from Stage 2.

Stage 2: When a debt instrument has shown a significant increase in credit risk since origination, the Bank recognises an allowance for the lifetime ECL. Stage 2 debt instrument also includes facilities where the credit risk has improved and the instrument has been reclassified from stage 3.

Stage 3: When a debt instrument is considered as credit impaired, the Bank recognises and allowance for the lifetime ECL.

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

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

Significant increase in credit risk

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

Below table is the Bank's quantitative criteria in classifying the status of loans:
Short-term facilities with original term of one year or less:

Days in arrears	Classification	Stage
0-14 days	Performing	1
15-30 days	Underperforming	2
Over 30 days	Non-performing	3

Long-term facilities with original term of more than one year:

Days in arrears	Classification	Stage
0-29 days	Performing	1
30-89 days	Underperforming	2
Over 89 days	Non-performing	3

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

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

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

Inputs, assumptions and estimation techniques

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

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

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

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	2022				2021			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Stage 1 US$	Stage 2	Stage 3	Total US$
Cash on hand	3,090	-	-	3,090	5,118	-	-	5,118
Deposits and placements with the NBC	2,025,447	-	-	2,025,447	-	-	-	-
Deposits and placements with other banks	44,781,544	-	-	44,781,544	1,000	-	-	1,000
Statutory deposits with the NBC	7,500,000	-	-	7,500,000	-	-	-	-
Loan to customers	18,077,444	-	-	18,077,444	-	-	-	-
Amounts due from related parties	-	-	-	-	75,000,000	-	-	75,000,000
Other financial assets*	79,378	-	-	79,378	73,404	-	-	73,404
	72,466,903	**-**	**-**	**72,466,903**	**75,079,522**	**-**	**-**	**75,079,522**
Allowance for expected credit losses	(465,207)	-	-	(465,207)	(33)	-	-	(33)
Net carrying amount	**72,001,696**	**-**	**-**	**72,001,696**	**75,079,489**	**-**	**-**	**75,079,489**
In KHR'000 equivalents	**296,430,982**	**-**	**-**	**296,430,982**	**305,873,838**	**-**	**-**	**305,873,838**

** Excludes advance, prepayments and non-refundable deposits*

Significant Changes in Gross Carrying Amount affecting allowance for ECL

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

	2022				2021			
	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL not credit-impaired US$	Stage 3 Lifetime ECL credit-impaired US$	Total US$	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL not credit-impaired US$	Stage 3 Lifetime ECL credit-impaired US$	Total US$
Loans								
As at 1 January 2022/ 24 December 2020 (date of incorporation)								
Transfers to:								
Stage 1	18,077,444	-	-	18,077,444	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
	18,077,444	**-**	**-**	**18,077,444**	**-**	**-**	**-**	**-**
In KHR'000 equivalents	**74,424,837**	**-**	**-**	**74,424,837**	**-**	**-**	**-**	**-**

Significant Changes in Gross Carrying Amount affecting allowance for ECL

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

	2022				2021			
	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL not credit-impaired US$	Stage 3 Lifetime ECL credit-impaired US$	Total US$	Stage 1 12-month ECL US$	Stage 2 Lifetime ECL not credit-impaired US$	Stage 3 Lifetime ECL credit-impaired US$	Total US$
Deposits and placements with other banks								
As at 1 January 2022/ 24 December 2020 (date of incorporation)								
Transfers to:								
Stage 1	43,903,051	-	-	43,903,051	1,000	-	-	1,000
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**43,903,051**			**43,903,051**	**1,000**		-	**1,000**
In KHR'000 equivalents	**180,748,861**	**-**	**-**	**180,748,861**	**4,074**		-	**4,074**

iv) Maximum exposure to credit risk

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

	31 December 2022		31 December 2021	
	US$	KHR'000	US$	KHR'000
Credit risk exposure related to on balance sheet items:				
Cash on hand	3,090	12,722	5,118	20,851
Deposits and placements with the NBC	2,025,447	8,338,765	-	-
Deposits and placements with other banks	44,781,544	184,365,616	1,000	4,074
Statutory deposits with the NBC	7,500,000	30,877,500	-	-
Loans	18,077,444	73,016,654	-	-
Amounts due from related parties	-	-	75,000,000	305,550,000
Other financial assets*	79,378	326,799	73,404	299,048
Total gross credit exposure	**72,466,903**	**296,938,056**	**75,079,522**	**305,873,973**
Less: Allowance for expected credit losses	(465,207)	(1,915,257)	(33)	(134)
Total net credit exposure	**72,001,696**	**295,022,799**	**75,079,489**	**305,873,839**

**Excludes advance, prepayments and non-refundable deposits*

29.2 Operational risk

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

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

29.3 Market risk

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

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

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

(i) Foreign currency exchange risk

Concentration of currency risk

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

	US$	KHR	Total
	USD equivalent		
As at 31 December 2022			
Financial assets			
Cash on hand	3,070	20	3,090
Deposits and placements with the NBC	2,025,447	-	2,025,447
Deposits and placements with other banks	44,781,433	111	44,781,544
Statutory deposits with the NBC	7,500,000	-	7,500,000
Loan to customers	18,077,444	-	18,077,444
Other financial assets	79,378	-	79,378
Total financial assets	**72,466,772**	**131**	**72,466,903**
Financial liabilities			
Other financial liabilities	933,759	-	933,759
Total financial liabilities	**933,759**	**-**	**933,759**
Net position	**71,948,013**	**131**	**71,948,144**
In KHR'000 equivalents	**294,501,415**	**539**	**294,501,954**

	US$	KHR	Total
	USD equivalent		
As at 31 December 2021			
Financial assets			
Cash on hand	5,110	8	5,118
Deposits and placements with other banks	1,000	-	1,000
Amounts due from related parties	75,000,000	-	75,000,000
Other financial assets*	73,404	-	73,404
Total financial assets	**75,079,514**	**8**	**75,079,522**
Financial liabilities			
Other financial liabilities	1,871,239	-	1,871,239
Total financial liabilities	**1,871,239**	**-**	**1,871,239**
Net position	**73,208,275**	**8**	**73,208,283**
In KHR'000 equivalents	**298,250,512**	**33**	**298,250,545**

** Excludes advance, prepayments and non-refundable deposits*

***Excludes tax payables*

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

(ii) Interest rate risk

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

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

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

	1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
As at 31 December 2022							
Financial assets							
Cash on hand	-	-	-	-	-	3,090	3,090
Deposits and placements with the NBC	2,025,447	-	-	-	-	-	2,025,447
Deposits and placements with other banks	4,781,544	-	40,000,000	-	-	-	44,781,544
Statutory deposits with the NBC	-	-	-	-	-	7,500,000	7,500,000
Loan to customers	77,444	-	-	18,000,000	-	-	18,077,444
Other financial assets	4,571	-	-	21,499	53,308	-	79,378
Total financial assets	**6,889,006**	**-**	**40,000,000**	**18,021,499**	**53,308**	**7,503,090**	**72,466,903**
Financial liabilities							
Other financial liabilities	933,759	-	-	-	-	-	933,759
Total financial liabilities	**933,759**	**-**	**-**	**-**	**-**	**-**	**933,759**
Total interest repricing gap	**5,955,247**	**-**	**40,000,000**	**18,021,499**	**53,308**	**7,503,090**	**71,533,144**
In KHR'000 equivalents	**24,517,752**	**-**	**164,680,000**	**74,194,511**	**219,469**	**30,890,222**	**294,501,954**

	1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	5,118	5,118
Deposits and placements with other banks	1,000	-	-	-	-	-	1,000
Amounts due from related parties	-	-	75,000,000	-	-	-	75,000,000
Other financial assets	-	-	-	20,096	53,308	-	73,404
Total financial assets	**1,000**		**75,000,000**	**20,096**	**53,308**	**5,118**	**75,079,522**
Financial liabilities							
Other financial liabilities	1,871,239	-	-	-	-	-	1,871,239
Total financial liabilities	**1,871,239**	**-**	**-**	**-**	**-**	**-**	**1,871,239**
Total interest repricing gap	**(1,870,239)**	**-**	**75,000,000**	**20,096**	**53,308**	**5,118**	**73,208,283**
In KHR'000 equivalents	**(7,619,354)**	**-**	**305,550,000**	**81,871**	**217,177**	**20,851**	**298,250,545**

Fair value sensitivity analysis for fixed rate instruments

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

29.4 Liquidity risk

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

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

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

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

	1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	No fixed maturity date US$	Total US$
As at 31 December 2022							
Financial assets							
Cash on hand	-	-	-	-	-	3,090	3,090
Deposits and placements with the NBC	2,025,447	-	-	-	-	-	2,025,447
Deposits and placements with other banks	4,781,544	-	40,000,000	-	-	-	44,781,544
Statutory deposits with the NBC	-	-	-	-	-	7,500,000	7,500,000
Loan to customers	77,444	-	-	18,000,000	-	-	18,077,444
Other financial assets	4,571	-	-	21,499	53,308	-	79,378
Total financial assets	**6,889,006**	-	**40,000,000**	**18,021,499**	**53,308**	**7,503,090**	**72,466,903**
Financial liabilities							
Other financial liabilities	933,759	-	-	-	-	-	933,759
Total financial liabilities	**933,759**	-	-	-	-	-	**933,759**
Net liquidity surplus/(gap)	**5,955,247**	-	**40,000,000**	**18,021,499**	**53,308**	**7,503,090**	**71,533,144**
In KHR'000 equivalents	**24,517,752**	-	**164,680,000**	**74,194,511**	**219,469**	**30,890,222**	**294,501,954**

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	1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	No fixed maturity date US$	Total US$
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	5,118	5,118
Deposits and placements with other banks	1,000	-	-	-	-	-	1,000
Amounts due from related parties	-	-	75,000,000	-	-	-	75,000,000
Other financial assets	-	-	-	20,096	53,308	-	73,404
Total financial assets	**1,000**	-	**75,000,000**	**20,096**	**53,308**	**5,118**	**75,079,522**
Financial liabilities							
Other financial liabilities	1,871,239	-	-	-	-	-	1,871,239
Total financial liabilities	**1,871,239**	**-**	**-**	**-**	**-**	**-**	**1,871,239**
Net liquidity surplus/(gap)	**(1,870,239)**	**-**	**75,000,000**	**20,096**	**53,308**	**5,118**	**73,208,283**
In KHR'000 equivalents	**(7,619,354)**	**-**	**305,550,000**	**81,871**	**217,177**	**20,851**	**298,250,545**

29.5 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	2022			2021		
	Within 1 year US$	Beyond 1 year US$	Total US$	Within 1 year US$	Beyond 1 year US$	Total US$
Financial assets						
Cash on hand	3,090	-	3,090	5,118	-	5,118
Deposits and placements with the NBC	2,025,447	-	2,025,447	-	-	-
Deposits and placements with other banks	44,781,544	-	44,781,544	1,000	-	1,000
Statutory deposits with the NBC	-	7,500,000	7,500,000	-	-	-
Loan to customers	77,444	18,000,000	18,077,444	-	-	-
Amounts due from related parties	-	-	-	75,000,000	-	75,000,000
Other financial assets	4,571	74,807	79,378	-	73,404	73,404
	46,892,096	**25,574,807**	**72,466,903**	**75,006,118**	**73,404**	**75,079,522**
Non-financial assets						
Property and equipment	-	815,002	815,002	-	58,459	58,459
Right-of-use assets	-	1,053,065	1,053,065	-	1,221,795	1,221,795
Intangible assets	-	1,265,253	1,265,253	-	799,017	799,017
Other non-financial assets	-	466,197	466,197	-	24,327	24,327
	-	**3,599,517**	**3,599,517**	**-**	**2,103,598**	**2,103,598**
Total assets	**46,892,096**	**29,174,324**	**76,066,420**	**75,006,118**	**2,177,002**	**77,183,120**
In KHR'000 equivalents	**193,054,759**	**120,110,692**	**313,165,451**	**305,574,925**	**8,869,106**	**314,444,031**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	2022			2021		
	Within 1 year US$	Beyond 1 year US$	Total US$	Within 1 year US$	Beyond 1 year US$	Total US$
Financial liabilities						
Other financial liabilities	933,759	-	933,759	1,871,239	-	1,871,239
	933,759	**-**	**933,759**	**1,871,239**	**-**	**1,871,239**
Non-financial liabilities						
Lease liabilities	220,617	1,205,126	1,425,743	220,616	1,411,694	1,632,310
	220,617	**1,205,126**	**1,425,743**	**220,616**	**1,411,694**	**1,632,310**
Total liabilities	**1,154,376**	**1,205,126**	**2,359,502**	**2,091,855**	**1,411,694**	**3,503,549**
In KHR'000 equivalents	**4,752,566**	**4,961,504**	**9,714,070**	**8,522,217**	**5,751,241**	**14,273,459**

29.6 Fair value of financial assets and liabilities

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

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

Fair value information for non-financial asset and liabilities are excluded as they do not fall within the scope of CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed.

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

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

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

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

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

29.7 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirement set by the NBC;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of business.

The NBC requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth at least equal to minimum capital and iii) comply with solvency, liquidity and other ratios.

The table below summarises the composition of regulatory capital:

	2022		2021	
	US$	KHR'000	US$	KHR'000
Tier 1 capital				
Share capital	75,000,000	308,775,000	75,000,000	305,550,000
Accumulated losses	(1,408,240)	(5,738,780)	(878,747)	(3,574,742)
Less: Intangible assets	(1,265,253)	(5,209,047)	(799,017)	(3,255,195)
Less: Loans to a related party	(3,000,000)	(12,351,000)	-	-
	69,326,507	**285,476,173**	**73,322,236**	**298,720,063**
Tier 2 complementary capital				
General provision	180,000	741,060	-	-
	180,000	**741,060**	**-**	**-**
Total capital Tier I + Tier II	**69,506,507**	**286,217,233**	**73,322,236**	**298,720,063**

30. Subsequent events to the reporting period

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

31. 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 29 May 2023.