

**ACLEDA BANK PLC.
AND ITS SUBSIDIARIES**

**Consolidated and Separate
Interim Financial Statements
As at 31 March 2022 and
For the three-month period
then ended and
Independent Auditor's Report on
Interim Financial Statements**

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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Report of the Board of Directors

The Board of Directors (“the Board” or “the Directors”) hereby submits its report together with the consolidated interim financial statements of ACLEDA Bank Plc. (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) and the separate interim financial statements of the Bank as at 31 March 2022 and for the three-month period then ended (hereafter collectively referred to as “the interim financial statements”).

The Group and the Bank

Prior to 1 December 2003, the Bank was a public limited company formed under the laws of the Kingdom of Cambodia to operate as a specialised bank with its Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the National Bank of Cambodia (“NBC”) issued a license for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. The Bank’s license was renewed for an indefinite period on 28 November 2006. The registered office of the Bank is located at No 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank may open additional offices in Cambodia and in other countries, and may change the location of its main registered office upon registering the change with the Ministry of Commerce (“MOC”) and receiving approval from the NBC.

On 25 May 2020, the Bank was successfully listed on the Cambodia Securities Exchange. The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the initial public offering (“IPO”) amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR47,726,239 thousand). On 23 November 2020, the shareholders approved the amendment to the Memorandum of Association (“MAA”) relating to the capital increase from the IPO. On 18 February 2021, the Bank submitted a letter to the NBC requesting for its approval on the capital increase, which was approved on 29 March 2021. Accordingly, the Bank’s amended MAA was approved by the MOC on 12 May 2021.

The Bank and its subsidiaries, ACLEDA Bank Lao Ltd. (“ABL”) and ACLEDA MFI Myanmar Co., Ltd. (“AMM”), are all in the financial industry sector and have operations across 262 branches covering all provinces and cities in the Kingdom of Cambodia, 38 branches in the Lao PDR, and 17 branches in the Republic of the Union of Myanmar. The Bank’s other subsidiary, ACLEDA Securities Plc. (“ACS”) is in the securities sector and ACLEDA Institute of Business (“AIB”) is in the education sector.

Principal activities

The Bank operates under the regulations of the NBC with special focus on providing lending and other financial services to the citizenry and small and medium-sized enterprises, and to engage in all other activities, which the Directors believe, support these objectives.

ABL is 99.90% owned by the Bank and its principal business is providing banking and related financial services in Lao PDR.

Principal activities (continued)

ACS is wholly owned by the Bank and its principal business is providing securities brokerage and other services approved by Securities and Exchange Commission of Cambodia.

AIB is 76.6090% owned by the Bank. AIB provides training and education for Associate's degree, Bachelor's degree, and Master's degree of Business Administration, majoring in Banking and Finance.

AMM is wholly owned and is permitted to operate as a deposit-taking microfinance institution providing microfinance services to lower income segments of the Myanmar market and other activities allowed by the Microfinance Supervisory Authority.

Interim financial performance

The audited interim financial performance of the Group and the Bank for the three-month period ended 31 March 2022 are set out in the consolidated interim statements of profit or loss and other comprehensive income and separate interim statements of profit or loss and other comprehensive income on pages 14 – 15 and 21, respectively.

Share capital and share premium

Share capital and share premium are classified as equity. Incremental costs directly attributable to the issuance of new share capital are shown in equity as a deduction, net of tax, from the proceeds.

Reserves and provisions

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

Bad and doubtful loans

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

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

Assets

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

At the date of this report 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 interim financial statements of the Group and the Bank misleading in any material respect.

Valuation methods

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

Contingent and other liabilities

At the date of this report, there is:

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

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of three months after the end of the financial period which, in the opinion of the Directors, will or may have a material effect on the ability of the Group and the Bank to meet its obligations as and when they become 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 interim financial statements of the Group and the Bank, which would render any amount stated in the interim financial statements misleading in any material respect.

Items of an unusual nature

The results of the operations of the Group and the Bank for the financial period were not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature except for the outbreak of the Novel Coronavirus (“COVID-19”).

Items of an unusual nature (continued)

There has not arisen in the interval between the end of the financial period and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Group and the Bank for the period in which this report is made.

Coronavirus and impact on expected credit loss

The expected credit loss (“ECL”) was estimated based on a range of forecast economic conditions as at reporting date. The COVID-19 outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. The impact on gross domestic product (“GDP”) and other key indicators has been considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL in which the calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, this estimate may move materially as events unfold. See Note 4(b) for further details.

The Board of Directors and the Executive Committee

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

- | | |
|----------------------------|-----------------------------------|
| ▪ Mr. Chhay Soeun | Chairman (Non-executive Director) |
| ▪ Dr. In Channy | Member (Executive Director) |
| ▪ Mr. Rath Yumeng | Member (Executive Director) |
| ▪ Mr. Kyosuke Hattori | Member (Non-executive Director) |
| ▪ Mr. Albertus Bruggink | Member (Non-executive Director) |
| ▪ Mr. Kay Lot | Member (Non-executive Director) |
| ▪ Mr. Stéphane Mangiavacca | Member (Non-executive Director) |
| ▪ Drs. Pieter Kooi | Member (Independent Director) |
| ▪ Mr. Van Sou Ieng | Member (Independent Director) |
| ▪ Ms. Phurik Ratana | Member (Independent Director) |

The members of the Executive Committee during the period and at the date of this report are:

- | | |
|----------------------|---|
| ▪ Dr. In Channy | President & Group Managing Director |
| ▪ Dr. So Phonnary | Senior EVP & Group Chief Operations Officer |
| ▪ Mrs. Mar Amara | Senior EVP & Group Chief Financial Officer |
| ▪ Mr. Rath Yumeng | Senior EVP & Group Chief Treasury Officer |
| ▪ Mr. Ly Thay | EVP & Group Chief Administrative Officer |
| ▪ Mrs. Buth Bunsayha | EVP & Group Chief Legal Officer and Corporate Secretary |
| ▪ Mr. Mach Theary | EVP & Group Chief Information Officer |
| ▪ Dr. Loeung Sopheap | EVP & Group Chief Risk Officer |

The Management and those charged with governance’s responsibilities in respect of the interim financial statements

The Management and those charged with governance are responsible for ensuring that the interim financial statements are properly drawn up so as to present fairly, in all material respects, the interim financial position of the Group and the Bank as at 31 March 2022, and the interim financial performance and cash flows for the three-month period then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and guidelines of the NBC.

In preparing these interim financial statements, the Management and those charged with governance are required to:

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

Headquarters



The Management and those charged with governance's responsibilities in respect of the interim financial statements (continued)

The Management and those charged with governance confirm that the Group and the Bank have complied with the above requirements in preparing the interim financial statements.

Mrs. Mar Amara
Senior Executive Vice President & Group Chief Financial Officer



Dr. Ir. Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia
Date: 5 May 2022

Headquarters



Approval of the interim financial statements

The accompanying interim financial statements, together with the notes thereto set out on pages 13 to 203, which present fairly, in all material respects, the interim financial position of the Group and of the Bank as at 31 March 2022, and the interim financial performance and cash flows of the Group and of the Bank for three-month period then ended in accordance with CIFRSs, were approved by the Board of Directors.

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

Mr. Chhay Soeun
Chairman

Phnom Penh, Kingdom of Cambodia
Date: 5 May 2022



Grant Thornton

Independent auditor's report

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To the Shareholders of ACLEDA Bank Plc. and its subsidiaries

Opinion

We have audited the consolidated interim financial statements of ACLEDA Bank Plc. and its subsidiaries (“the Group”) and the separate interim financial statements of ACLEDA Bank Plc. (“the Bank”), which comprise the consolidated and separate interim statements of financial position of the Group and the Bank as at 31 March 2022, and the consolidated and separate statements of profit or loss and other comprehensive income for the three-month period then ended, statements of changes in equity and statements of cash flows for the three-month period then ended, and notes to the consolidated and separate interim financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 13 to 203 [hereafter referred to as “the interim financial statements”].

In our opinion, the accompanying consolidated and separate interim financial statements present fairly, in all material respects, the interim financial positions of the Group and of the Bank as at 31 March 2022, and their interim financial performance and their cash flows for the three-month period then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and 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 interim financial statements section of our report. We are independent of the Group and 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 interim 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.



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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim financial statements of the current period. These matters were addressed in the context of our audit of the interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below is the key audit matter identified in our audit of the interim financial statements of the Group and of the Bank:

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for impairment losses on loans to customers</p> <p>Loans to customers constitute approximately 70.41% and 69.74% of the Group's and the Bank's total assets, respectively. The Group's and the Bank's loan portfolio mainly comprises loans to customers in wholesale and retail, services and agriculture. Refer to Note 38.1(d)(ii) for details. The customers comprise both corporate and individuals.</p> <p>The Group and the Bank expected credit loss ("ECL") impairment model is significant to our audit as this requires the use of complex models and significant assumptions about future economic conditions and credit behaviors. This ECL impairment model requires considerable judgement and interpretation in its implementation of the requirements of CIFRS 9, <i>Financial Instruments</i>, especially during this unprecedented era – Coronavirus ("COVID-19") pandemic, which brings about a high degree of estimation uncertainty.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> • Building the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgement is applied in determining the appropriate construction of the models; • Timely identification of loans to customers and financing that have experienced a significant increase in credit risk; • Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets; and, 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We updated our understanding, evaluated the design and implementation, and tested the operating effectiveness of the key controls over the allowance for impairment losses. These controls, among others, included: <ul style="list-style-type: none"> - Loan applications and credit reviews; - Identification of significant increase in credit risk; - Subsequent annual review of the credit worthiness of the borrower; and - Accuracy of data inputs. • We assessed whether the methodology and assumptions used in the ECL models are consistent with the requirements of CIFRS 9, incorporating consideration of COVID-19 impacts. • We reviewed a sample of loans for the appropriateness of the loan grading and staging, challenged Management's evaluations and conclusions on the credit worthiness and classification of the selected loans. • We evaluated the processes used by Management to develop forward-looking information. For a sample of significant forward-looking information variables, we compared it to independently derived forecasts and publicly available information. • We tested the accuracy of key inputs into the ECL models by comparing them against source systems and documents. • We recomputed the ECL to test the mathematical accuracy of the ECL models.



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Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> Effects of COVID-19 pandemic in relation to the significant judgement listed above. <p>The details of the accounting policies, critical accounting judgements and estimation uncertainty and credit risk management used by the Group and the Bank have been disclosed in notes 2(e)(vii), 4 and 38.1 to the financial statements, respectively.</p>	<ul style="list-style-type: none"> We assessed the adequacy of disclosures to ensure compliance with CIFRS 9. <p>We involved our specialists in the performance of the above procedures, when necessary, where their specific expertise was required.</p>

Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors as set out in pages 1 to 7, but does not include the interim financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those charged with governance for the interim financial statements

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

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

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



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Auditor's responsibilities for the audit of the interim financial statements

Our objectives are to obtain reasonable assurance about whether the interim 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 interim financial statements.

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

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated interim financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the interim financial statements of the current period and are therefore the key audit matters. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ronald C. Almera.

Grant Thornton
GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors



Ronald C. Almera

Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia

5 May 2022

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
ASSETS					
Cash on hand	7	460,428,067	450,375,149	1,864,733,671	1,834,828,357
Deposits and placements with other banks, net	8	660,607,338	577,117,298	2,675,459,719	2,351,175,872
Financial investments	9	630,901,636	801,084,392	2,555,151,626	3,263,617,813
Loans and advances, net	10	5,742,405,705	5,393,953,503	23,256,743,105	21,974,966,571
Other assets	11	31,850,230	28,141,190	128,993,432	114,647,208
Statutory deposits	12	439,737,653	415,456,960	1,780,937,495	1,692,571,655
Property and equipment, net	14	138,062,669	139,431,244	559,153,809	568,042,888
Intangible assets, net	15	12,026,225	12,286,098	48,706,211	50,053,563
Right-of-use assets, net	16	28,346,369	28,337,884	114,802,794	115,448,539
Derivative financial instruments	23	2,109,246	-	8,542,446	-
Deferred tax assets, net	17	9,490,168	9,068,606	38,435,180	36,945,501
TOTAL ASSETS		8,155,965,306	7,855,252,324	33,031,659,488	32,002,297,967
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	467,147,868	483,740,992	1,891,948,865	1,970,760,801
Deposits from customers	19	5,432,509,109	5,232,278,693	22,001,661,891	21,316,303,395
Derivative financial instruments	23	-	506,158	-	2,062,088
Other liabilities	20	87,607,200	78,422,171	354,809,160	319,491,925
Borrowings	21	701,327,072	608,488,803	2,840,374,642	2,478,983,383
Subordinated debts	22	159,071,377	156,492,941	644,239,077	637,552,242
Current income tax liabilities	32(a)	10,103,422	36,315,767	40,918,859	147,950,435
Lease liabilities	24	28,141,663	27,874,940	113,973,735	113,562,506
Employee benefits	25	30,966,858	26,096,817	125,415,775	106,318,432
TOTAL LIABILITIES		6,916,874,569	6,650,217,282	28,013,342,004	27,092,985,207
EQUITY					
Share capital	26	433,163,019	433,163,019	1,754,310,227	1,764,706,139
Share premium	26	11,706,215	11,706,215	47,410,171	47,691,120
Reserves	36	603,840,922	592,909,744	2,459,349,985	2,433,432,915
Retained earnings		184,358,500	161,263,307	732,857,673	639,068,094
Non-controlling interests		6,022,081	5,992,757	24,389,428	24,414,492
TOTAL EQUITY		1,239,090,737	1,205,035,042	5,018,317,484	4,909,312,760
TOTAL LIABILITIES AND EQUITY		8,155,965,306	7,855,252,324	33,031,659,488	32,002,297,967

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Notes	For the three-month period ended			
		31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Interest income	27	157,114,300	139,573,397	638,041,172	566,667,992
Interest expense	28	(47,864,990)	(38,230,009)	(194,379,724)	(155,213,837)
Net interest income		<u>109,249,310</u>	<u>101,343,388</u>	<u>443,661,448</u>	<u>411,454,155</u>
Fee and commission income	29	11,698,077	12,457,842	47,505,891	50,578,839
Fee and commission expense		(793,637)	(920,654)	(3,222,960)	(3,737,855)
Net fee and commission income		<u>10,904,440</u>	<u>11,537,188</u>	<u>44,282,931</u>	<u>46,840,984</u>
Allowance for impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(16,359,465)	(3,816,962)	(66,435,787)	(15,496,866)
Reversal of impairment losses on off-balance sheet commitments	10	4,094	123,219	16,626	500,269
Net impairment losses		<u>(16,355,371)</u>	<u>(3,693,743)</u>	<u>(66,419,161)</u>	<u>(14,996,597)</u>
Income after impairment losses		<u>103,798,379</u>	<u>109,186,833</u>	<u>421,525,218</u>	<u>443,298,542</u>
Other income	30	5,946,659	4,170,099	24,149,382	16,930,602
General and administrative expenses	31	(65,499,327)	(61,462,038)	(265,992,767)	(249,535,874)
Profit before income tax		<u>44,245,711</u>	<u>51,894,894</u>	<u>179,681,833</u>	<u>210,693,270</u>
Income tax expense	32(b)	(8,882,538)	(7,793,456)	(36,071,987)	(31,641,431)
Profit for the period (carried forward to next page)		<u>35,363,173</u>	<u>44,101,438</u>	<u>143,609,846</u>	<u>179,051,839</u>

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Notes	For the three-month period ended			
		31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Profit for the period (brought forward from previous page)		<u>35,363,173</u>	<u>44,101,438</u>	<u>143,609,846</u>	<u>179,051,839</u>
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss – :</i>					
Remeasurement of employee benefit obligations	25	(1,281,614)	157,945	(5,204,634)	641,257
Remeasurement of the effective portion of derivatives arising from cash flow hedge		2,615,405	-	10,621,160	-
<i>Item that are or may be reclassified subsequently to profit or loss –</i>					
Currency translation differences		-	-	(4,417,814)	(663,893)
Other comprehensive income for the period		<u>1,333,791</u>	<u>157,945</u>	<u>998,712</u>	<u>(22,636)</u>
Total comprehensive income for the period		<u><u>36,696,964</u></u>	<u><u>44,259,383</u></u>	<u><u>144,608,558</u></u>	<u><u>179,029,203</u></u>
Profit for the period attributable to:					
Owners of the Bank		35,336,585	44,229,869	143,501,872	179,573,269
Non-controlling interests		<u>26,588</u>	<u>(128,431)</u>	<u>107,974</u>	<u>(521,430)</u>
		<u>35,363,173</u>	<u>44,101,438</u>	<u>143,609,846</u>	<u>179,051,839</u>
Total other comprehensive income attributable to:					
Owners of the Bank		36,667,022	44,385,394	144,631,119	179,538,917
Non-controlling interests		<u>29,942</u>	<u>(126,011)</u>	<u>(22,561)</u>	<u>(509,714)</u>
		<u><u>36,696,964</u></u>	<u><u>44,259,383</u></u>	<u><u>144,608,558</u></u>	<u><u>179,029,203</u></u>
The earnings per share attributable to shareholders of Bank during the period are as follows:					
Basic earnings per share	33	<u>0.08</u>	<u>0.10</u>	<u>0.33</u>	<u>0.41</u>
Diluted earnings per share	33	<u>0.08</u>	<u>0.10</u>	<u>0.33</u>	<u>0.41</u>

The accompanying notes on page 26 to 203 form an integral part of these interim financial statement.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Attributable to equity holders of the Parent										Non-controlling interest		Total equity	
	Share capital		Share premium		Reserves		Retained earnings		Total					
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
As at 1 January 2022	433,163,019	1,764,706,139	11,706,215	47,691,120	592,909,744	2,433,432,915	161,263,307	639,068,094	1,199,042,285	4,884,898,268	5,992,757	24,414,492	1,205,035,042	4,909,312,760
Profit for the period	-	-	-	-	-	-	35,336,585	143,501,872	35,336,585	143,501,872	26,588	107,974	35,363,173	143,609,846
<i>Other comprehensive income:</i>														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(1,284,968)	(5,218,255)	(1,284,968)	(5,218,255)	3,354	13,621	(1,281,614)	(5,204,634)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	-	-	2,615,405	10,621,160	2,615,405	10,621,160	-	-	2,615,405	10,621,160
Currency translation differences	-	-	-	-	-	(4,273,658)	-	-	-	(4,273,658)	-	(144,156)	-	(4,417,814)
Total comprehensive income for the period	-	-	-	-	-	(4,273,658)	36,667,022	148,904,777	36,667,022	144,631,119	29,942	(22,561)	36,696,964	144,608,558
Transaction with owners:														
Transfer from retained earnings to regulatory reserves	-	-	-	-	13,571,829	55,115,198	(13,571,829)	(55,115,198)	-	-	-	-	-	-
Currency translation differences - foreign subsidiaries	-	-	-	-	(2,640,651)	(10,723,684)	-	-	(2,640,651)	(10,723,684)	(618)	(2,510)	(2,641,269)	(10,726,194)
Currency translation differences	-	(10,395,912)	-	(280,949)	-	(14,200,786)	-	-	-	(24,877,647)	-	7	-	(24,877,640)
Total transactions with owners:	-	(10,395,912)	-	(280,949)	10,931,178	30,190,728	(13,571,829)	(55,115,198)	(2,640,651)	(35,601,331)	(618)	(2,503)	(2,641,269)	(35,603,834)
As at 31 March 2022	433,163,019	1,754,310,227	11,706,215	47,410,171	603,840,922	2,459,349,985	184,358,500	732,857,673	1,233,068,656	4,993,928,056	6,022,081	24,389,428	1,239,090,737	5,018,317,484

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Attributable to equity holders of the Parent												Non-controlling interest		Total equity	
	Share capital		Share premiums		Reserves		Retained earnings		Total							
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)		
As at 1 January 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	503,094,236	2,048,708,997	141,662,037	559,330,127	1,089,625,507	4,407,535,176	-	-	1,089,625,507	4,407,535,176		
Profit for the period	-	-	-	-	-	-	44,229,869	179,573,269	44,229,869	179,573,269	(128,431)	(521,430)	44,101,438	179,051,839		
<i>Other comprehensive income:</i>																
Remeasurement of employee benefit obligations	-	-	-	-	-	-	155,525	631,432	155,525	631,432	2,420	9,825	157,945	641,257		
Currency translation differences	-	-	-	-	-	(665,784)	-	-	-	(665,784)	-	1,891	-	(663,893)		
Total comprehensive income for the period	-	-	-	-	-	(665,784)	44,385,394	180,204,701	44,385,394	179,538,917	(126,011)	(509,714)	44,259,383	179,029,203		
Transaction with owners:																
Increase share capital of AIB invested by AFT	6,047,046	24,551,007	-	-	-	-	-	-	6,047,046	24,551,007	-	-	6,047,046	24,551,007		
Share premium of AIB	-	-	3,952,954	16,048,993	-	-	-	-	3,952,954	16,048,993	-	-	3,952,954	16,048,993		
Eliminated share capital of AIB to NCI	(6,047,046)	(24,551,007)	(924,635)	(3,754,018)	-	-	-	-	(6,971,681)	(28,305,025)	6,971,681	28,305,025	-	-		
Transfers from retained earnings to general reserves	-	-	-	-	64,527,752	261,982,673	(64,527,752)	(261,982,673)	-	-	-	-	-	-		
Transfer from retained earnings to regulatory reserves	-	-	-	-	8,680,735	35,243,784	(8,680,735)	(35,243,784)	-	-	-	-	-	-		
Transfers from retained earnings to NCI	-	-	-	-	-	-	718,795	2,918,308	718,795	2,918,308	(718,795)	(2,918,308)	-	-		
Reserve NCI	-	-	(3,028,319)	(12,294,975)	3,028,319	12,294,975	-	-	-	-	-	-	-	-		
Currency translation differences - foreign subsidiaries	-	-	-	-	(3,025,419)	(12,283,201)	-	-	(3,025,419)	(12,283,201)	(1,512)	(6,139)	(3,026,931)	(12,289,340)		
Currency translation differences	-	-	-	-	-	(10,824)	-	-	-	(10,824)	-	(93,770)	-	(104,594)		
Total transactions with owners:	-	-	-	-	73,211,387	297,227,407	(72,489,692)	(294,308,149)	721,695	2,919,258	6,251,374	25,286,808	6,973,069	28,206,066		
As at 31 March 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	576,305,623	2,345,270,620	113,557,739	445,226,679	1,134,732,596	4,589,993,351	6,125,363	24,777,094	1,140,857,959	4,614,770,445		

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Notes	For the three-month period ended			
		31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the period before income tax		44,245,711	51,894,894	179,681,833	210,693,270
<i>Adjustments for:</i>					
Net impairment losses	10	16,355,371	3,693,743	66,419,161	14,996,597
Depreciation of property and equipment	14	5,424,155	5,082,106	22,027,493	20,633,350
Depreciation of right-of-use assets	16	2,856,436	2,674,390	11,599,987	10,858,023
Adjustment in property and equipment		2,596,687	20,845	10,545,146	84,631
Seniority indemnity benefits	25(c)	2,573,609	2,010,443	10,451,426	8,162,399
Amortisation	15	809,326	1,034,329	3,286,673	4,199,376
Retirement benefits	25(a)	666,150	414,243	2,705,235	1,681,827
Career development	25(b)	461,143	367,426	1,872,702	1,491,750
(Gain)/loss on disposals of property and equipment, intangible assets and lease	30	(26,947)	439,678	(109,432)	1,785,093
Adjustment in intangible assets		(47,153)	(16,322)	(191,488)	(66,267)
Dividend income	30	(117,333)	-	(476,489)	-
Unrealised exchange gains		(209,387)	(670,216)	(850,321)	(2,721,078)
Currency translation reserves		(2,641,269)	(3,026,931)	(10,726,193)	(12,289,340)
Net interest income		(109,249,310)	(101,343,388)	(443,661,448)	(411,454,155)
Operating loss before changes in working capital		(36,302,811)	(37,424,760)	(147,425,715)	(151,944,524)
<i>Changes in:</i>					
Deposits from customers		200,230,416	269,373,399	813,135,719	1,093,656,000
Statutory deposits		12,167,200	58,745,691	49,410,999	238,507,505
Other liabilities		5,506,643	24,402,048	22,362,477	99,072,315
Other assets		(3,771,830)	(2,055,981)	(15,317,402)	(8,347,283)
Deposits and placements from other banks and financial institutions		(16,593,124)	74,764,970	(67,384,677)	303,545,778
Deposits and placements with other banks		(56,846,751)	(87,015,318)	(230,854,656)	(353,282,191)
Loans and advances		(363,786,049)	(261,002,232)	(1,477,335,145)	(1,059,669,062)
Cash flow (used in)/generated from operations		(259,396,306)	39,787,817	(1,053,408,400)	161,538,538
Interest received		156,726,921	139,839,009	636,468,026	567,746,377
Career development benefits paid	25(b)	(1,681)	(2,090)	(6,827)	(8,485)
Seniority benefits paid	25(c)	(16,990)	(53,589)	(68,996)	(217,571)
Retirement benefits paid	25(a)	(45,852)	(98,292)	(186,205)	(399,066)
Interest paid		(32,510,166)	(38,202,890)	(132,023,784)	(155,103,733)
Income tax paid	32(a)	(35,584,628)	(27,932,075)	(144,509,174)	(113,404,225)
Net cash (used in)/from operating activities (carried forward to next page)		(170,828,702)	113,337,890	(693,735,360)	460,151,835

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Notes	For the three-month period ended			
		31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Net cash (used in)/from operating activities (brought forward from previous page)		(170,828,702)	113,337,890	(693,735,360)	460,151,835
Cash flows from investing activities					
Interest received from investing		387,380	-	1,573,150	-
Dividends received		117,333	-	476,489	-
Proceeds from disposals of property and equipment and intangible assets		62,042	71,797	251,953	291,496
Purchases of intangible assets	15	(560,890)	(798,631)	(2,277,774)	(3,242,442)
Purchases of property and equipment	14	(6,724,672)	(4,927,115)	(27,308,893)	(20,004,087)
Financial investments		(35,403,982)	448,936	(143,775,571)	1,822,680
Net cash used in investing activities		(42,122,789)	(5,205,013)	(171,060,646)	(21,132,353)
Cash flows from financing activities					
Proceeds from borrowings		147,613,221	45,335,201	599,457,290	184,060,916
Investments made by holders of non-controlling interest in AIB		-	6,971,681	-	28,305,025
Reserve NCI		-	3,028,319	-	12,294,975
Payment of lease liabilities	24	(3,073,250)	(2,919,758)	(12,480,468)	(11,854,217)
Interest paid		(13,665,369)	-	(55,495,064)	-
Repayments of borrowings		(49,725,228)	(57,911,546)	(201,934,151)	(235,120,877)
Net cash from/(used in) financing activities		81,149,374	(5,496,103)	329,547,607	(22,314,178)
Net (decrease)/increase in cash and cash equivalents		(131,802,117)	102,636,774	(535,248,399)	416,705,304
Cash and cash equivalents at the beginning of the period		1,803,239,297	1,497,105,504	6,055,791,764	6,055,791,764
Currency translation difference		-	-	1,248,777,214	(1,539,553)
Cash and cash equivalents at the end of the period	34	<u>1,671,437,180</u>	<u>1,599,742,278</u>	<u>6,769,320,579</u>	<u>6,470,957,515</u>

During the period, the Group entered into a new lease agreement and recognised a right-of-use asset amounting to US\$3,513,106 (31 March 2021: US\$1,807,694) and its related lease liability, which are non-cash transaction.

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
ASSETS					
Cash on hand	7	449,047,645	439,465,980	1,818,642,962	1,790,384,403
Deposits and placements with other banks, net	8	634,188,650	543,426,920	2,568,464,033	2,213,921,272
Financial investments	9	630,901,636	801,084,392	2,555,151,626	3,263,617,813
Loans and advances, net	10	5,584,103,197	5,232,058,920	22,615,617,948	21,315,408,040
Other assets	11	30,275,877	26,049,513	122,617,303	106,125,717
Statutory deposits	12	437,064,970	412,986,454	1,770,113,129	1,682,506,814
Investments in subsidiaries	13	91,117,716	91,117,716	369,026,750	371,213,575
Property and equipment, net	14	103,211,645	104,437,183	418,007,162	425,477,084
Intangible assets, net	15	11,224,857	11,415,853	45,460,671	46,508,185
Right-of-use assets, net	16	25,804,502	25,596,727	104,508,233	104,281,066
Derivative financial instruments	23	2,109,246	-	8,542,446	-
Deferred tax assets, net	17	7,461,375	7,523,717	30,218,569	30,651,623
TOTAL ASSETS		8,006,511,316	7,695,163,375	32,426,370,832	31,350,095,592
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	442,746,980	455,606,835	1,793,125,269	1,856,142,246
Deposits from customers	19	5,327,251,773	5,126,926,990	21,575,369,681	20,887,100,557
Derivative financial instruments	23	-	506,158	-	2,062,088
Other liabilities	20	85,788,300	76,702,179	347,442,615	312,484,677
Borrowings	21	681,222,987	583,641,056	2,758,953,097	2,377,753,662
Subordinated debts	22	159,071,377	156,492,941	644,239,077	637,552,242
Current income tax liabilities	32(a)	9,276,161	35,491,329	37,568,452	144,591,674
Lease liabilities	24	25,757,850	25,371,736	104,319,293	103,364,452
Employee benefits	25	30,203,454	25,331,807	122,323,989	103,201,782
TOTAL LIABILITIES		6,761,318,882	6,486,071,031	27,383,341,473	26,424,253,380
EQUITY					
Share capital	26	433,163,019	433,163,019	1,754,310,227	1,764,706,139
Share premium	26	11,706,215	11,706,215	47,410,171	47,691,120
Reserves	36	622,772,686	607,881,560	2,535,773,687	2,494,039,282
Retained earnings		177,550,514	156,341,550	705,535,274	619,405,671
TOTAL EQUITY		1,245,192,434	1,209,092,344	5,043,029,359	4,925,842,212
TOTAL LIABILITIES AND EQUITY		8,006,511,316	7,695,163,375	32,426,370,832	31,350,095,592

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Notes	For the three-month period ended			
		31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Interest income	27	148,831,822	129,533,984	604,406,029	525,907,975
Interest expense	28	(45,856,523)	(35,743,423)	(186,223,340)	(145,118,297)
Net interest income		<u>102,975,299</u>	<u>93,790,561</u>	<u>418,182,689</u>	<u>380,789,678</u>
Fee and commission income	29	10,320,979	11,382,726	41,913,496	46,213,868
Fee and commission expense		(706,240)	(840,607)	(2,868,041)	(3,412,864)
Net fee and commission income		<u>9,614,739</u>	<u>10,542,119</u>	<u>39,045,455</u>	<u>42,801,004</u>
(Allowances for)/reversal of impairment losses for loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(12,753,008)	1,597,495	(51,789,965)	6,485,830
Reversal of impairment losses on off-balance sheet commitments	10	36,529	120,009	148,344	487,237
Net impairment losses		<u>(12,716,479)</u>	<u>1,717,504</u>	<u>(51,641,621)</u>	<u>6,973,067</u>
Income after impairment losses		<u>99,873,559</u>	<u>106,050,184</u>	<u>405,586,523</u>	<u>430,563,749</u>
Other income	30	4,971,740	3,860,173	20,190,236	15,672,302
General and administrative expenses	31	(61,514,709)	(56,909,795)	(249,811,233)	(231,053,768)
Profit before income tax		<u>43,330,590</u>	<u>53,000,562</u>	<u>175,965,526</u>	<u>215,182,283</u>
Income tax expense	32(b)	(8,503,544)	(10,267,973)	(34,532,892)	(41,687,970)
Profit for the period		<u>34,827,046</u>	<u>42,732,589</u>	<u>141,432,634</u>	<u>173,494,313</u>
Other comprehensive income:					
Item that will not be reclassified to profit or loss –					
Remeasurement of employee benefit obligations	25	(1,342,361)	173,514	(5,451,328)	704,467
Remeasurement of the effective portion of derivatives arising from cash flow hedge		2,615,405	-	10,621,160	-
Item that are or may be reclassified subsequently to profit or loss –					
Currency translation differences		-	-	(4,149,299)	(643,593)
Other comprehensive income during the period		<u>1,273,044</u>	<u>173,514</u>	<u>1,020,533</u>	<u>60,874</u>
Total comprehensive income for the period		<u>36,100,090</u>	<u>42,906,103</u>	<u>142,453,167</u>	<u>173,555,187</u>

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2022	433,163,019	1,764,706,139	11,706,215	47,691,120	607,881,560	2,494,039,282	156,341,550	619,405,671	1,209,092,344	4,925,842,212
Profit for the period	-	-	-	-	-	-	34,827,046	141,432,634	34,827,046	141,432,634
<i>Other comprehensive income:</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	-	-	2,615,405	10,621,160	2,615,405	10,621,160
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(1,342,361)	(5,451,328)	(1,342,361)	(5,451,328)
Currency translation difference	-	-	-	-	-	(4,149,299)	-	-	-	(4,149,299)
Total comprehensive income for the period	-	-	-	-	-	(4,149,299)	36,100,090	146,602,466	36,100,090	142,453,167
Transaction with owners:										
Transfer from retained earnings to regulatory reserves	-	-	-	-	14,891,126	60,472,863	(14,891,126)	(60,472,863)	-	-
Currency translation difference	-	(10,395,912)	-	(280,949)	-	(14,589,159)	-	-	-	(25,266,020)
Total transactions with owners:	-	(10,395,912)	-	(280,949)	14,891,126	45,883,704	(14,891,126)	(60,472,863)	-	(25,266,020)
As at 31 March 2022	<u>433,163,019</u>	<u>1,754,310,227</u>	<u>11,706,215</u>	<u>47,410,171</u>	<u>622,772,686</u>	<u>2,535,773,687</u>	<u>177,550,514</u>	<u>705,535,274</u>	<u>1,245,192,434</u>	<u>5,043,029,359</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
As at 1 January 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	510,741,556	2,079,357,810	138,414,769	546,479,526	1,094,025,559	4,425,333,388
Profit for the period	-	-	-	-	-	-	42,732,589	173,494,313	42,732,589	173,494,313
<i>Other comprehensive income:</i>										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	173,514	704,467	173,514	704,467
Currency translation difference	-	-	-	-	-	(643,593)	-	-	-	(643,593)
Total comprehensive income for the period	-	-	-	-	-	(643,593)	42,906,103	174,198,780	42,906,103	173,555,187
Transaction with owners:										
Transfer from retained earnings to general reserves	-	-	-	-	55,327,925	224,631,376	(55,327,925)	(224,631,376)	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	11,721,232	47,588,202	(11,721,232)	(47,588,202)	-	-
Total transactions with owners:	-	-	-	-	67,049,157	272,219,578	(67,049,157)	(272,219,578)	-	-
As at 31 March 2021	<u>433,163,019</u>	<u>1,752,144,412</u>	<u>11,706,215</u>	<u>47,351,640</u>	<u>577,790,713</u>	<u>2,350,933,795</u>	<u>114,271,715</u>	<u>448,458,728</u>	<u>1,136,931,662</u>	<u>4,598,888,575</u>

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Notes	For the three-month period ended			
		31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the period before income tax		43,330,590	53,000,562	175,965,526	215,182,283
<i>Adjustments for:</i>					
Net impairment losses	10	12,716,479	(1,717,504)	51,641,621	(6,973,067)
Depreciation of property and equipment	14	4,975,533	4,500,091	20,205,640	18,270,369
Depreciation of right-of-use assets	16	2,675,655	2,465,911	10,865,835	10,011,599
Adjustment in property and equipment		2,596,687	20,845	10,545,146	84,631
Seniority indemnity benefits	25(c)	2,593,569	1,963,428	10,532,484	7,971,518
Amortisation	15	735,340	925,125	2,986,216	3,756,008
Retirement benefits	25(a)	622,383	384,328	2,527,497	1,560,372
Career development	25(b)	404,753	355,890	1,643,702	1,444,913
Gain on disposals of property and equipment, intangible assets and lease	30	(27,423)	439,531	(111,365)	1,784,496
Adjustment in intangible assets		(47,152)	(16,322)	(191,484)	(66,267)
Dividend income	30	(117,333)	-	(476,489)	-
Unrealised exchange gains		(204,406)	(346,260)	(830,093)	(1,405,816)
Net interest income		(102,975,299)	(93,790,561)	(418,182,689)	(380,789,678)
Operating loss before changes in working capital		(32,720,624)	(31,814,936)	(132,878,453)	(129,168,639)
<i>Changes in:</i>					
Deposits from customers		200,324,783	276,725,826	813,518,944	1,123,506,854
Statutory deposits		18,672,757	57,293,395	75,830,066	232,611,184
Other liabilities		6,293,577	23,989,528	25,558,216	97,397,484
Other assets		(4,276,523)	(1,570,063)	(17,366,960)	(6,374,456)
Deposits and placements of other banks and financial institutions		(12,859,855)	75,957,641	(52,223,871)	308,388,022
Deposits and placements with other banks		(63,143,440)	(85,354,719)	(256,425,510)	(346,540,159)
Loans and advances		(363,897,423)	(259,921,129)	(1,477,787,435)	(1,055,279,784)
Cash flow (used in)/generated from operations		(251,606,748)	55,305,543	(1,021,775,003)	224,540,506
Interest received		148,444,442	129,792,174	602,832,879	526,956,226
Career development benefits paid	25(b)	(1,681)	(2,090)	(6,827)	(8,485)
Seniority benefits paid	25(c)	(16,990)	(49,095)	(68,996)	(199,326)
Retirement benefits paid	25(a)	(45,852)	(98,292)	(186,205)	(399,066)
Interest paid		(31,830,793)	(35,766,577)	(129,264,850)	(145,212,303)
Income tax paid	32(a)	(34,656,370)	(26,798,342)	(140,739,519)	(108,801,269)
Net cash (used in)/from operating activities (carried forward to next page)		(169,713,992)	122,383,321	(689,208,521)	496,876,283

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Notes	For the three-month period ended			
		31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Net cash from operating activities (brought forward from previous page)		(169,713,992)	122,383,321	(689,208,521)	496,876,283
Cash flows from investing activities					
Interest received from investing		387,380	-	1,573,150	-
Dividend received		117,333	-	476,489	-
Proceeds from disposals of property and equipment		44,816	71,351	181,998	289,685
Purchases of intangible assets	15	(491,756)	(183,462)	(1,997,021)	(744,856)
Purchases of property and equipment	14	(6,313,041)	(4,907,570)	(25,637,260)	(19,924,734)
Financial investments		(35,403,982)	448,936	(143,775,571)	1,822,680
Net cash used in investing activities		<u>(41,659,250)</u>	<u>(4,570,745)</u>	<u>(169,178,215)</u>	<u>(18,557,225)</u>
Cash flows from financing activities					
Proceeds from borrowings		147,613,221	40,000,000	599,457,290	162,400,000
Payment of lease liabilities	24	(2,924,528)	(2,784,883)	(11,876,508)	(11,306,625)
Interest paid		(12,494,712)	-	(50,741,025)	-
Repayments of borrowings		(45,720,267)	(51,429,852)	(185,670,004)	(208,805,199)
Net cash from/(used in) financing activities		<u>86,473,714</u>	<u>(14,214,735)</u>	<u>351,169,753</u>	<u>(57,711,824)</u>
Net (decrease)/increase in cash and cash equivalents		(124,899,528)	103,597,841	(507,216,983)	420,607,234
Cash and cash equivalents at the beginning of the period		1,758,380,868	1,457,697,939	5,896,388,163	5,896,388,163
Currency translation difference		-	-	1,226,428,247	(1,553,967)
Cash and cash equivalents at the end of the period	34	<u>1,633,481,340</u>	<u>1,561,295,780</u>	<u>6,615,599,427</u>	<u>6,315,441,430</u>

During the period, the Bank entered into a new lease agreement and recognised a right-of-use asset amounting to US\$3,511,557 (31 March 2021: US\$1,798,363) and its related lease liability, which are non-cash transaction.

The accompanying notes on page 26 to 203 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

1. Background information

Prior to 1 December 2003, ACLEDA Bank Plc. (“the Bank”) was a public limited company formed under the Laws of the Kingdom of Cambodia to operate as a specialised bank with a Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the National Bank of Cambodia (“NBC”) issued a license for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. The Bank’s license was renewed for an indefinite period on 28 November 2006. On 25 May 2020, the Bank was successfully listed on the Cambodia Securities Exchange (“CSX”).

The registered office of the Bank is located at No 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The Bank operates under the supervision of the NBC with special focus on providing lending and other financial services to the citizenry and small and medium-sized enterprises and to engage in all other activities which the Board of Directors believes support these objectives.

The Bank has four subsidiaries (collectively referred to as “the Group”) operating in Lao PDR, Republic of the Union of Myanmar, and in the Kingdom of Cambodia. The principal activities of the subsidiaries are disclosed in Note 13 to the interim financial statements. Currently, the Group has 262 branches covering all provinces and cities in the Kingdom of Cambodia, 38 branches in the Lao PDR, and 17 branches in the Republic of the Union of Myanmar.

As at 31 March 2022, the Group and the Bank have 13,684 and 12,111 employees, respectively. (2021: 13,674 and 12,081 employees, respectively).

2. Summary of significant accounting policies

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

(a) Basis of preparation and presentation

The interim financial statements of the Group and the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). The consolidated and separate interim financial statements have been prepared on a historical cost basis, except for items which are not prepared the under historical cost basis such as:

- Financial instruments at amortised cost;
- Financial instruments, including derivatives, which are valued at fair value;
- Defined benefit asset or obligation; and,
- Provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(a) Basis of preparation and presentation (continued)

The preparation of interim financial statements in conformity with CIFRSs requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise judgment in the process of applying the Group's and the Bank's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the interim financial statements are disclosed in Note 4.

The interim financial statements are presented in accordance with Cambodian International Accounting Standards ("CIAS") 34, *Interim Financial Reporting*.

Management presents the interim financial statements based on liquidity. Information about short-term and long-term assets and liabilities are disclosed in the financial risk management section in Note 38. Assets and liabilities over 12 months are considered non-current assets and non-current liabilities, respectively.

(b) Adoption of new and amended accounting standards

(i) Amended accounting standards effective during the period

The Group and the Bank adopted all accounting standards and interpretations as at 31 March 2022. The amended accounting standards assessed not to be applicable to the Group's and the Bank's interim financial statements follow:

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CAS 16, *Property, Plant and Equipment*)
- Reference to the Conceptual Framework (Amendments to CIFRS 3, *Business Combinations*)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to CAS 37, *Provisions, Contingent Liabilities, Contingent Assets*)
- Annual Improvements to CIFRS Standards 2018–2020

(ii) New and amended accounting standards which are not yet effective

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

- CIFRS 17, *Insurance Contracts*
- Classification of Liabilities as Current or Non-current (Amendments to CAS 1, *Presentation of Financial Statements*)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(b) Adoption of new and amended accounting standards (continued)

(ii) *New and amended accounting standards which are not yet effective (continued)*

- Extension of the Temporary Exemption from Applying CIFRS 9 (Amendments to CIFRS 4, *Insurance Contracts*)
- Disclosure of Accounting Policies (Amendments to CAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CAS 12, *Income Taxes*)

The Management does not expect that the adoption of the accounting standards listed above will have a material impact on the interim financial statements of the Group and the Bank in future periods.

(c) Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities over which the Bank has control. The Bank controls an entity when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

The consolidated interim financial statements include the interim financial statements of the Bank and all its subsidiaries made up to the end of the financial period.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and deconsolidated from the date that control ceases.

All material transactions and balances between each of the Group's entities are eliminated and the consolidated interim financial statements reflect external transactions only. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(ii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss in control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(iii) Disposal of subsidiaries

When the Bank ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for retained interest as an associate, joint venture or financial assets. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Bank had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Investments in subsidiaries

In the Bank's separate interim financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of investments are recognised in the statements of profit or loss and other comprehensive income.

The amounts due from subsidiaries of which the Bank does not expect repayment in foreseeable future are considered as part of the Bank's investments in subsidiaries.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The interim financial statements are presented in United States Dollars ("US\$"), which is the Group's and the Bank's functional and presentation currency.

(ii) 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 period-end exchange rates of monetary assets and liabilities denominated in currencies other than US\$ are recognised in the statements of profit or loss and other comprehensive income.

(iii) Group's companies

The results and interim financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Bank's presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each statements of financial position presented are translated at the closing rate at the end of the reporting period;

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group's companies (continued)

- b) income and expenses for each statements of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions); and,
- c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences are reclassified to the statements of profit or loss and other comprehensive income as part of gain or loss on sale.

(e) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group and the Bank initially recognise loans and advances, deposits and placements with other banks, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group and the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

On initial recognition, a financial asset is classified as: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payment for principal and interest' ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

All other financial assets are classified as FVTPL.

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

Business model assessment

The Group and the Bank make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's and the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest (continued)

In assessing whether the contractual cash flows are SPPI, the Group and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group and the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group and the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and,
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group and the Bank holds a portfolio of long-term fixed-rate loans for which the Group and the Bank have the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision in which the Group and the Bank has an option to either accept the revised rate or redeem the loan at par without penalty. The Group and the Bank have determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse loans

In some cases, loans made by the Group and the Bank that are secured by collateral of the borrower limit the Group and the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Group and the Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group and the Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group and the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and,
- whether the Group and the Bank will benefit from any upside from the underlying assets.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) *Classification (continued)*

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group and the Bank change its business model for managing financial assets.

Financial liabilities

The Group and the Bank classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(iii) *Derecognition*

Financial assets

The Group and the Bank derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group and the Bank are recognised as a separate asset or liability.

Financial liabilities

The Group and the Bank derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) *Modifications of financial assets and financial liabilities*

Financial assets

If the terms of a financial asset are modified, then the Group and the Bank evaluate whether the cash flows of the modified asset are substantially different.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(iv) *Modifications of financial assets and financial liabilities (continued)*

Financial assets (continued)

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and,
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group and the Bank plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group and the Bank first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method (see (Note 2(r))).

Financial liabilities

The Group and the Bank derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(iv) *Modifications of financial assets and financial liabilities (continued)*

Financial liabilities (continued)

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group and the Bank currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under CIFRSs, or for gains and losses arising from a group of similar transactions such as in the Group and the Bank's trading activity.

(vi) *Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) *Impairment*

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

- financial assets that are debt instruments;
- loan and advances;
- financial guarantee contracts issued; and,
- loan commitments issued.

No impairment loss is recognised on equity investments.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

The Group and the Bank measure loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than loan and advances) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for loan and advances are always measured at an amount equal to lifetime ECL.

The Group and the Bank consider a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group and the Bank do not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and the Bank expect to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group and the Bank if the commitment is drawn down and the cash flows that the Group and the Bank expect to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group and the Bank expect to recover.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD"); and,
- Exposure at default ("EAD").

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

Measurement of ECL (continued)

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The assumptions underlying the ECL calculation are monitored and reviewed monthly and quarterly. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon. Financial assets under the general approach, which required staging will require both 12-month PD and lifetime PD estimation according to historical data using the migration approach or external credit rating approach.

LGD is the magnitude of the likely loss if there is a default. LGD is defined as the percentage of exposure the Group and the Bank might lose in case the customer defaults. These losses are usually shown as a percentage of EAD, and depend, amongst others, on the type and amount of collateral as well as the type of customer and the expected recovery from the customers.

With accurate collateral value, which is updated from time to time, the Group and the Bank can consider to take collateral into LGD calculation for ECL computation. In the event of over-collateralised, a floor LGD shall be applied for ECL calculation.

EAD is simply the amount outstanding at the point of default. However, EAD is different following the natures of products:

- Amortised facilities: the current amount allowed under the contract and arising from amortisation
- Revolving facilities: utilisation rate
- Off-balance sheet: credit conversion factors

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

Measurement of ECL (continued)

However, for credit card facilities that include both a loan and an undrawn commitment component, the Group and the Bank measure ECL over a period longer than the maximum contractual period if the Group's and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group and the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group and the Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group and the Bank become aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group and the Bank expect to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

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 (see (iv)) 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.

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

- Restructured loan that is "viable" shall be deemed as "performing" and shall be classified as "Special Mention" with 3% provisioning, regardless of the number of restructuring.
- Restructured loan that needs "more restructuring" should be deemed as "non-performing" and shall be classified as "Substandard" with 20% provisioning for loans under the first restructuring, and "Doubtful" with 50% provisioning for loans under the second restructuring.
- Restructured loan that is "non-viable" shall be deemed as "non-performing" and shall be classified as "Loss" with 100% provisioning.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

Credit-impaired financial assets

At each reporting date, the Group and the Bank assess whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group and the Bank on terms that the Group and the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or,
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECL are presented in the statements of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group and the Bank present a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and,
- debt instruments measured at FVOCI: no loss allowance is recognised in the statements of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in the statements of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and the Bank's procedures for recovery of amounts due.

Non-integral financial guarantee contracts

The Group and the Bank assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group and the Bank consider when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and,
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group and the Bank determine that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group and the Bank consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group and the Bank determine that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Group and the Bank present gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) *Derivative financial instruments*

The Group and the Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate through interest rate swaps. The use of financial derivatives is governed by the Group's and the Bank's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the interim financial statements unless the Group has both legal right and intention to offset.

(ix) *Hedge accounting*

The Group and the Bank designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of interest rate risk on firm commitments are accounted for as cash flow hedges. The Group and the Bank does not apply fair value hedge accounting of portfolio hedges of interest rate risk.

At the inception of the hedge relationship, the Group and the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group and the Bank documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and,
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group and the Bank actually hedges and the quantity of the hedging instrument that the Group and the Bank actually uses to hedge that quantity of hedged item.

The Group and the Bank rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ix) *Hedge accounting (continued)*

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group and the Bank adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

As at 31 March 2022, the Group and the Bank only has cash flow hedge for its interest rate swap agreements.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in the Group and Bank's retained earnings, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Group and the Bank no longer expects the transaction to occur that amount is immediately reclassified to profit or loss.

The Group and the Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposit and placements with other bank with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost in the statements of financial position.

(g) Loans and advances

The 'Loans and advances' caption in the statements of financial position includes loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(h) Financial investments

The 'financial investments' caption in the statements of financial position includes:

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

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and,
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

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

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

(i) Share capital

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(j) Earnings per share

Basic earnings per share (EPS) is determined by dividing the adjusted net profit for the period attributable to common shareholders by the weighted average number of common stocks outstanding during the period, after giving retroactive effect to any stock dividends declared in the current period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(j) Earnings per share (continued)

Diluted EPS is also computed by dividing net profit by the weighted average number of common stocks subscribed and issued during the period. However, net profit attributable to common stocks and the weighted average number of common stocks outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred stocks. Convertible preferred stocks are deemed to have been converted into common stocks at the issuance of preferred stocks.

In cases of redemption of preference shares, the net income used in the computation of basic and diluted EPS is decreased by the excess of the fair value of consideration paid to holders of the instruments over the carrying amount of such repurchased instruments.

(k) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and,
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management

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

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Land is not depreciated. Other property and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

	Years
Land improvement	3 to 20
Building and improvement	3 to 20
Leasehold improvements*	3 to 5
Office equipment	3 to 7
Computer equipment	3 to 7
Motor vehicles	3 to 8

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(k) Property and equipment (continued)

** Leasehold improvements are depreciated over the improvements' useful life of 3 to 5 years or when shorter, the term of the relevant lease.*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on assets under construction commences when the assets are ready for their intended use.

Property and equipment are reviewed for indication of impairment at each statements of financial position date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in other income.

(l) Intangible asset

Intangible assets include acquired computer software licenses and related costs. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank.

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight-line method based on estimated useful lives over the life of the assets. Useful life of computer software are five years except for license of core banking system which has useful lives of ten years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. Costs associated with maintaining computer software are recognised as expenses when incurred.

(m) Impairment of non-financial assets

Impairment losses recognized 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 amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(m) Impairment of non-financial assets (continued)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An 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 to sell 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 flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in the statements of profit or loss and other comprehensive income.

(n) Reserves

Reserves comprise of general reserves, regulatory reserves and other reserves.

The general reserves are set up for any overall financial risk. The Board of Directors exercises its discretion for the use and maintenance of the general reserves. The transfer from retained earnings to general reserves is subject to the approval of Board of Directors of each entity within the Group.

Regulatory reserves are set up for the variance of provision between impairment in accordance with CIFRSs and regulatory provision. It is transferred between retained earnings and regulatory reserves.

Other reserves are for currency translation difference of the net investment in foreign operations.

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statements of 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 recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and generate taxable income and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses or unused tax credits can be utilised.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(p) Employee benefits

(i) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, bonuses, and other short-term benefits are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Bank.

(ii) Post-employment benefits

The Group and the Bank have various post-employment benefit schemes. These benefit plans are below.

Seniority benefits

In accordance with Prakas No. 443 MoLVT dated 21 September 2018 and Notification Letter No. 042 MoLVT dated 22 March 2019 issued by the Ministry of Labour and Vocational Training (“MoLVT”), the Bank and its subsidiaries, except for ACLEDA Bank Lao Ltd. and ACLEDA MFI Myanmar Co., Ltd, are required seniority indemnity to its employees as follows:

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.
- Back Pay Seniority Indemnity: Employees who have worked under permanent contract from 1 month to 6 months in fiscal year will receive payment of seniority indemnity equal to 3 days, in case over 3 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 days of the average base salary of each year that shall be compensated from 2008 to 2018 but shall not exceed 156 days. The payment will be made from December 2021.

The liability was recognised at the present value of defined obligation at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the periods from 2008 to 2018. The Group and the Bank attributes benefit to periods in which the obligation to provide back pay seniority indemnity. That obligation arises as employees render services in return for back pay seniority indemnity that the Group and the Bank expects to pay in future reporting periods.

The present value of the back pay seniority indemnity is determined by discounting the estimated future payments by reference to the Bank’s sixty-months fixed deposit interest rate.

Retirement benefits

The Bank and its subsidiaries, except ACLEDA MFI Myanmar Co., Ltd, provide an unfunded retirement benefit plan, which is a defined benefit plan for eligible employees, upon reaching the retirement age, as follows:

- When employees, who have worked for the Group or the Bank for 15 years or more, reach a retirement age of 58 years and 60 years for unskilled and skilled respectively, are entitled to the retirement benefits equivalent to 12 months of last salary; or,

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Retirement benefits (continued)

- When employees, who have worked for the Group or the Bank for 15 years or more, reach the early retirement age of 55 years and 57 years for unskilled and skilled respectively, are entitled to the retirement benefits equivalent to 6 months of last salary.

No separate fund is maintained and interest contributed for the retirement benefits.

The liability is recognised in the statements of financial position at the present value of defined obligation at the reporting period using the projected unit credit method to estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods.

The Group and the Bank attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expect to pay in future reporting periods.

The present value of the retirement benefit obligation is determined by discounting the estimated future payments using the Bank's long term fixed deposit interest rate as its reference rate, as there is no deep high-quality corporate bond market nor government bonds currently being offered in the market.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income and directly in the retained earnings in the period in which they arise. The cost associated with providing these benefits is recognised in other comprehensive income so as to spread the cost over the period of employment in which the entitlement to the benefit is earned. Past-service costs are recognised immediately in the statements of profit or loss and other comprehensive income.

Career development benefits

The Bank provides career development benefits to employees as they reach management position levels as below:

Management position level	Benefits
Level 6	US\$1,250
Level 7	US\$2,500
Level 8	US\$3,375 to US\$3,750
Level 9	US\$5,000
Level 10	US\$6,250

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) *Post-employment benefits (continued)*

Career development benefits (continued)

They are eligible to receive benefits provided they have been working since their date of appointment in a management position for two years continuously and their performance evaluation has been high (i.e. evaluation score equal to or higher than 700 and no warning letter). They will automatically be entitled to the benefit on the first day of their third year.

The liability is recognised in the statements of financial position at the present value of benefits obligation at the end of each reporting period using the projected unit credit method. The present value is determined by discounting the estimated future payments by reference to three years fixed deposit interest rate, as the period of benefit entitlement is three years.

(q) Provisions

Provisions are recognised when the Group and the Bank have 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 of obligation can be reliably estimated.

Where 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 provisions due to the passage of time is recognised as interest expense.

(r) Interest

Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group and the Bank estimate future cash flows considering all contractual terms

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Interest (continued)

of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

Amortised cost and gross carrying amount

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

The 'gross carrying amount' of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and interest expense

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

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

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

Presentation

Interest income calculated using the effective interest method presented in the statements of profit or loss and other comprehensive income includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Interest (continued)

Presentation (continued)

- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and,
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest expense presented in the statements of profit or loss and other comprehensive income includes:

- financial liabilities measured at amortised cost; and,
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

(s) Fee and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's and the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Group and the Bank first apply CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then apply CIFRS 15 to the residual.

(t) Recognition of fee and other income

(i) Dividends

Dividends are recognised when the right to receive payment is established. Usually, this is the ex-dividend date for quoted equity securities.

The dividends on equity instruments designated as FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(t) Recognition of fee and other income (continued)

(ii) *Training and consultancy services*

The Group and the Bank recognise service revenue when it is probable that economic benefits will flow to the Group and the Bank and the amount of revenue can be reliably measured. Revenue from training services and consultancy services are recognised when services are delivered.

(u) Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group and the Bank recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Group and the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Bank's incremental borrowing rate. Generally, the Group and the Bank use its incremental borrowing rate to apply to lease liabilities recognised under CIFRS 16 are 5.00% to 7.50% per annum as the discount rate.

At the date of initial adoption, the Group and the Bank's used its long term fixed deposit interest rate to discount future lease payments, as there is no deep high-quality corporate bond market nor government bonds.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(u) Leases (continued)

As a lessee (continued)

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment, or a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

The Group and the Bank present right-of-use assets and lease liabilities separately in the statements of financial position.

Short-term leases and leases of low-value assets

A lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease.

A lease of an underlying asset does not qualify as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically not of low value. For example, leases of cars would not qualify as leases of low-value assets because a new car would typically not be of low value.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

2. Summary of significant accounting policies (continued)

(v) Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank's interim financial statements.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group and the Bank; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the interim financial statements but are disclosed unless the probability of settlement is remote.

(w) Events after the reporting period

The Group and the Bank identify 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 interim financial statements are authorised for issue. The interim financial statements of the Group and 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 interim financial statements when material.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and,
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED**

2. Summary of significant accounting policies (continued)

(x) Segment reporting (continued)

For Management purposes, the Group is currently organized into two main business segments: Lending and other financial service. These divisions are the basis on which the Group reports its primary segment information.

Financial information on segment reporting is presented in Note 6.

3. Composition of the Group

Details of the Bank's subsidiaries as at 31 March 2022 and 31 December 2021 are presented in Note 13.

The significant financial information on the interim financial statements of non-wholly owned subsidiary interests of the Bank that has material non-controlling interest as at 31 March 2022 and for the quarter then ended are shown in the succeeding page. The summarized financial information in the succeeding page represents amounts before intragroup eliminations.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

3. Composition of the Group (continued)

ACLEDA Institute of Business

	31 March 2022	31 December 2021
	US\$	US\$
<u>Financial position:</u>		
Current assets	3,029,592	2,016,518
Non-current assets	32,658,588	32,712,894
Total assets	35,688,180	34,729,412
Current liabilities	2,842,675	459,759
Non-current liabilities	7,095,759	8,647,414
Total liabilities	9,938,434	9,107,173
Equity	25,749,746	25,622,239
<u>Ownership and voting interest held by non-controlling interests</u>		
	23.391%	23.391%
<u>Equity attributable to:</u>		
Equity holders of the Group	19,726,623	19,628,941
Non-controlling interests	6,023,123	5,993,298
<u>Results of operations:</u>		
Revenue	1,299,286	3,890,497
Costs and expenses	1,186,071	4,918,709
Profit/(loss) for the period	113,215	(1,028,212)
Total comprehensive income/(loss) for the period	127,507	(1,101,300)
<u>Profit/(loss) attributable to:</u>		
Equity holders of the Group	86,733	(787,703)
Non-controlling interests	26,482	(240,509)
<u>Total comprehensive income/(loss) for the period attributable to:</u>		
Equity holders of the Group	97,682	(843,695)
Non-controlling interests	29,825	(257,605)
Dividends paid to non-controlling interests	-	-
<u>Cash flows:</u>		
Net cash inflow/(outflow) from operating activities	1,645,369	(1,709,176)
Net cash outflow from investing activities	(7,705)	(74,941)
Net cash inflow from financing activities	(34,468)	1,988,094
Net cash inflow	1,603,196	203,977

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

4. Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make 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 Group's and 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 period are outlined below:

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the interim financial statements is included in the following notes.

- Note 2(e)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 38.1(f): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.
- The long-term fixed deposit rate on deposits from customers is used as the discount rate for calculating lease liabilities and the retirement benefit obligation.

Functional currency

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

Leases

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

In assessing whether leases are of low-value, Management considers the economic substance of the underlying asset as a whole.

Retirement benefits

In the absence of a bond market and government bonds, Management used their six-year fixed deposit interest rate as a discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the retirement benefit obligation.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

4. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Assumptions and estimation uncertainties

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period:

Impairment of financial and 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 and/or the Group 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.

- Note 38.1(f): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 39: determination of the fair value of financial instruments with significant unobservable inputs.
- Note 35: recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 2(e)(vii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

Following CAS 36, *Impairment of assets*, at the end of each reporting period, the Bank assesses whether there is any indication that investments in subsidiaries may be impaired. If any such indication exists, the Bank shall estimate the recoverable amount of the assets and writes down its carrying amount to the assessed amount.

In assessing whether there is any indication that an asset may be impaired, the Bank considers, as a minimum, the following indications:

- External sources of information
 - a) Market value of the assets has declined significantly during the period more than what would be expected as a result of the passage of time or normal use.
 - b) Significant changes with an adverse effect on the Bank have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Bank operates or in the market to which an asset is dedicated.
 - c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
 - d) The carrying amount of the net assets of the entity is more than its market capitalisation.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

4. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Assumptions and estimation uncertainties (continued)

Impairment of financial and non-financial assets (continued)

- Internal sources of information
 - a) Evidence is available of obsolescence or physical damage of an asset.
 - b) Significant changes with an adverse effect on the Bank have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date,
 - c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

In determining the recoverable amount, the Bank projects its future net cash flows for a period of five years using the Gordon Growth Model. Under this model, Management determines the weighted average cost of capital to be the discount rate based on the Bank's latest audited financial statements, and is subject to change, if warranted. Further, Management assumes that the average ten-year GDP growth rate of each country where its subsidiaries operate, is equivalent to the growth rate, and is to update from each period.

As at 31 March 2022, Management believes that the recoverable amounts of its equity investments, exceed their carrying amounts. Accordingly, no impairment loss was recognized.

Coronavirus and impact on ECL

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus ("COVID-19") outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity.

The impact on Gross Domestic Product ("GDP") and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL.

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, this estimate may move materially as events unfold. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Group and the Bank.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

4. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Assumptions and estimation uncertainties (continued)

Retirement benefits

The present value of the retirement benefit obligation depends on a number of factors that are determined by Management using a number of assumptions such as salary growth rates, turnover rates and mortality rates. The assumptions used in determining the net cost for retirement benefits include discount rate. Any changes in these assumptions will impact the value of retirement benefit obligation.

Taxes

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.

Estimating cost of right-of-use assets

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

Lease liabilities are measured at the present value of lease payments to be made over the lease term.

In calculating the lease liabilities, the Group and the Bank use its average borrowing rate and long term fixed deposit rate at the time of the commencement of the lease term.

Estimating useful lives of assets

The useful lives of the Group's and 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 Group's and the Bank's property, plant and equipment 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 Group's and the Bank's assets. In addition, the estimation of the useful lives is based on the Group's and 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, plant and equipment would increase the recognized operating expenses and decrease non-current assets.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

5. Translation of United States Dollars into Khmer Riel

The interim financial statements are expressed in US\$. The translations of US\$ amounts into Khmer Riel (“KHR”) are included solely for compliance with the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the three-month period. Exchange differences arising from the translation are recognised as “Currency Translation Difference” in the other comprehensive income.

The Group and the Bank have used the exchange rates:

			Closing rate	Average rate three-month
31 March 2022	US\$1	=	KHR4,050	KHR4,061
31 March 2021	US\$1	=	KHR4,045	KHR4,060
31 December 2021	US\$1	=	KHR4,074	KHR4,068

These translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

6. Segment information

The Group’s operations are mainly in the financial industry sector from which the Group’s reporting segments are identified.

(a) Business segments

The Group’s operating businesses are managed separately according to the nature of services provided (primary segments) and the different geographical markets served (secondary segments) with a segment representing a strategic business unit. The Group’s business segments follow:

Lending - provides loans to individual, group, and corporate as well as financial institutions. Products offered depend on the purpose, feature and size such as group loan, small loan, medium loan, housing loans, car loans, motor loans, overdraft loans, revolving loans, financial lease and trade finance loans etc.

Other financial services - provides other services such as foreign exchange transaction, debit & credit card issuing and acquiring service, fund transfer local & overseas, cash management services such as payroll, cash collection, bill payment, top-up and standing order. These services are leaning toward modernizing the digital banking services via mobile application, internet bank and e-commerce as well as other digital ways.

These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise the operations and financial control groups. Transactions between segments are conducted at estimated market rates on an arm’s length basis.

Segment revenues and expenses that are directly attributable to primary business segment and the relevant portions of the Group’s revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

6. Segment information (continued)

(a) Business segments (continued)

For secondary segments, revenues and expenses are attributed to geographic areas based on the location of the resources producing the revenues, and in which location the expenses are incurred.

(b) Analysis of primary segment information

Primary segment information by business segment on a consolidated basis for the period ended 31 March 2022 and 31 March 2021 follow:

	31 March 2022		
	Lending US\$	Other financial services US\$	Total US\$
Revenues			
From customers			
Interest income	157,114,300	-	157,114,300
Interest expense	47,864,990	-	47,864,990
Net interest income	109,249,310	-	109,249,310
Non-interest income	-	17,644,736	17,644,736
Total net revenues	109,249,310	17,644,736	126,894,046
	31 March 2021		
	Lending US\$	Other financial services US\$	Total US\$
Revenues			
From customers			
Interest income	139,573,397	-	139,573,397
Interest expense	38,230,009	-	38,230,009
Net interest income	101,343,388	-	101,343,388
Non-interest income	-	16,627,941	16,627,941
Total net revenues	101,343,388	16,627,941	117,971,329

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

6. Segment information (continued)

(c) Analysis of secondary segment information

Secondary information (by geographical locations) as at 31 March 2022 and 31 December 2021 and for the periods ended 31 March 2022 and 31 March 2021 follow:

	31 March 2022			Total US\$
	Kingdom of Cambodia US\$	Lao PDR US\$	Republic Union of Myanmar US\$	
Statements of profit or loss and other comprehensive income				
Total income	165,644,091	8,034,974	1,843,809	175,522,874
Total expense	130,606,998	7,580,890	1,980,089	140,167,977
Net profit /(loss)	35,037,093	454,084	(136,280)	35,354,897
Other segment information				
Depreciation and amortization	5,940,291	270,512	22,679	6,233,482
Statements of financial position				
Total assets	8,044,624,706	192,335,803	20,423,450	8,257,383,959
Total liabilities	6,771,471,251	151,666,339	4,214,471	6,927,352,061
	31 March 2021			
	Kingdom of Cambodia US\$	Lao PDR US\$	Republic Union of Myanmar US\$	Total US\$
Statements of profit or loss and other comprehensive income				
Total income	145,778,582	7,805,975	3,406,028	156,990,585
Total expense	103,617,568	6,337,237	2,917,164	112,871,969
Net profit	42,161,014	1,468,738	488,864	44,118,616
Other segment information				
Depreciation and amortization	5,729,203	341,002	46,231	6,116,436
	31 December 2021			
Statements of financial position				
Total assets	7,732,207,958	199,218,441	22,313,731	7,953,740,130
Total liabilities	6,495,379,974	156,407,139	5,968,473	6,657,755,586

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

6. Segment information (continued)

(d) Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated interim financial statements.

	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Revenue				
Total segment revenues	175,522,874	156,990,585	712,798,391	637,381,775
Elimination of intersegment revenues	(763,838)	(789,247)	(3,101,946)	(3,204,342)
Net revenues as reported in profit or loss	<u>174,759,036</u>	<u>156,201,338</u>	<u>709,696,445</u>	<u>634,177,433</u>
Profit or loss				
Total segment operating income	35,354,897	44,118,616	143,576,237	179,121,581
Elimination of intersegment profit	8,276	(17,178)	33,609	(69,742)
Group net profit as reported in profit or loss	<u>35,363,173</u>	<u>44,101,438</u>	<u>143,609,846</u>	<u>179,051,839</u>
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Assets				
Total segment assets	8,257,383,959	7,953,740,130	33,442,405,034	32,403,537,290
Unallocated assets	(101,418,653)	(98,487,806)	(410,745,546)	(401,239,323)
Total assets	<u>8,155,965,306</u>	<u>7,855,252,324</u>	<u>33,031,659,488</u>	<u>32,002,297,967</u>
Liabilities				
Total segment liabilities	6,927,352,061	6,657,755,586	28,055,775,847	27,123,696,257
Unallocated liabilities (elimination of intersegment liabilities)	(10,477,492)	(7,538,304)	(42,433,843)	(30,711,050)
Total liabilities	<u>6,916,874,569</u>	<u>6,650,217,282</u>	<u>28,013,342,004</u>	<u>27,092,985,207</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

7. Cash on hand

	The Group				The Bank			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
By currency:								
In US\$	306,545,663	313,847,464	1,241,509,935	1,278,614,568	304,940,102	312,306,524	1,235,007,413	1,272,336,779
In KHR	125,556,093	104,996,359	508,502,177	427,755,167	125,547,768	104,994,430	508,468,460	427,747,308
In Thai Baht	15,214,663	19,019,091	61,619,385	77,483,777	13,425,795	17,152,508	54,374,470	69,879,318
In Euro	2,506,476	2,521,480	10,151,228	10,272,510	2,502,846	2,518,765	10,136,526	10,261,449
In other currencies	10,605,172	9,990,755	42,950,946	40,702,335	2,631,134	2,493,753	10,656,093	10,159,549
	<u>460,428,067</u>	<u>450,375,149</u>	<u>1,864,733,671</u>	<u>1,834,828,357</u>	<u>449,047,645</u>	<u>439,465,980</u>	<u>1,818,642,962</u>	<u>1,790,384,403</u>

8. Deposits and placements with other banks, net

	The Group				The Bank			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Balances with local banks:								
National Bank of Cambodia	333,228,713	290,477,441	1,349,576,288	1,183,405,095	333,228,713	290,477,440	1,349,576,288	1,183,405,091
Other banks	60,263,999	41,940,777	244,069,196	170,866,725	60,264,000	41,940,777	244,069,200	170,866,725
	<u>393,492,712</u>	<u>332,418,218</u>	<u>1,593,645,484</u>	<u>1,354,271,820</u>	<u>393,492,713</u>	<u>332,418,217</u>	<u>1,593,645,488</u>	<u>1,354,271,816</u>
Balances with overseas banks:								
Bank of Laos	24,328,046	30,631,426	98,528,586	124,792,430	-	-	-	-
Other banks	243,309,124	214,546,817	985,401,952	874,063,732	241,061,751	211,228,985	976,300,091	860,546,885
	<u>267,637,170</u>	<u>245,178,243</u>	<u>1,083,930,538</u>	<u>998,856,162</u>	<u>241,061,751</u>	<u>211,228,985</u>	<u>976,300,091</u>	<u>860,546,885</u>
Total balances with local and overseas banks	661,129,882	577,596,461	2,677,576,022	2,353,127,982	634,554,464	543,647,202	2,569,945,579	2,214,818,701
Allowance for impairment losses	(522,544)	(479,163)	(2,116,303)	(1,952,110)	(365,814)	(220,282)	(1,481,546)	(897,429)
	<u>660,607,338</u>	<u>577,117,298</u>	<u>2,675,459,719</u>	<u>2,351,175,872</u>	<u>634,188,650</u>	<u>543,426,920</u>	<u>2,568,464,033</u>	<u>2,213,921,272</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

8. Deposits and placements with other banks, net (continued)

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	660,607,338	577,117,298	2,675,459,719	2,351,175,872	634,188,650	543,426,920	2,568,464,033	2,213,921,272
Non-current	-	-	-	-	-	-	-	-
	<u>660,607,338</u>	<u>577,117,298</u>	<u>2,675,459,719</u>	<u>2,351,175,872</u>	<u>634,188,650</u>	<u>543,426,920</u>	<u>2,568,464,033</u>	<u>2,213,921,272</u>

a) By account types

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Balances with local banks:								
Current accounts	348,743,847	291,173,942	1,412,412,581	1,186,242,640	348,743,847	291,173,941	1,412,412,581	1,186,242,636
Fixed deposits	44,748,865	41,244,276	181,232,903	168,029,180	44,748,866	41,244,276	181,232,907	168,029,180
	<u>393,492,712</u>	<u>332,418,218</u>	<u>1,593,645,484</u>	<u>1,354,271,820</u>	<u>393,492,713</u>	<u>332,418,217</u>	<u>1,593,645,488</u>	<u>1,354,271,816</u>
Balances with overseas banks:								
Current accounts	82,607,030	245,178,243	334,558,471	998,856,162	55,026,507	210,223,629	222,857,353	856,451,065
Fixed deposits	185,030,140	-	749,372,067	-	186,035,244	1,005,356	753,442,738	4,095,820
	<u>267,637,170</u>	<u>245,178,243</u>	<u>1,083,930,538</u>	<u>998,856,162</u>	<u>241,061,751</u>	<u>211,228,985</u>	<u>976,300,091</u>	<u>860,546,885</u>
Total balances with local and overseas banks	661,129,882	577,596,461	2,677,576,022	2,353,127,982	634,554,464	543,647,202	2,569,945,579	2,214,818,701
Allowance for impairment loss	(522,544)	(479,163)	(2,116,303)	(1,952,110)	(365,814)	(220,282)	(1,481,546)	(897,429)
	<u>660,607,338</u>	<u>577,117,298</u>	<u>2,675,459,719</u>	<u>2,351,175,872</u>	<u>634,188,650</u>	<u>543,426,920</u>	<u>2,568,464,033</u>	<u>2,213,921,272</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

8. Deposits and placements with other banks, net (continued)

b) By interest rate (per annum)

	The Group		The Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.00% - 0.50%	0.00% - 0.50%	Nil	Nil
Fixed deposits	0.14% - 7.50%	0.12% - 7.50%	0.14% - 6.00%	0.12% - 5.50%

c) By maturity

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
On demand	431,350,878	536,352,185	1,746,971,055	2,185,098,802	403,770,354	501,397,570	1,635,269,934	2,042,693,701
Within one month	188,045,312	10,003,430	761,583,514	40,753,974	189,050,418	11,008,787	765,654,193	44,849,797
Between 2 to 3 months	11,506,972	21,407,693	46,603,237	87,214,941	11,506,972	21,407,691	46,603,236	87,214,933
Between 4 to 6 months	26,711,523	9,833,153	108,181,668	40,060,265	26,711,523	9,833,154	108,181,667	40,060,270
Between 7 to 12 months	3,515,197	-	14,236,548	-	3,515,197	-	14,236,549	-
	<u>661,129,882</u>	<u>577,596,461</u>	<u>2,677,576,022</u>	<u>2,353,127,982</u>	<u>634,554,464</u>	<u>543,647,202</u>	<u>2,569,945,579</u>	<u>2,214,818,701</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

9. Financial investments

	Note	The Group				The Bank			
		31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Unlisted equity securities at FVOCI									
Credit Bureau Holding (Cambodia) Ltd	(a)	153,529	153,529	621,792	625,477	153,529	153,529	621,792	625,477
Swift		36,141	36,141	146,371	147,238	36,141	36,141	146,371	147,238
Total financial investments at FVOCI		<u>189,670</u>	<u>189,670</u>	<u>768,163</u>	<u>772,715</u>	<u>189,670</u>	<u>189,670</u>	<u>768,163</u>	<u>772,715</u>
Unquoted financial investments at amortised cost									
Negotiable Certificate of Deposit with NBC	(b)	600,946,692	800,894,722	2,433,834,103	3,262,845,098	600,946,692	800,894,722	2,433,834,103	3,262,845,098
Debt securities	(c)	29,765,274	-	120,549,360	-	29,765,274	2,433,834,103	120,549,360	-
Total Financial Investments at amortised cost		<u>630,711,966</u>	<u>800,894,722</u>	<u>2,554,383,463</u>	<u>3,262,845,098</u>	<u>630,711,966</u>	<u>800,894,722</u>	<u>2,554,383,463</u>	<u>3,262,845,098</u>
Total financial investments		<u>630,901,636</u>	<u>801,084,392</u>	<u>2,555,151,626</u>	<u>3,263,617,813</u>	<u>630,901,636</u>	<u>801,084,392</u>	<u>2,555,151,626</u>	<u>3,263,617,813</u>

- (a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly owned at 5% and indirectly owned at 1% through the Association of Banks in Cambodia ("ABC"). As at 31 March 2022, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (31 December 2021: US\$153,529) and the Bank's investment in Swift is valued at cost amounting to US\$36,141 as the Management believes the cost of investment approximates its fair value. Dividend income received from CBC during the period amounted to US\$117,319.
- (b) The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$20,840,741 (31 December 2021: US\$15,793,882) with the NBC as collateral for settlement clearing facility. The other NCD amounting to US\$580,105,951 (31 December 2021: US\$785,100,840) with NBC is for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to six months. As at 31 March 2022, the Bank had yet to utilise the overdraft on settlement clearing facility.
- (c) On 12 January 2022, the Bank invested in a corporate debt security with face value of US\$30,000,000 guaranteed by Overseas Cambodian Investment Corporation, a third party. The debt security earns annual interest at the rate of 5.5% per annum and will mature on 11 January 2025.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

9. Financial investments (continued)

Analysis of maturity of financial investments at amortised cost

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Within one month	580,098,743	785,100,840	2,349,399,909	3,198,500,823	580,098,743	785,100,840	2,349,399,909	3,198,500,823
Between 2 to 3 months	18,904,502	15,493,856	76,563,233	63,121,969	18,904,502	15,493,856	76,563,233	63,121,969
Between 4 to 6 months	1,943,450	300,026	7,870,973	1,222,306	1,943,450	300,026	7,870,973	1,222,306
More than 12 months	30,357,120	-	122,946,336	-	30,357,120	-	122,946,336	-
	<u>631,303,815</u>	<u>800,894,722</u>	<u>2,556,780,451</u>	<u>3,262,845,098</u>	<u>631,303,815</u>	<u>800,894,722</u>	<u>2,556,780,451</u>	<u>3,262,845,098</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

10. Loans and advances, net

	The Group											
	31 March 2022			31 December 2021			31 March 2022			31 December 2021		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
						(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	
Small Loan	2,585,209,768	24,622,950	2,560,586,818	2,454,306,155	19,970,587	2,434,335,568	10,470,099,560	99,722,946	10,370,376,614	9,998,843,275	81,360,170	9,917,483,105
Staff Housing Loan	25,397,745	15,818	25,381,927	24,562,089	10,206	24,551,883	102,860,867	64,063	102,796,804	100,065,951	41,579	100,024,372
Public Housing Loan	138,025,812	1,311,664	136,714,148	135,971,808	892,526	135,079,282	559,004,539	5,312,239	553,692,300	553,949,146	3,636,151	550,312,995
Staff Loan	264,603,747	208,936	264,394,811	255,658,399	154,781	255,503,618	1,071,645,175	846,191	1,070,798,984	1,041,552,318	630,578	1,040,921,740
Overdraft Loan	98,471,547	315,875	98,155,672	95,974,116	298,253	95,675,863	398,809,765	1,279,294	397,530,471	390,998,549	1,215,083	389,783,466
Home Improvement Loan	28,863,028	1,921,510	26,941,518	31,451,028	575,005	30,876,023	116,895,263	7,782,116	109,113,147	128,131,488	2,342,570	125,788,918
Personal & Others Loan	215,654,409	2,273,657	213,380,752	202,542,041	1,674,566	200,867,475	873,400,359	9,208,311	864,192,048	825,156,274	6,822,182	818,334,092
Credit Card Loan	43,398,643	865,143	42,533,500	40,281,078	734,956	39,546,122	175,764,504	3,503,829	172,260,675	164,105,112	2,994,211	161,110,901
Trade Loan	12,247,745	20,230	12,227,515	11,208,237	13,591	11,194,646	49,603,367	81,932	49,521,435	45,662,358	55,370	45,606,988
Revolving Loan	37,398,770	57,515	37,341,255	49,650,393	83,174	49,567,219	151,465,019	232,936	151,232,083	202,275,701	338,851	201,936,850
Medium Loan	2,342,755,700	18,007,911	2,324,747,789	2,126,969,233	10,213,429	2,116,755,804	9,488,160,585	72,932,041	9,415,228,544	8,665,272,655	41,609,511	8,623,663,144
	<u>5,792,026,914</u>	<u>49,621,209</u>	<u>5,742,405,705</u>	<u>5,428,574,577</u>	<u>34,621,074</u>	<u>5,393,953,503</u>	<u>23,457,709,003</u>	<u>200,965,898</u>	<u>23,256,743,105</u>	<u>22,116,012,827</u>	<u>141,046,256</u>	<u>21,974,966,571</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

10. Loans and advances, net (continued)

	The Bank											
	31 March 2022			31 December 2021			31 March 2022			31 December 2021		
	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount KHR'000 (Note 5)	ECL allowance KHR'000 (Note 5)	Carrying amount KHR'000 (Note 5)	Gross carrying amount KHR'000 (Note 5)	ECL allowance KHR'000 (Note 5)	Carrying amount KHR'000 (Note 5)
Small Loan	2,440,840,663	11,477,330	2,429,363,333	2,310,778,323	8,630,325	2,302,147,998	9,885,404,685	46,483,187	9,838,921,498	9,414,110,888	35,159,944	9,378,950,944
Staff Housing Loan	25,331,341	15,802	25,315,539	24,490,527	10,188	24,480,339	102,591,931	63,998	102,527,933	99,774,407	41,506	99,732,901
Public Housing Loan	136,083,573	1,300,484	134,783,089	134,359,341	891,230	133,468,111	551,138,471	5,266,960	545,871,511	547,379,955	3,630,871	543,749,084
Staff Loan	257,966,598	147,578	257,819,020	248,772,294	117,594	248,654,700	1,044,764,722	597,691	1,044,167,031	1,013,498,326	479,078	1,013,019,248
Overdraft Loan	97,909,697	313,901	97,595,796	94,550,853	295,564	94,255,289	396,534,273	1,271,299	395,262,974	385,200,175	1,204,128	383,996,047
Home Improvement Loan	22,438,556	231,696	22,206,860	25,303,035	160,488	25,142,547	90,876,152	938,369	89,937,783	103,084,565	653,828	102,430,737
Personal & Others Loan	210,146,978	2,037,452	208,109,526	196,387,702	1,479,914	194,907,788	851,095,261	8,251,681	842,843,580	800,083,498	6,029,170	794,054,328
Credit Card Loan	43,398,643	865,143	42,533,500	40,281,078	734,956	39,546,122	175,764,504	3,503,829	172,260,675	164,105,112	2,994,211	161,110,901
Trade Loan	12,247,745	20,230	12,227,515	11,208,237	13,591	11,194,646	49,603,367	81,932	49,521,435	45,662,358	55,370	45,606,988
Revolving Loan	37,398,770	57,515	37,341,255	49,650,393	83,174	49,567,219	151,465,019	232,936	151,232,083	202,275,701	338,851	201,936,850
Medium Loan	2,334,758,859	17,951,095	2,316,807,764	2,118,865,642	10,171,481	2,108,694,161	9,455,773,380	72,701,935	9,383,071,445	8,632,258,626	41,438,614	8,590,820,012
	<u>5,618,521,423</u>	<u>34,418,226</u>	<u>5,584,103,197</u>	<u>5,254,647,425</u>	<u>22,588,505</u>	<u>5,232,058,920</u>	<u>22,755,011,765</u>	<u>139,393,817</u>	<u>22,615,617,948</u>	<u>21,407,433,611</u>	<u>92,025,571</u>	<u>21,315,408,040</u>

(a) Loans and advances in gross amount by maturity

	The Group				The Bank			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Within one year	1,385,149,379	1,350,060,046	5,609,854,985	5,500,144,627	1,321,186,209	1,282,886,924	5,350,804,146	5,226,481,328
Later than 1 year but not later than 3 years	1,989,381,720	1,898,303,942	8,056,995,966	7,733,690,260	1,925,885,782	1,836,584,170	7,799,837,417	7,482,243,909
Later than 3 years but not later than 5 years	1,433,254,981	1,326,203,036	5,804,682,673	5,402,951,169	1,400,518,600	1,294,000,254	5,672,100,330	5,271,757,035
Later than 5 years	984,240,834	854,007,553	3,986,175,379	3,479,226,771	970,930,832	841,176,077	3,932,269,872	3,426,951,339
	<u>5,792,026,914</u>	<u>5,428,574,577</u>	<u>23,457,709,003</u>	<u>22,116,012,827</u>	<u>5,618,521,423</u>	<u>5,254,647,425</u>	<u>22,755,011,765</u>	<u>21,407,433,611</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

10. Loans and advances, net (continued)

During the period, the Group and the Bank recognised the allowance for impairment losses as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Allowance for/(reversal of) impairments on:								
Loans and advances	15,659,320	3,683,966	63,592,499	14,956,902	11,970,034	(2,005,441)	48,610,307	(8,142,090)
Deposit and placement with other banks	48,673	133,798	197,661	543,220	144,133	408,108	585,324	1,656,918
Other receivables	59,623	(802)	242,129	(3,256)	46,992	(162)	190,835	(658)
Investment on debt securities	591,849	-	2,403,498	-	591,849	-	2,403,499	-
	16,359,465	3,816,962	66,435,787	15,496,866	12,753,008	(1,597,495)	51,789,965	(6,485,830)
Off-balance sheet commitments	(4,094)	(123,219)	(16,626)	(500,269)	(36,529)	(120,009)	(148,344)	(487,237)
	16,355,371	3,693,743	66,419,161	14,996,597	12,716,479	(1,717,504)	51,641,621	(6,973,067)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

10. Loans and advances, net (continued)

Movements of impairment losses during the period were as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	34,621,074	35,342,547	141,046,256	142,960,602	22,588,505	31,209,389	92,025,571	126,241,978
Allowance for/(reversal of) impairment loss during the period	15,659,320	3,683,966	63,592,499	14,956,902	11,970,034	(2,005,441)	48,610,307	(8,142,090)
Written off during the period	(333,711)	(463,223)	(1,355,201)	(1,880,685)	(23,425)	(13,871)	(95,129)	(56,316)
Currency translation difference	(325,474)	(524,851)	(1,321,749)	(2,130,895)	(116,888)	(262,603)	(474,682)	(1,066,168)
Exchange differences	-	-	(995,907)	(40,439)	-	-	(672,250)	34,229
At the end of the period	49,621,209	38,038,439	200,965,898	153,865,485	34,418,226	28,927,474	139,393,817	117,011,633

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

11. Other assets

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Prepayments and advances	17,749,392	17,854,484	71,885,038	72,739,168	16,484,542	16,138,351	66,762,395	65,747,642
Stationery supplies	3,267,201	2,820,381	13,232,164	11,490,232	3,065,295	2,673,828	12,414,445	10,893,175
Receivable from Western Union	3,284,102	2,172,327	13,300,613	8,850,060	3,251,950	2,079,286	13,170,398	8,471,011
Income tax receivable	2,803,844	2,778,369	11,355,568	11,319,075	2,729,992	2,707,597	11,056,468	11,030,750
Others	4,745,691	2,515,629	19,220,049	10,248,673	4,744,098	2,450,451	19,213,597	9,983,139
	<u>31,850,230</u>	<u>28,141,190</u>	<u>128,993,432</u>	<u>114,647,208</u>	<u>30,275,877</u>	<u>26,049,513</u>	<u>122,617,303</u>	<u>106,125,717</u>

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	21,944,151	17,995,402	88,873,812	73,313,268	20,575,026	16,269,441	83,328,857	66,281,705
Non-current	9,906,079	10,145,788	40,119,620	41,333,940	9,700,851	9,780,072	39,288,446	39,844,012
	<u>31,850,230</u>	<u>28,141,190</u>	<u>128,993,432</u>	<u>114,647,208</u>	<u>30,275,877</u>	<u>26,049,513</u>	<u>122,617,303</u>	<u>106,125,717</u>

12. Statutory deposits

		The Group				The Bank			
		31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
With the central bank	(a)	437,064,970	412,986,454	1,770,113,129	1,682,506,814	437,064,970	412,986,454	1,770,113,129	1,682,506,814
With other central bank	(b)	2,425,769	2,225,047	9,824,364	9,064,841	-	-	-	-
Other	(c)	246,914	245,459	1,000,002	1,000,000	-	-	-	-
		<u>439,737,653</u>	<u>415,456,960</u>	<u>1,780,937,495</u>	<u>1,692,571,655</u>	<u>437,064,970</u>	<u>412,986,454</u>	<u>1,770,113,129</u>	<u>1,682,506,814</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

12. Statutory deposits (continued)

(a) With the Central Bank

(i) Reserve requirement

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

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

The reserve requirement amounted to US\$393,740,123 and US\$369,670,152 as at 31 March 2022 and 31 December 2021, respectively.

(ii) Capital guarantee

Pursuant to the NBC's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001; the banks are required to maintain 10% of its registered 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. As at 31 March 2022 and 31 December 2021, capital guarantee deposit amounted to US\$43,316,302 with accrued interest amounted US\$8,545 and US\$43,316,302, respectively. The capital guarantee deposit is earning at an interest rate of ¼ of LIBOR on a 6 month basis. According to pursuant to NBC's Prakas No.B5-021-288 issued date 29 December 2021 required bank and financial institutions to use SOFR instead of LIBOR rate which have effective date from 03 January 2022.

(b) With other central bank

These are the statutory deposits of ACLEDA Bank Lao Ltd. maintained with the Bank of Lao ("BOL") in compliance with BOL's regulations. These statutory deposits comprise of reserve requirement calculated at 4% of customers' deposits in local currency and 8% of foreign currency deposits and capital guarantee of the share capital. These statutory deposits do not bear interest.

(c) Others

In compliance with Securities and Exchange Commission of Cambodia ("SECC")'s Prakas No. 009 on the licensing of securities firms and securities representatives, ACLEDA Securities Plc. is required to place a security deposit into SECC's bank account maintained with the NBC amounting to KHR1,000,000,000 (equivalent to US\$246,914) for operating as a securities broker in the Kingdom of Cambodia. This statutory deposits do not bear interest.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

13. Investments in subsidiaries

		The Bank			
		31 March 2022	31 December 2021	31 March 2022	31 December 2021
		US\$	US\$	KHR'000	KHR'000
				(Note 5)	(Note 5)
Unquoted ordinary shares, at cost					
ACLEDA Bank Lao Ltd.	(a)	49,389,566	49,389,566	200,027,742	201,213,092
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,140,500	8,188,740
ACLEDA Institute of Business	(c)	19,805,000	19,805,000	80,210,250	80,685,570
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,913,150	19,913,150	80,648,258	81,126,173
Total investments in subsidiaries		91,117,716	91,117,716	369,026,750	371,213,575

Details of the Bank's subsidiaries are as follows:

		Ownership and Voting Interest	
		31 March 2022	31 December 2021
Name of Subsidiaries			
ACLEDA Bank Lao Ltd.	(a)	99.90%	99.90%
ACLEDA Securities Plc.	(b)	100%	100%
ACLEDA Institute of Business	(c)	76.609%	76.609%
ACLEDA MFI Myanmar Co., Ltd.	(d)	100%	100%

(a) ACLEDA Bank Lao Ltd.

ACLEDA Bank Lao Ltd. ("ABL") was established in Lao PDR on 13 December 2007 under a preliminary license from the Bank of Lao PDR ("BOL"). ABL's principal business is providing banking and related financial services in Lao PDR.

The Bank owned 99.90% of ABL's shares. The Bank's initial investment in 2008 with ABL is US\$5,477,399. In 2009, the Bank sold shares to International Finance Corporation ("IFC") amounting to US\$876,384 which decreased its investments to US\$4,601,015. In 2010, the Bank injected capital at ABL amounting to US\$5,966,969, thereby increasing its investments to US\$10,567,984. In 2014, the Bank bought shares from FMO, Stichting Triodos Doen "TRI-Doen", Tridos Fair Share Fund "TRI-Fair" and IFC amounting to US\$28,875,098 and injected capital at ABL amounting to US\$9,946,484, increasing its investments to US\$49,389,566. As at 31 March 2022, the Bank's investments with ABL remains the same.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

13. Investments in subsidiaries (continued)

(b) ACLEDA Securities Plc.

On 1 March 2010, ACLEDA Securities Plc. (“ACS”) was established in the Kingdom of Cambodia and registered with the MoC under the Registration No. Co.0448KH/2010. On 20 October 2010, SECC granted a brokerage license to ACS. The registered share capital of ACS is US\$2,010,000, divided into 2,010,000 shares with par value of US\$1 each. ACS’ principal business is providing securities brokerage and other services approved by SECC.

ACS is wholly owned by the Bank.

(c) ACLEDA Institute of Business

ACLEDA Institute of Business (“AIB”) (previously known as ACLEDA Training Center Ltd.) was established in the Kingdom of Cambodia under a primary license from MoC under the Registration No. Co.1332KH/2011 dated 8 June 2011. The registered share capital of AIB is US\$17,805,000, divided into 17,805,000 shares with par value of US\$1 each. In 2018, AIB increased its share capital by US\$2,000,000 to US\$19,805,000. The revised Memorandum and Articles of Association was endorsed by the MoC on 14 December 2018.

AIB is recognised as the establishment of a private higher education institution under the sub-decree No. 13 ANKr. BK dated 25 January 2016 from the Royal Government of Cambodia (“RGC”). AIB provides training and education for Associate’s degree, Bachelor’s degree, and Master’s degree of Business Administration, majoring in Banking and Finance. AIB can open branches, new colleges, new departments, new specialties, new levels or classes, new types of education and training, change to a new name and location by sending relevant documents to request for approval from the Ministry of Education, Youth and Sport.

AIB is wholly owned by the Bank. On 10 February 2021, NBC approved, on request of the Bank, an increase in capital of AIB as invested by ACLEDA Financial Trust (“AFT”), amounting to US\$10,000,000 at rate of 23.3910% of total share as registered equal to 6,047,046 shares at the price of US\$ 1.6537 per share through share investment agreement made on 26 February 2021 between the Bank, AIB and AFT. Consequently, AIB share capital increased to US\$25,852,046 and reduced the Bank’s ownership to 76.6090%, which is equal to US\$19,805,000.

On 29 March 2021, AIB submitted a letter to the MOC requesting for its approval on the amendment of its Memorandum of Association (“MAA”) relating to the capital increase. As of the date of the issuance of these interim financial statements, the approval from MOC is still pending.

(d) ACLEDA MFI Myanmar Co., Ltd.

ACLEDA MFI Myanmar Co., Ltd. (“AMM”) was incorporated in the Republic of Union of Myanmar under the Republic of the Union of Myanmar Companies Law on 6 September 2012 to provide services per the Registration No. 143715094 and started its operations on 18 February 2013. The financial year of the statutory financial statements of AMM is from 1 October to 30 September.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

13. Investments in subsidiaries (continued)

(d) ACLEDA MFI Myanmar Co., Ltd. (continued)

AMM is permitted to operate as a deposit-taking microfinance institution providing microfinance services to lower income segments of the Myanmar market and other activities allowed by the Microfinance Supervisory Authority at 45 townships in Yangon Region, 28 townships in Bago Region, 3 townships in Mon State and 25 townships in Magway Region.

The Bank's initial investment in 2013 with AMM is US\$9,411,765. In 2014, the Bank sold shares to International Finance Corporation ("IFC"), COFIBRED and Kreditanstalt Fur Wiederaufbau ("KfW") amounting to US\$3,659,371 which decreased its investments to US\$5,752,394.

The Bank acquired 3,600,000 ordinary shares (45%) of AMM from KfW, COFIBRED S.A, and IFC for a consideration of US\$6,193,321 as approved by the Board of Directors of AMM on 25 April 2018. The approval on the share transfers, appointment of representative of shareholders, and changing the board members are obtained on 27 September 2018 by secretary of Microfinance Business Supervisory Committee, The Republic of the Union of Myanmar Government.

On 23 September 2019, the Bank injected capital amounting to US\$3,969,923.20, equivalent to MYR6,099,390,000, and additional capital of US\$3,995,366.50, equivalent MYR6,039,396,000, on 3 December 2019, increasing its ownership to 99.99% with the remaining interest owned by AIB.

On 12 May 2021, the Bank settled US\$2,145 to AIB to hold 100% of common stock of AMM shares amounting to MYR20,140,000,000 (2019: 99.99% of MYR8,000,000,000). On 05 April 2021, AMM submitted a request to the regulator for the approval of its amended MAA resulting from the change in ownership. Microfinance Business Supervisory Committee has approved on AMM's request with Letter No. KaKa-1/6 (467/2021) dated 23 December 2021.

Status of operations

Over a year after Tatmadaw declared a year-long state of emergency which led to several national protests and civil disobedience movements. These protests and movements caused temporary disruptions in the business operations across Myanmar. By the way, Myanmar is facing 3rd wave of COVID-19 outbreak government has imposed some restrictions such as stay home order, announce the public holiday except the banks, companies and factories, enforce the vaccination program to all the public, etc. Moreover, Myanmar Pharmaceutical Industry (MPI) under the ministry in collaboration with Sinopharm CNBG from China to produce a vaccine domestically. it is expected to product from 100,000 to 200,000 doses per year. As the result, the number positive COVID-19 cases are decreasing day by day drastically and it will be better soon.

As at March 2022, some businesses activities are resuming the operations including the local and international trade import and export, etc... Furthermore, current government lifted ban on foreign visitors from April 17, 2022 by allowing international passenger flights to operate as normal after suspension for over two years and aimed to develop tourism sector and facilitate easy entry for foreigners.

Additionally, AMM still operates as usual by focusing on loan collection, loan recovery and loan disbursement, loan restructuring to all eligible customers as well as to increase the voluntary saving.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

13. Investments in subsidiaries (continued)

(d) ACLEDA MFI Myanmar Co., Ltd. (continued)

As the situation of COVID-19 is getting better, as of March 2022, AMM increased the loan collection rate up to 120%, decreased the default value, increase the write-off collection rate, increased the voluntary saving month by month and also has the good position in liquidity as well as the cash flow.

At present, AMM is still be able support the daily operations smoothly and still has the gap to expand in the future as the situation of Myanmar will be better and better after the COVID-19 cases and the security are controllable by the government.

(e) ACLEDA Bank Plc. (Representative Office)

On 7 April 2016, the Bank received a foreign bank representative office registration certificate FB/R.O-1/(04)2016 from the central bank of Myanmar and a certificate of incorporation as representative office from the Ministry of Planning and Finance in the Republic of the Union of Myanmar on 6 May 2016 with permit N° 58FC/2016-2017 (YGN).

The representation office is permit on the following activities:

- a. Marketing, promotion, negotiation and documentation for business purposes for customers of the Bank;
- b. Referring customer of the Bank to banks operating in Myanmar; and,
- c. Monitoring and supervising offshore loans granted by the Bank.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

14. Property and equipment, net

	The Group								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	Total US\$
Cost									
As at 1 January 2022	14,542,280	1,759,381	98,948,419	7,111,670	72,308,695	83,595,259	19,738,270	12,955,562	310,959,536
Additions	-	-	3,492	271,097	2,973,171	1,897,152	258,660	1,321,100	6,724,672
Disposals/write-offs	-	-	-	(74,372)	(102,836)	(966,852)	(115,719)	-	(1,259,779)
Reclassifications	-	-	-	746,614	6,197,272	638,810	6,308	(7,589,004)	-
Currency translation difference	-	-	-	(34,657)	(78,590)	(386,662)	(55,630)	-	(555,539)
Adjustments	-	-	-	-	(6,832)	20	-	(2,588,120)	(2,594,932)
As at 31 March 2022	14,542,280	1,759,381	98,951,911	8,020,352	81,290,880	84,777,727	19,831,889	4,099,538	313,273,958
Less: Accumulated depreciation									
As at 1 January 2022	-	828,303	26,708,563	4,488,660	56,181,765	67,921,485	15,399,516	-	171,528,292
Charge for the period	-	18,808	1,139,928	242,519	2,010,506	1,653,466	358,928	-	5,424,155
Disposals/write-offs	-	-	-	(72,494)	(99,564)	(966,852)	(115,669)	-	(1,254,579)
Currency translation difference	-	(15)	(6,800)	(29,879)	(84,893)	(307,371)	(57,376)	-	(486,334)
Adjustments	-	-	-	-	(239)	(6)	-	-	(245)
As at 31 March 2022	-	847,096	27,841,691	4,628,806	58,007,575	68,300,722	15,585,399	-	175,211,289
Carrying value	14,542,280	912,285	71,110,220	3,391,546	23,283,305	16,477,005	4,246,490	4,099,538	138,062,669
In KHR' 000 equivalent (Note 5)	58,896,234	3,694,754	287,996,391	13,735,761	94,297,385	66,731,870	17,198,285	16,603,129	559,153,809

As at 31 March 2022, the fully depreciated property and equipment with total historical cost of US\$113,886,854 (31 December 2021: US\$114,352,940) are still in active use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

14. Property and equipment, net (continued)

	The Group								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	Total US\$
Cost									
As at 1 January 2021	14,542,280	1,751,934	98,806,360	5,205,253	64,975,706	76,117,715	19,101,249	5,364,857	285,865,354
Additions	-	-	20,538	333,644	566,719	1,412,163	945,866	1,648,185	4,927,115
Disposals/write-offs	-	-	(9,170)	(92,491)	(76,935)	(77,150)	(170,753)	-	(426,499)
Reclassifications	-	-	-	255,182	49,199	886	56,850	(362,117)	-
Currency translation difference	-	-	-	(27,449)	(47,675)	(148,486)	(23,488)	-	(247,098)
Adjustments	-	-	-	-	-	-	139	(21,054)	(20,915)
As at 31 March 2021	<u>14,542,280</u>	<u>1,751,934</u>	<u>98,817,728</u>	<u>5,674,139</u>	<u>65,467,014</u>	<u>77,305,128</u>	<u>19,909,863</u>	<u>6,629,871</u>	<u>290,097,957</u>
Less: Accumulated depreciation									
As at 1 January 2021	-	652,190	22,125,173	4,443,307	51,359,665	63,625,472	16,113,106	-	158,318,913
Charge for the period	-	47,463	1,134,237	110,215	1,562,954	1,878,351	348,886	-	5,082,106
Disposals/write-offs	-	-	(4,999)	(91,330)	(75,812)	(77,013)	(170,753)	-	(419,907)
Currency translation difference	-	(10)	(4,318)	(22,834)	(43,998)	(97,956)	(20,445)	-	(189,561)
Adjustments	-	-	-	-	-	-	(70)	-	(70)
As at 31 March 2021	<u>-</u>	<u>699,643</u>	<u>23,250,093</u>	<u>4,439,358</u>	<u>52,802,809</u>	<u>65,328,854</u>	<u>16,270,724</u>	<u>-</u>	<u>162,791,481</u>
Carrying value	<u>14,542,280</u>	<u>1,052,291</u>	<u>75,567,635</u>	<u>1,234,781</u>	<u>12,664,205</u>	<u>11,976,274</u>	<u>3,639,139</u>	<u>6,629,871</u>	<u>127,306,476</u>
In KHR' 000 equivalent (Note 5)	<u>58,823,523</u>	<u>4,256,517</u>	<u>305,671,084</u>	<u>4,994,689</u>	<u>51,226,709</u>	<u>48,444,028</u>	<u>14,720,317</u>	<u>26,817,828</u>	<u>514,954,695</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

14. Property and equipment, net (continued)

	The Bank								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	Total US\$
Cost									
As at 1 January 2022	2,328,344	282,726	77,022,057	6,377,005	69,889,212	76,404,353	18,579,780	12,661,438	263,544,915
Additions	-		3,492	230,381	2,913,303	1,751,240	200,646	1,213,979	6,313,041
Disposals/write-offs	-	-	-	(71,445)	(90,133)	(965,149)	(89,530)	-	(1,216,257)
Reclassifications	-	-	-	746,614	6,197,272	638,810	6,308	(7,589,004)	-
Adjustments	-	-	-	-	(6,832)	20	-	(2,588,120)	(2,594,932)
As at 31 March 2022	<u>2,328,344</u>	<u>282,726</u>	<u>77,025,549</u>	<u>7,282,555</u>	<u>78,902,822</u>	<u>77,829,274</u>	<u>18,697,204</u>	<u>3,698,293</u>	<u>266,046,767</u>
Less: Accumulated depreciation									
As at 1 January 2022	-	156,658	24,383,785	3,872,210	54,050,378	62,335,686	14,309,015	-	159,107,732
Charge for the period	-	2,286	958,360	228,174	1,965,070	1,472,358	349,285	-	4,975,533
Disposals/write-offs	-	-	-	(69,967)	(88,966)	(965,149)	(89,530)	-	(1,213,612)
Currency translation difference	-	(15)	(6,800)	(1,564)	(13,109)	(10,371)	(2,427)	-	(34,286)
Adjustments	-	-	-	-	(239)	(6)	-	-	(245)
As at 31 March 2022	<u>-</u>	<u>158,929</u>	<u>25,335,345</u>	<u>4,028,853</u>	<u>55,913,134</u>	<u>62,832,518</u>	<u>14,566,343</u>	<u>-</u>	<u>162,835,122</u>
Carrying value	<u>2,328,344</u>	<u>123,797</u>	<u>51,690,204</u>	<u>3,253,702</u>	<u>22,989,688</u>	<u>14,996,756</u>	<u>4,130,861</u>	<u>3,698,293</u>	<u>103,211,645</u>
In KHR' 000 equivalent (Note 5)	<u>9,429,793</u>	<u>501,378</u>	<u>209,345,326</u>	<u>13,177,494</u>	<u>93,108,236</u>	<u>60,736,862</u>	<u>16,729,987</u>	<u>14,978,086</u>	<u>418,007,162</u>

As at 31 March 2022, the fully depreciated property and equipment with total historical cost of US\$107,674,105 (31 December 2021: US\$107,597,947) are still in active use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

14. Property and equipment, net (continued)

	The Bank							Total US\$	
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$		Capital in progress US\$
Cost									
As at 1 January 2021	2,328,344	282,726	76,893,201	4,318,106	62,173,246	68,253,157	17,800,870	5,243,338	237,292,988
Additions	-	-	20,538	332,705	555,346	1,408,759	881,943	1,708,279	4,907,570
Disposals/written off	-	-	(9,170)	(91,738)	(75,507)	(76,348)	(169,950)	-	(422,713)
Reclassifications	-	-	-	255,182	49,199	886	56,850	(362,117)	-
Adjustments	-	-	-	-	-	-	139	(21,054)	(20,915)
As at 31 March 2021	<u>2,328,344</u>	<u>282,726</u>	<u>76,904,569</u>	<u>4,814,255</u>	<u>62,702,284</u>	<u>69,586,454</u>	<u>18,569,852</u>	<u>6,568,446</u>	<u>241,756,930</u>
Less: Accumulated depreciation									
As at 1 January 2021	-	147,452	20,535,380	3,752,707	49,188,383	57,959,551	14,873,093	-	146,456,566
Charge for the period	-	2,280	953,667	89,774	1,470,025	1,646,324	338,021	-	4,500,091
Disposals	-	-	(4,999)	(90,776)	(74,829)	(76,348)	(169,950)	-	(416,902)
Currency translation difference	-	(10)	(4,318)	(415)	(6,642)	(7,360)	(1,476)	-	(20,221)
Adjustments	-	-	-	-	-	-	(70)	-	(70)
As at 31 March 2021	<u>-</u>	<u>149,722</u>	<u>21,479,730</u>	<u>3,751,290</u>	<u>50,576,937</u>	<u>59,522,167</u>	<u>15,039,618</u>	<u>-</u>	<u>150,519,464</u>
Carrying value	<u>2,328,344</u>	<u>133,004</u>	<u>55,424,839</u>	<u>1,062,965</u>	<u>12,125,347</u>	<u>10,064,287</u>	<u>3,530,234</u>	<u>6,568,446</u>	<u>91,237,466</u>
In KHR' 000 equivalent (Note 5)	<u>9,418,151</u>	<u>538,001</u>	<u>224,193,474</u>	<u>4,299,694</u>	<u>49,047,029</u>	<u>40,710,041</u>	<u>14,279,797</u>	<u>26,569,363</u>	<u>369,055,550</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

15. Intangible assets, net

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
Cost						
As at 1 January 2022	39,924,178	1,666,659	41,590,837	36,464,944	1,637,426	38,102,370
Additions	14,062	546,828	560,890	(2,872)	494,628	491,756
Disposals	(229,977)	(15,233)	(245,210)	(214,536)	-	(214,536)
Reclassifications	225,841	(225,841)	-	225,841	(225,841)	-
Currency translation difference	(205,634)	-	(205,634)	-	-	-
Adjustments	6,363	40,998	47,361	6,363	40,998	47,361
As at 31 March 2022	<u>39,734,833</u>	<u>2,013,411</u>	<u>41,748,244</u>	<u>36,479,740</u>	<u>1,947,211</u>	<u>38,426,951</u>
Less: Accumulated amortisation						
As at 1 January 2022	29,304,739	-	29,304,739	26,686,517	-	26,686,517
Charge for the period	809,326	-	809,326	735,340	-	735,340
Disposals	(229,977)	-	(229,977)	(214,536)	-	(214,536)
Currency translation difference	(162,277)	-	(162,277)	(5,436)	-	(5,436)
Adjustments	208	-	208	209	-	209
As at 31 March 2022	<u>29,722,019</u>	<u>-</u>	<u>29,722,019</u>	<u>27,202,094</u>	<u>-</u>	<u>27,202,094</u>
Carrying value	<u>10,012,814</u>	<u>2,013,411</u>	<u>12,026,225</u>	<u>9,277,646</u>	<u>1,947,211</u>	<u>11,224,857</u>
In KHR' 000 equivalent (Note 5)	<u>40,551,897</u>	<u>8,154,315</u>	<u>48,706,211</u>	<u>37,574,466</u>	<u>7,886,205</u>	<u>45,460,671</u>

As at 31 March 2022, the Group's and the Bank's fully amortised intangible assets with historical cost of US\$22,168,744 and US\$20,397,756, respectively, (31 December 2021: US\$21,814,222 and US\$19,931,716, respectively) are still used actively.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

15. Intangible assets, net (continued)

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
Cost						
As at 1 January 2021	39,269,078	1,832,905	41,101,983	35,837,920	1,741,123	37,579,043
Additions	629,702	168,929	798,631	13,411	170,051	183,462
Disposals	(965,000)	-	(965,000)	(965,000)	-	(965,000)
Transfers	68,817	(68,817)	-	68,817	(68,817)	-
Currency translation difference	(41,285)	-	(41,285)	-	-	-
Adjustments	-	12,209	12,209	-	12,209	12,209
As at 31 March 2021	<u>38,961,312</u>	<u>1,945,226</u>	<u>40,906,538</u>	<u>34,955,148</u>	<u>1,854,566</u>	<u>36,809,714</u>
Less: Accumulated amortisation						
As at 1 January 2021	26,411,308	-	26,411,308	23,694,485	-	23,694,485
Charge for the period	1,034,329	-	1,034,329	925,125	-	925,125
Disposals	(459,220)	-	(459,220)	(459,220)	-	(459,220)
Currency translation difference	(33,347)	-	(33,347)	-	-	-
Adjustments	(4,113)	-	(4,113)	(4,113)	-	(4,113)
As at 31 March 2021	<u>26,948,957</u>	<u>-</u>	<u>26,948,957</u>	<u>24,156,277</u>	<u>-</u>	<u>24,156,277</u>
Carrying value	<u>12,012,355</u>	<u>1,945,226</u>	<u>13,957,581</u>	<u>10,798,871</u>	<u>1,854,566</u>	<u>12,653,437</u>
<i>In KHR' 000 equivalent (Note 5)</i>	<u>48,589,976</u>	<u>7,868,439</u>	<u>56,458,415</u>	<u>43,681,433</u>	<u>7,501,719</u>	<u>51,183,153</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

16. Right-of-use assets, net

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Right-of-use assets	28,346,369	28,337,884	114,802,794	115,448,539	25,804,502	25,596,727	104,508,233	104,281,066

The Group and the Bank lease office buildings and cars for its operations. Information about leases for which the Group or the Bank is a lessee is presented below:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	28,337,884	29,529,768	115,448,539	119,447,912	25,596,727	26,182,172	104,281,066	105,906,886
Additions during the period	3,513,106	1,807,694	14,266,723	7,339,238	3,511,557	1,798,363	14,260,433	7,301,354
Depreciation for the period	(2,856,436)	(2,674,390)	(11,599,987)	(10,858,023)	(2,675,655)	(2,465,911)	(10,865,835)	(10,011,599)
Lease termination during the period	(639,861)	(25,925)	(2,598,476)	(105,256)	(639,312)	(25,925)	(2,596,246)	(105,256)
Currency translation difference	(8,324)	(30,878)	(33,804)	(125,365)	11,185	11,686	45,422	47,445
Exchange differences	-	-	(680,201)	13,852	-	-	(616,607)	10,227
At the end of the period	28,346,369	28,606,269	114,802,794	115,712,358	25,804,502	25,500,385	104,508,233	103,149,057

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

16. Right-of-use assets, net (continued)

The Group has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

Amounts recognised in the statements of profit or loss and other comprehensive income:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Depreciation expense	2,856,436	2,674,390	11,599,987	10,858,023	2,675,655	2,465,911	10,865,835	10,011,599
Interest on lease liabilities	478,264	480,799	1,942,230	1,952,045	434,532	431,644	1,764,634	1,752,475
Loss/(gain) on pre-termination of leases	(4,607)	(1,706)	(18,709)	(6,926)	(5,031)	1,357	(20,431)	5,509
	<u>3,330,093</u>	<u>3,153,483</u>	<u>13,523,508</u>	<u>12,803,142</u>	<u>3,105,156</u>	<u>2,898,912</u>	<u>12,610,038</u>	<u>11,769,583</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

17. Deferred tax assets, net

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Deferred tax assets	41,744,222	37,444,766	169,064,099	152,549,977	37,856,208	34,320,094	153,317,642	139,820,064
Deferred tax liabilities	(32,254,054)	(28,376,160)	(130,628,919)	(115,604,476)	(30,394,833)	(26,796,377)	(123,099,073)	(109,168,441)
	<u>9,490,168</u>	<u>9,068,606</u>	<u>38,435,180</u>	<u>36,945,501</u>	<u>7,461,375</u>	<u>7,523,717</u>	<u>30,218,569</u>	<u>30,651,623</u>

The movements in net deferred tax assets during the period are as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	9,068,606	11,195,845	36,945,501	45,287,193	7,523,717	12,685,947	30,651,623	51,314,656
Charged to profit or loss	489,745	2,664,076	1,988,854	10,816,149	(62,342)	(498,506)	(253,171)	(2,023,934)
Currency translation difference	(68,183)	156,742	(276,891)	636,373	-	-	-	-
Exchange differences	-	-	(222,284)	(42,313)	-	-	(179,883)	7,477
At the end of the period	<u>9,490,168</u>	<u>14,016,663</u>	<u>38,435,180</u>	<u>56,697,402</u>	<u>7,461,375</u>	<u>12,187,441</u>	<u>30,218,569</u>	<u>49,298,199</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

17. Deferred tax assets, net (continued)

The components and movements of deferred tax assets and liabilities during the period are as follows:

Deferred tax assets of the Group:

	Unamortised loan fees US\$	Unearned revenue US\$	Provision for loan loss US\$	Other provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Accelerated depreciation US\$	Lease US\$	Others US\$	Total US\$
As at 1 January 2022	8,262,437	29,461	11,296,743	7,788,719	1,802,290	1,086,355	836,941	374,186	5,967,634	37,444,766
Charged to profit or loss	862,480	91,019	1,559,133	494,324	592,709	117,380	173,837	10,283	398,291	4,299,456
As at 31 March 2022	9,124,917	120,480	12,855,876	8,283,043	2,394,999	1,203,735	1,010,778	384,469	6,365,925	41,744,222
<i>In KHR'000 equivalent (Note 5)</i>	<u>36,955,914</u>	<u>487,944</u>	<u>52,066,298</u>	<u>33,546,324</u>	<u>9,699,746</u>	<u>4,875,127</u>	<u>4,093,651</u>	<u>1,557,099</u>	<u>25,781,996</u>	<u>169,064,099</u>
As at 1 January 2021	7,560,663	50,295	9,426,856	7,335,254	261,434	814,286	1,602,584	317,209	4,955,890	32,324,548
Charged/(credited) to profit or loss	601,410	9,986	648,447	(1,105,446)	1,646,629	53,911	187,021	12,291	1,683,634	3,737,904
As at 31 March 2021	8,162,073	60,281	10,075,303	6,229,808	1,908,063	868,197	1,789,605	329,500	6,639,524	36,062,452
<i>In KHR'000 equivalent (Note 5)</i>	<u>33,015,585</u>	<u>243,837</u>	<u>40,754,601</u>	<u>25,199,573</u>	<u>7,718,115</u>	<u>3,511,857</u>	<u>7,238,952</u>	<u>1,332,828</u>	<u>26,856,875</u>	<u>145,872,618</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

17. Deferred tax assets, net (continued)

The components and movements of deferred tax assets and liabilities during the period are as follows: (continued)

Deferred tax assets of the Bank:

	Unamortised loan fees US\$	Provision for loan loss US\$	Other provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Accelerated depreciation US\$	Lease US\$	Others US\$	Total US\$
As at 1 January 2022	8,262,437	11,296,743	7,643,002	1,802,290	1,086,075	834,781	327,720	3,067,046	34,320,094
Charged/(credited) to profit or loss	862,480	1,559,133	486,545	592,709	117,126	175,997	4,605	(262,481)	3,536,114
As at 31 March 2022	9,124,917	12,855,876	8,129,547	2,394,999	1,203,201	1,010,778	332,325	2,804,565	37,856,208
<i>In KHR000 equivalent (Note 5)</i>	<u>36,955,914</u>	<u>52,066,298</u>	<u>32,924,665</u>	<u>9,699,746</u>	<u>4,872,964</u>	<u>4,093,651</u>	<u>1,345,916</u>	<u>11,358,488</u>	<u>153,317,642</u>
As at 1 January 2021	7,560,663	9,426,856	7,220,243	261,434	814,286	1,600,742	270,169	3,861,270	31,015,663
Charged/(credited) to profit or loss	601,410	648,447	(1,111,797)	1,646,629	53,802	186,816	9,017	73,339	2,107,663
As at 31 March 2021	8,162,073	10,075,303	6,108,446	1,908,063	868,088	1,787,558	279,186	3,934,609	33,123,326
<i>In KHR000 equivalent (Note 5)</i>	<u>33,015,585</u>	<u>40,754,601</u>	<u>24,708,664</u>	<u>7,718,115</u>	<u>3,511,416</u>	<u>7,230,672</u>	<u>1,129,307</u>	<u>15,915,494</u>	<u>133,983,854</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

17. Deferred tax assets, net (continued)

Deferred tax liabilities of the Group:

	Accelerated depreciation US\$	Unrealised exchange US\$	Others US\$	Total US\$
As at 1 January 2022	348,749	765	28,026,646	28,376,160
Charged to profit or loss	<u>(3,796)</u>	<u>(747)</u>	<u>3,882,437</u>	<u>3,877,894</u>
As at 31 March 2022	<u>344,953</u>	<u>18</u>	<u>31,909,083</u>	<u>32,254,054</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,397,060</u>	<u>73</u>	<u>129,231,786</u>	<u>130,628,919</u>
As at 1 January 2021	-	640,179	13,246,940	13,887,119
Charged/(credited) to profit or loss	<u>301,198</u>	<u>(640,179)</u>	<u>8,497,651</u>	<u>8,158,670</u>
As at 31 March 2021	<u>301,198</u>	<u>-</u>	<u>21,744,591</u>	<u>22,045,789</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,218,346</u>	<u>-</u>	<u>87,956,871</u>	<u>89,175,216</u>

Deferred tax liabilities of the Bank:

	Unrealised exchange US\$	Others US\$	Total US\$
As at 1 January 2022	-	26,796,377	26,796,377
Charged to profit or loss	<u>-</u>	<u>3,598,456</u>	<u>3,598,456</u>
As at 31 March 2022	<u>-</u>	<u>30,394,833</u>	<u>30,394,833</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>-</u>	<u>123,099,073</u>	<u>123,099,073</u>
As at 1 January 2021	639,392	12,891,030	13,530,422
Charged/(credited) to profit or loss	<u>(639,392)</u>	<u>8,044,855</u>	<u>7,405,463</u>
As at 31 March 2021	<u>-</u>	<u>20,935,885</u>	<u>20,935,885</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>-</u>	<u>84,685,655</u>	<u>84,685,655</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

18. Deposits and placements of other banks and financial institutions

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current accounts	112,043,944	152,742,439	453,777,973	622,272,696	116,369,097	155,174,040	471,294,844	632,179,040
Savings deposits	37,954,503	34,450,553	153,715,737	140,351,553	37,275,207	33,348,124	150,964,588	135,860,257
Fixed deposits	317,149,421	296,548,000	1,284,455,155	1,208,136,552	289,102,676	267,084,671	1,170,865,837	1,088,102,949
	<u>467,147,868</u>	<u>483,740,992</u>	<u>1,891,948,865</u>	<u>1,970,760,801</u>	<u>442,746,980</u>	<u>455,606,835</u>	<u>1,793,125,269</u>	<u>1,856,142,246</u>

The deposits and placements of other banks and financial institutions are analysed as follows:

a) By maturity

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Within 6 months	245,455,132	320,395,747	994,093,284	1,305,292,273	232,073,486	310,548,578	939,897,618	1,265,174,907
Later than 6 months but not later than 1 year	100,056,740	39,897,016	405,229,797	162,540,443	92,593,498	25,118,831	375,003,667	102,334,117
Later than 1 year but not later than 3 years	13,492,316	16,779,432	54,643,880	68,359,406	9,936,316	13,270,629	40,242,080	54,064,543
Later than 3 years	108,143,680	106,668,797	437,981,904	434,568,679	108,143,680	106,668,797	437,981,904	434,568,679
	<u>467,147,868</u>	<u>483,740,992</u>	<u>1,891,948,865</u>	<u>1,970,760,801</u>	<u>442,746,980</u>	<u>455,606,835</u>	<u>1,793,125,269</u>	<u>1,856,142,246</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

18. Deposits and placements of other banks and financial institutions (continued)

The deposits and placements of other banks and financial institutions are analysed as follows: (continued)

b) By relationship

	The Group				The Bank			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Related parties	30,310	42,469	122,756	173,019	4,431,002	2,565,025	17,945,558	10,449,912
Non-related parties	467,117,558	483,698,523	1,891,826,109	1,970,587,782	438,315,978	453,041,810	1,775,179,711	1,845,692,334
	<u>467,147,868</u>	<u>483,740,992</u>	<u>1,891,948,865</u>	<u>1,970,760,801</u>	<u>442,746,980</u>	<u>455,606,835</u>	<u>1,793,125,269</u>	<u>1,856,142,246</u>

c) By interest (per annum)

	The Group		The Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.20%	0.00% - 0.20%
Savings deposits	0.00% - 1.90%	0.00% - 1.90%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	1.00% - 9.01%	0.75% - 7.95%	1.00% - 9.01%	0.75% - 7.95%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

19. Deposits from customers

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current accounts	819,128,936	751,165,630	3,317,472,191	3,060,248,777	805,631,529	740,903,142	3,262,807,692	3,018,439,401
Savings deposits	2,066,487,119	2,047,118,594	8,369,272,832	8,339,961,152	2,038,395,909	2,017,014,668	8,255,503,431	8,217,317,757
Margin deposits	10,619,294	12,516,025	43,008,140	50,990,285	10,612,599	12,499,328	42,981,027	50,922,262
Fixed deposits	<u>2,536,273,760</u>	<u>2,421,478,444</u>	<u>10,271,908,728</u>	<u>9,865,103,181</u>	<u>2,472,611,736</u>	<u>2,356,509,852</u>	<u>10,014,077,531</u>	<u>9,600,421,137</u>
	<u>5,432,509,109</u>	<u>5,232,278,693</u>	<u>22,001,661,891</u>	<u>21,316,303,395</u>	<u>5,327,251,773</u>	<u>5,126,926,990</u>	<u>21,575,369,681</u>	<u>20,887,100,557</u>

The deposits from customers are analysed as follows:

a) By maturity

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Within 6 months	3,876,814,196	3,804,350,927	15,701,097,494	15,498,925,677	3,816,899,374	3,743,132,839	15,458,442,465	15,249,523,186
Later than 6 months but not later than 1 year	875,136,003	738,312,993	3,544,300,812	3,007,887,133	856,839,225	721,218,135	3,470,198,861	2,938,242,682
Later than 1 year but not later than 3 years	505,848,981	514,492,863	2,048,688,373	2,096,043,924	488,683,912	497,857,979	1,979,169,844	2,028,273,406
Later than 3 years	<u>174,709,929</u>	<u>175,121,910</u>	<u>707,575,212</u>	<u>713,446,661</u>	<u>164,829,262</u>	<u>164,718,037</u>	<u>667,558,511</u>	<u>671,061,283</u>
	<u>5,432,509,109</u>	<u>5,232,278,693</u>	<u>22,001,661,891</u>	<u>21,316,303,395</u>	<u>5,327,251,773</u>	<u>5,126,926,990</u>	<u>21,575,369,681</u>	<u>20,887,100,557</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

19. Deposits from customers (continued)

The deposits from customers are analysed as follows: (continued)

b) By relationship

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Related parties	14,863,227	18,769,211	60,196,069	76,465,766	18,181,169	21,973,665	73,633,734	89,520,711
Non-related parties	5,417,645,882	5,213,509,482	21,941,465,822	21,239,837,629	5,309,070,604	5,104,953,325	21,501,735,947	20,797,579,846
	<u>5,432,509,109</u>	<u>5,232,278,693</u>	<u>22,001,661,891</u>	<u>21,316,303,395</u>	<u>5,327,251,773</u>	<u>5,126,926,990</u>	<u>21,575,369,681</u>	<u>20,887,100,557</u>

c) By interest rate

	The Group		The Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.20%	0.00% - 0.20%
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	0.50% - 8.25%	0.50% - 11.65%	0.50% - 8.25%	0.50% - 8.25%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

20. Other liabilities

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Accrued annual leave	22,833,453	22,322,931	92,475,485	90,943,621	22,419,277	21,894,655	90,798,072	89,198,824
Accrued bonuses	8,995,647	17,296,630	36,432,370	70,466,471	8,156,095	16,285,299	33,032,185	66,346,308
Fund transfers	31,148,679	15,332,772	126,152,150	62,465,713	31,087,188	15,324,556	125,903,111	62,432,241
Tax payables	1,729,284	3,296,169	7,003,600	13,428,593	1,687,069	3,238,205	6,832,629	13,192,447
Others	22,900,137	20,173,669	92,745,555	82,187,527	22,438,671	19,959,464	90,876,618	81,314,857
	<u>87,607,200</u>	<u>78,422,171</u>	<u>354,809,160</u>	<u>319,491,925</u>	<u>85,788,300</u>	<u>76,702,179</u>	<u>347,442,615</u>	<u>312,484,677</u>
	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	55,041,857	56,068,485	222,919,521	228,423,008	53,576,967	54,654,438	216,986,716	222,662,180
Non-current	32,565,343	22,353,686	131,889,639	91,068,917	32,211,333	22,047,741	130,455,899	89,822,497
	<u>87,607,200</u>	<u>78,422,171</u>	<u>354,809,160</u>	<u>319,491,925</u>	<u>85,788,300</u>	<u>76,702,179</u>	<u>347,442,615</u>	<u>312,484,677</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

21. Borrowings

The Group and the Bank have entered into borrowing agreements with various lenders. The repayments of principal and interest are made either on quarterly, semi-annual or annual basis based on the repayment schedule for each of the borrowing agreements. The Group and the Bank did not pledge any collaterals for borrowings.

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	157,079,720	163,186,135	636,172,866	664,820,314	147,204,811	149,290,262	596,179,484	608,208,527
Non-current	544,247,352	445,302,668	2,204,201,776	1,814,163,069	534,018,176	434,350,794	2,162,773,613	1,769,545,135
	<u>701,327,072</u>	<u>608,488,803</u>	<u>2,840,374,642</u>	<u>2,478,983,383</u>	<u>681,222,987</u>	<u>583,641,056</u>	<u>2,758,953,097</u>	<u>2,377,753,662</u>

The borrowings are analysed as follows:

a) By relationship

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	701,327,072	608,488,803	2,840,374,642	2,478,983,383	681,222,987	583,641,056	2,758,953,097	2,377,753,662
	<u>701,327,072</u>	<u>608,488,803</u>	<u>2,840,374,642</u>	<u>2,478,983,383</u>	<u>681,222,987</u>	<u>583,641,056</u>	<u>2,758,953,097</u>	<u>2,377,753,662</u>

b) By interest rate

	The Group		The Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Annual interest rates	2.00% - 12.00%	2.00% - 14.50%	2.00% - 7.75%	2.00% - 7.69%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

22. Subordinated debts

These are subordinated debts from non-related parties. The subordinated debts are approved by the NBC to be included as a Tier II line item in the calculation of the Bank's net worth in accordance with the Prakas No. B7-010-182 of the NBC. The Group and the Bank did not pledge any collaterals for subordinated debts.

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	31,697,357	29,118,920	128,374,296	118,630,480	31,697,357	29,118,920	128,374,296	118,630,480
Non-current	127,374,020	127,374,021	515,864,781	518,921,762	127,374,020	127,374,021	515,864,781	518,921,762
	<u>159,071,377</u>	<u>156,492,941</u>	<u>644,239,077</u>	<u>637,552,242</u>	<u>159,071,377</u>	<u>156,492,941</u>	<u>644,239,077</u>	<u>637,552,242</u>

The subordinated debts are analysed as follows:

a) By relationship

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	159,071,377	156,492,941	644,239,077	637,552,242	159,071,377	156,492,941	644,239,077	637,552,242
	<u>159,071,377</u>	<u>156,492,941</u>	<u>644,239,077</u>	<u>637,552,242</u>	<u>159,071,377</u>	<u>156,492,941</u>	<u>644,239,077</u>	<u>637,552,242</u>

b) By interest rate

	The Group		The Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Annual interest rates	<u>5.76% - 8.48%</u>	<u>5.76% - 8.48%</u>	<u>5.76% - 8.48%</u>	<u>5.76% - 8.48%</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

23. Derivative financial instruments

Under interest rate swap contracts, the Group and the Bank agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group and the Bank to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

Cash flow hedges

Outstanding Contracts	The Group					
	Average Contracted Fixed Interest Rate		Notional Principal Amount		Fair Value	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Less than one year	0.350%	0.300%	50,000,000	10,000,000	(988,020)	(1,525)
One to two years	3.068%	1.750%	65,000,000	110,000,000	(198,629)	(1,818,813)
Two to five years	0.572%	0.983%	130,000,000	148,750,000	3,295,895	1,314,180
			<u>245,000,000</u>	<u>268,750,000</u>	<u>2,109,246</u>	<u>(506,158)</u>

Outstanding Contracts	The Bank					
	Average Contracted Fixed Interest Rate		Notional Principal Amount		Fair Value	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Less than one year	0.350%	0.300%	50,000,000	10,000,000	(988,020)	(1,525)
One to two years	3.068%	1.750%	65,000,000	110,000,000	(198,629)	(1,818,813)
Two to five years	0.572%	0.983%	130,000,000	148,750,000	3,295,895	1,314,180
			<u>245,000,000</u>	<u>268,750,000</u>	<u>2,109,246</u>	<u>(506,158)</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

23. Derivative financial instruments (continued)

The interest rate swaps are settle concurrent with the due date of the hedge item. The Group and the Bank will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's and Bank's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

24. Lease liabilities

Analysis of the Group's and the Bank's lease liabilities follows:

	The Group				The Bank			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
Undiscounted lease liabilities								
Less than one year	11,893,164	11,294,628	48,167,314	46,014,314	11,155,074	10,537,340	45,178,050	42,929,123
One to five years	17,982,957	18,225,873	72,830,976	74,252,207	16,977,677	17,176,362	68,759,592	69,976,499
More than five years	3,748,902	3,894,237	15,183,053	15,865,122	625,295	746,529	2,532,445	3,041,359
Total undiscounted lease liabilities	33,625,023	33,414,738	136,181,343	136,131,643	28,758,046	28,460,231	116,470,087	115,946,981
Present value of lease liabilities								
Current	11,516,062	10,937,883	46,640,051	44,560,935	10,819,739	10,212,696	43,819,943	41,606,524
Non-current	16,625,601	16,937,057	67,333,684	69,001,571	14,938,111	15,159,040	60,499,350	61,757,928
Total present value of lease liabilities	28,141,663	27,874,940	113,973,735	113,562,506	25,757,850	25,371,736	104,319,293	103,364,452

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

24. Lease liabilities (continued)

The Group and the Bank lease office building for its operations. Information about leases for which the Group or the Bank is a lessee is presented below:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	27,874,940	28,617,902	113,562,506	115,759,414	25,371,736	25,772,385	103,364,452	104,249,297
Additions during the period	3,509,940	1,771,508	14,253,866	7,192,322	3,508,391	1,763,549	14,247,576	7,160,009
Payments for the period	(3,073,250)	(2,919,251)	(12,480,468)	(11,852,159)	(2,924,528)	(2,784,883)	(11,876,508)	(11,306,625)
Lease terminations during the period	(635,254)	(24,219)	(2,579,766)	(98,329)	(634,281)	(27,282)	(2,575,815)	(110,765)
Interest charged during the year	478,264	480,799	1,942,230	1,952,045	434,532	431,644	1,764,634	1,752,475
Adjustment	2,000	-	8,122	-	2,000	-	8,122	-
Currency translation differences	(14,977)	(29,507)	(60,822)	(119,798)	-	-	-	-
Exchange differences	-	-	(671,933)	10,808	-	-	(613,168)	9,255
At the end of the period	28,141,663	27,897,232	113,973,735	112,844,303	25,757,850	25,155,413	104,319,293	101,753,646

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

24. Lease liabilities (continued)

Amounts recognised in the statements of cash flows follow:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Total cash outflow for leases payments	3,073,250	2,919,758	12,480,468	11,854,217	2,924,528	2,784,883	11,876,508	11,306,625

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

25. Employee benefits

Note	The Group				The Bank				
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Retirement benefits	(a)	18,845,418	16,974,073	76,323,943	69,152,373	18,228,456	16,320,353	73,825,246	66,489,117
Career development benefits	(b)	3,320,264	2,864,399	13,447,069	11,669,562	3,252,286	2,851,527	13,171,758	11,617,121
Seniority indemnity benefits	(c)	8,801,176	6,258,345	35,644,763	25,496,497	8,722,712	6,159,927	35,326,985	25,095,544
		<u>30,966,858</u>	<u>26,096,817</u>	<u>125,415,775</u>	<u>106,318,432</u>	<u>30,203,454</u>	<u>25,331,807</u>	<u>122,323,989</u>	<u>103,201,782</u>

	The Group				The Bank			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Current	6,194,047	2,864,399	25,085,890	11,669,562	6,146,527	2,851,527	13,171,758	11,617,121
Non-current	24,772,811	23,232,418	100,329,885	94,648,870	24,056,927	22,480,280	109,152,231	91,584,661
	<u>30,966,858</u>	<u>26,096,817</u>	<u>125,415,775</u>	<u>106,318,432</u>	<u>30,203,454</u>	<u>25,331,807</u>	<u>122,323,989</u>	<u>103,201,782</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits

The unfunded defined benefit plan exposes the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the Bank's long term deposit interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants in accordance with the Group's minimum and maximum salary per position. As such, an increase in the salary of the plan participants will increase the plan's obligation.

The Group's Budgeting and Control Division is responsible in calculating, and the Management and the Board are responsible for assessing the reasonableness and its approval, of the present value of the defined benefit obligation. The latest calculation was carried out as at 31 March 2022. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

- (i) The amounts recognised in the statements of financial position are determined as follow:

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Present value of defined benefit obligation	18,845,418	16,974,073	76,323,943	69,152,373	18,228,456	16,320,353	73,825,246	66,489,117
Fair value of plan assets	-	-	-	-	-	-	-	-
Net liability recognised in statements of financial position	18,845,418	16,974,073	76,323,943	69,152,373	18,228,456	16,320,353	73,825,246	66,489,117

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(ii) The movements in the defined benefit obligation over the period are as follow:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	16,974,073	11,010,471	69,152,373	44,537,355	16,320,353	10,498,190	66,489,117	42,465,178
Current service cost	365,449	221,542	1,484,088	899,461	337,394	198,818	1,370,157	807,201
Interest cost	301,091	197,157	1,222,731	800,457	285,379	189,966	1,158,924	771,262
Benefits paid	(45,852)	(98,292)	(186,205)	(399,066)	(45,852)	(98,292)	(186,205)	(399,066)
Settlement gain	(390)	(4,456)	(1,584)	(18,091)	(390)	(4,456)	(1,584)	(18,091)
Remeasurement loss/(gain) arising during the period	1,281,614	(157,945)	5,204,634	(641,257)	1,342,361	(173,514)	5,451,328	(704,467)
Currency translation difference	(30,567)	(8,680)	(124,133)	(35,241)	(10,789)	(4,898)	(43,814)	(19,886)
Exchange differences	-	-	(427,961)	(2,239)	-	-	(412,677)	(1,614)
At the end of the period	<u>18,845,418</u>	<u>11,159,797</u>	<u>76,323,943</u>	<u>45,141,379</u>	<u>18,228,456</u>	<u>10,605,814</u>	<u>73,825,246</u>	<u>42,900,517</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

The amounts recognised in the statements of profit or loss and other comprehensive income are as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Current service cost	365,449	221,542	1,484,088	899,461	337,394	198,818	1,370,157	807,201
Interest cost	301,091	197,157	1,222,731	800,457	285,379	189,966	1,158,924	771,262
Settlement (gain)/loss	(390)	(4,456)	(1,584)	(18,091)	(390)	(4,456)	(1,584)	(18,091)
	<u>666,150</u>	<u>414,243</u>	<u>2,705,235</u>	<u>1,681,827</u>	<u>622,383</u>	<u>384,328</u>	<u>2,527,497</u>	<u>1,560,372</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE MONTH PERIOD THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(iv) The principal assumptions used to determine estimated costs and obligations are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Salary growth rate	3.50%	3.50%
Inflation rate	2.50%	2.50%
Discount rates	7.00%	7.00%

Mortality rate (*) and staff turnover rate (**)

(*) Mortality rate table is as follows:

Age	31 March 2022		31 December 2021	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.88	0 - 0.49	0 - 0.88
30-39	0 - 0.19	0 - 0.22	0 - 0.19	0 - 0.22
40-49	-	0 - 0.45	-	0 - 0.45
50-59	-	0 - 6.67	-	0 - 6.67
60	-	-	-	-

(**) Staff turnover rate table is as follows:

Age	31 March 2022		31 December 2021	
	Staff turnover rate (% per annum)		Staff turnover rate (% per annum)	
	Females	Males	Females	Males
18-29	2.3 - 9.10	4.17 - 9.76	2.3 - 9.10	4.17 - 9.76
30-39	1.76 - 4.26	2.73 - 5.35	1.76 - 4.26	2.73 - 5.35
40-49	0 - 3.86	0 - 6.09	0 - 3.86	0 - 6.09
50-59	-	0 - 8.33	-	0 - 8.33
60	-	-	-	-

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption		Impact on defined benefit obligation					
			Increase in assumption			Decrease in assumption		
	31 March 2022	31 December 2021		31 March 2022	31 December 2021		31 March 2022	31 December 2021
Salary growth rate	1.00%	1.00%	Increase By	20.98%	21.27%	Decrease By	16.85%	17.06%
Discount rate	1.00%	1.00%	Decrease By	16.79%	17.00%	Increase By	20.93%	21.22%
Inflation rate	1.00%	1.00%	Increase By	20.99%	21.29%	Decrease By	16.86%	17.07%
Mortality rate	0.10%	0.10%	Decrease By	1.92%	1.95%	Increase By	0.17%	0.18%
Staff turnover rate	1.00%	1.00%	Decrease By	12.81%	13.06%	Increase By	6.43%	6.62%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

25. Employee benefits (continued)

(b) Career development benefits

Movements in career development benefits follow:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	2,864,399	1,307,172	11,669,562	5,287,511	2,851,527	1,307,172	11,617,121	5,287,511
Additions (Note 31)	461,143	367,426	1,872,702	1,491,750	404,753	355,890	1,643,702	1,444,913
Benefits paid	(1,681)	(2,090)	(6,827)	(8,485)	(1,681)	(2,090)	(6,827)	(8,485)
Currency translation difference	(3,597)	(1,766)	(14,607)	(7,170)	(2,313)	(1,772)	(9,393)	(7,194)
Exchange differences	-	-	(73,761)	(5,455)	-	-	(72,845)	(5,281)
At the end of the period	<u>3,320,264</u>	<u>1,670,742</u>	<u>13,447,069</u>	<u>6,758,151</u>	<u>3,252,286</u>	<u>1,659,200</u>	<u>13,171,758</u>	<u>6,711,464</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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25. Employee benefits (continued)

(c) Seniority indemnity benefits

Movements in Seniority indemnity benefits follow:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	6,258,345	6,036,412	25,496,497	24,417,286	6,159,927	5,976,401	25,095,544	24,174,542
Additions (Note 31)	2,573,609	2,010,443	10,451,426	8,162,399	2,593,569	1,963,428	10,532,484	7,971,518
Benefits paid	(16,990)	(53,589)	(68,996)	(217,571)	(16,990)	(49,095)	(68,996)	(199,326)
Currency translation difference	(13,788)	(11,947)	(55,993)	(48,505)	(13,794)	(9,620)	(56,017)	(39,057)
Exchange differences	-	-	(178,171)	(29,173)	-	-	(176,030)	(28,570)
At the end of the period	8,801,176	7,981,319	35,644,763	32,284,436	8,722,712	7,881,114	35,326,985	31,879,107

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

26. Share capital and share premium

As at 31 March 2022, the authorised share capital comprised 433,163,019 ordinary shares (2021: 433,163,019) at par value of US\$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank are:

Share capital

	As at 31 March 2022			As at 31 December 2021		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	111,492,719	111,492,719	25.7392%	111,492,719	111,492,719	25.7392%
Shareholders Legalized from ASA, Plc.	89,878,026	89,878,026	20.7492%	89,878,026	89,878,026	20.7492%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.0669%
COFIBRED S.A	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
ORIX Corporation	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
Triodos Microfinance Fund	10,938,339	10,938,339	2.5252%	10,938,339	10,938,339	2.5252%
Triodos Fair Share Fund	9,354,157	9,354,157	2.1595%	9,354,157	9,354,157	2.1595%
Triodos Sustainable Finance Foundation	6,508,636	6,508,636	1.5026%	6,508,636	6,508,636	1.5026%
Public Shareholders	21,671,386	21,671,386	5.0031%	21,671,386	21,671,386	5.0031%
	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>
<i>In KHR'000 equivalent (Note 5)</i>		<u>1,754,310,227</u>		<u>1,764,706,139</u>		

Share premium

The share premium mainly represents the excess amount received by the Bank over the par value of its shares pursuant to the issuance of shares, net of transaction costs directly distributable to the issuance.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

26. Share capital and share premium (continued)

On 25 May 2020, the Bank was successfully listed on the CSX. The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the IPO amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR47,749,651 thousand). On 23 November 2020, the shareholders approved the amendment to the Memorandum of Association ("MAA") relating capital increase from IPO. The MAA was subsequently approved by the NBC and MOC on 29 March 2021 and on 12 May 2021, respectively.

On 15 June 2021, 11,488 actual shareholders of ASA Plc., one of the institutional shareholders of the Bank, has legalized all its share holdings of 107,204,547 shares or 24.7492% of the Bank's outstanding shares in accordance with the relevant measures, laws and regulations of SERC. After legalization, 4% of the Bank's share capital or 17,326,521 were floated on the CSX. The remaining 20.7492% legalized shares shall be maintained by ASA Plc. in accordance with the set plan.

On 7 May 2021, the Bank declared to distribute cash dividends amounting to US\$42,493,293 against the Bank's unrestricted earnings to all shareholders as at 31 December 2020 through the letter No. 784.21 SERC. The NBC approved the dividend declaration last 26 May 2021 through the Letter No. B7-021-802 Chhor.Tor.

Pursuant to the Letter No. B7-021-1896 Chhor.Tor, issued by the NBC last 12 November 2021, the dividends due to the public shareholders floating on the CSX amounting to US\$2,125,964 were paid and distributed. Subsequently, on 29 December 2021, the Bank paid the remaining dividends due to the remaining shareholders amounting to US\$40,367,329 in accordance with the letter No. B7-021-2919 Chhor.Tor, issued by the NBC.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

27. Interest income

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Loans and advances	155,516,978	139,151,952	631,554,448	564,956,925	147,228,885	129,117,644	597,896,502	524,217,635
Financial investments	872,831	94,905	3,544,567	385,314	872,831	94,905	3,544,567	385,314
Deposits and placements with other banks:								
- Banks inside Cambodia	630,157	298,516	2,559,066	1,211,976	630,157	290,580	2,559,066	1,179,754
- Banks outside Cambodia	85,734	28,024	348,166	113,777	91,349	30,855	370,969	125,272
- National Bank of Cambodia	8,600	-	34,925	-	8,600	-	34,925	-
	<u>157,114,300</u>	<u>139,573,397</u>	<u>638,041,172</u>	<u>566,667,992</u>	<u>148,831,822</u>	<u>129,533,984</u>	<u>604,406,029</u>	<u>525,907,975</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

28. Interest expense

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	3,378,965	2,377,257	13,721,977	9,651,663	2,974,772	2,062,018	12,080,549	8,371,793
Savings deposits	10,175	9,931	41,321	40,320	5,926	5,662	24,065	22,988
Current accounts	892	46	3,622	187	892	46	3,622	187
Deposits from customers:								
Fixed deposits	30,688,232	23,285,523	124,624,910	94,539,223	29,722,609	22,308,810	120,703,515	90,573,769
Savings deposits	1,952,959	1,621,397	7,930,966	6,582,872	1,794,478	1,348,150	7,287,375	5,473,489
Current accounts	161,423	13,064	655,539	53,040	161,190	13,064	654,593	53,040
Subordinated debts	2,703,637	2,885,173	10,979,470	11,713,802	2,703,637	2,885,173	10,979,471	11,713,801
Borrowings	8,490,443	7,556,819	34,479,689	30,680,685	8,058,487	6,688,856	32,725,516	27,156,755
Interest expenses on lease	478,264	480,799	1,942,230	1,952,045	434,532	431,644	1,764,634	1,752,475
	<u>47,864,990</u>	<u>38,230,009</u>	<u>194,379,724</u>	<u>155,213,837</u>	<u>45,856,523</u>	<u>35,743,423</u>	<u>186,223,340</u>	<u>145,118,297</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

29. Fee and commission income

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Commission fees	3,945,851	4,477,175	16,024,101	18,177,331	3,708,854	4,377,508	15,061,656	17,772,682
ATM Fee	2,138,801	1,899,424	8,685,671	7,711,661	2,122,179	1,876,698	8,618,169	7,619,394
Early loan redemption fees	2,155,706	1,881,478	8,754,322	7,638,801	1,711,465	1,396,139	6,950,259	5,668,324
Commission fee collected for assurance agency	1,041,057	987,818	4,227,732	4,010,541	1,008,716	937,360	4,096,396	3,805,682
Deposit fee charged	479,700	1,752,370	1,948,062	7,114,622	393,108	1,643,140	1,596,412	6,671,148
Training fees	559,705	283,179	2,272,962	1,149,707	9,434	6,408	38,311	26,016
Fee income from guarantee	113,253	157,071	459,920	637,708	113,209	156,390	459,742	634,943
Others	1,264,004	1,019,327	5,133,121	4,138,468	1,254,014	989,083	5,092,551	4,015,679
	<u>11,698,077</u>	<u>12,457,842</u>	<u>47,505,891</u>	<u>50,578,839</u>	<u>10,320,979</u>	<u>11,382,726</u>	<u>41,913,496</u>	<u>46,213,868</u>

Settlement fees amounting to KHR11,028,800 (equivalent to US\$2,723) and US\$19,483 (31 March 2021: to KHR950,900 (equivalent to US\$235) and US\$2,981) for operations of cash settlement agents were recognized during the period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

30. Other income, net

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Foreign exchange gain	3,462,920	2,643,725	14,062,918	10,733,524	3,408,927	2,638,692	13,843,653	10,713,090
Recovery from loans and advances written off	1,659,024	1,606,892	6,737,296	6,523,982	1,275,662	1,346,399	5,180,463	5,466,380
Dividends on FVTPL	117,333	-	476,489	-	117,333	-	476,489	-
Gain/(loss) on disposals of property and equipment and lease	26,947	(439,678)	109,432	(1,785,093)	27,423	(439,531)	111,365	(1,784,496)
Others	680,435	359,160	2,763,247	1,458,189	142,395	314,613	578,266	1,277,328
	<u>5,946,659</u>	<u>4,170,099</u>	<u>24,149,382</u>	<u>16,930,602</u>	<u>4,971,740</u>	<u>3,860,173</u>	<u>20,190,236</u>	<u>15,672,302</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

31. General and administrative expenses

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Salaries and wages	37,720,074	26,553,491	153,181,221	107,807,173	35,457,870	24,366,123	143,994,410	98,926,459
Depreciation charges	5,424,155	5,082,106	22,027,493	20,633,350	4,975,533	4,500,091	20,205,640	18,270,369
Repair and maintenance	3,282,314	3,100,732	13,329,477	12,588,972	3,178,456	2,948,777	12,907,710	11,972,035
Depreciation of right-of-use assets	2,912,165	2,674,390	11,826,302	10,858,023	2,728,202	2,465,911	11,079,228	10,011,599
Other employee expense	2,877,270	12,620,466	11,684,593	51,239,092	2,954,354	12,168,940	11,997,632	49,405,896
Seniority indemnity (Note 25(c))	2,573,609	2,010,443	10,451,426	8,162,399	2,593,569	1,963,428	10,532,484	7,971,518
Utilities	1,354,113	1,197,222	5,499,053	4,860,721	1,278,438	1,122,982	5,191,737	4,559,307
Office supplies	1,345,867	1,239,833	5,465,566	5,033,722	1,246,508	1,129,297	5,062,069	4,584,946
Communication	1,156,431	997,370	4,696,266	4,049,322	889,552	767,406	3,612,471	3,115,668
Amortisation charges	809,326	1,034,329	3,286,673	4,199,376	735,340	925,125	2,986,216	3,756,008
Retirement benefit (Note 25(a))	666,150	414,243	2,705,235	1,681,827	622,383	384,328	2,527,497	1,560,372
Travelling expenses	579,626	469,151	2,353,861	1,904,753	516,511	413,237	2,097,551	1,677,742
Career development expense (Note 25(b))	461,143	367,426	1,872,702	1,491,750	404,753	355,890	1,643,702	1,444,913
License fees	282,357	272,427	1,146,652	1,106,054	275,207	265,684	1,117,616	1,078,677
Others	4,054,727	3,428,409	16,466,247	13,919,340	3,658,033	3,132,576	14,855,270	12,718,259
	<u>65,499,327</u>	<u>61,462,038</u>	<u>265,992,767</u>	<u>249,535,874</u>	<u>61,514,709</u>	<u>56,909,795</u>	<u>249,811,233</u>	<u>231,053,768</u>

For the period ended 31 March 2022, there were salaries and wages expenses of ACLEDA Bank's staff who are responsible for operation of cash settlement agent amounting to US\$11,478 (31 March 2021 US\$8,970).

For the period ended 31 March 2022, above expenses include costs incurred for operation of cash settlement agent, consisting of office supplies amounting to US\$66, furniture and fixtures amounting to US\$259 and membership fees amounting to US\$3,189 (KHR12,916,667) (31 March 2021: office supplies amounting to US\$59, furniture and fixtures amounting to US\$141 and membership fees amounting to US\$3,193 (KHR12,916,667)).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

32. Taxation

(a) Current income tax liabilities

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current income tax liabilities	10,103,422	36,315,767	40,918,859	147,950,435	9,276,161	35,491,329	37,568,452	144,591,674

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
At the beginning of the period	36,315,767	30,292,370	147,950,435	122,532,637	35,491,329	27,950,334	144,591,674	113,059,101
Income tax expense	9,372,283	10,457,532	38,060,841	42,457,580	8,441,202	9,769,467	34,279,721	39,664,036
Income tax paid	(35,584,628)	(27,932,075)	(144,509,174)	(113,404,225)	(34,656,370)	(26,798,342)	(140,739,519)	(108,801,269)
Exchange differences	-	-	(583,243)	262,118	-	-	(563,424)	255,434
At the end of the period	10,103,422	12,817,827	40,918,859	51,848,110	9,276,161	10,921,459	37,568,452	44,177,302

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

32. Taxation (continued)

(b) Income tax expense

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Current income tax	9,372,283	10,457,532	38,060,841	42,457,580	8,441,202	9,769,467	34,279,721	39,664,036
Deferred tax expense	(489,745)	(2,664,076)	(1,988,854)	(10,816,149)	62,342	498,506	253,171	2,023,934
	<u>8,882,538</u>	<u>7,793,456</u>	<u>36,071,987</u>	<u>31,641,431</u>	<u>8,503,544</u>	<u>10,267,973</u>	<u>34,532,892</u>	<u>41,687,970</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

32. Taxation (continued)

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Profit before income tax	44,245,711	51,894,894	179,681,833	210,693,270	43,330,590	53,000,562	175,965,526	215,182,283
Tax calculated at domestic tax rates applicable to profits in the respective countries	8,843,952	10,282,518	35,915,289	41,747,023	8,666,118	10,600,112	35,193,105	43,036,455
Effect of non-deductible expense	38,586	(2,489,062)	156,698	(10,105,592)	(162,574)	(332,139)	(660,213)	(1,348,485)
	<u>8,882,538</u>	<u>7,793,456</u>	<u>36,071,987</u>	<u>31,641,431</u>	<u>8,503,544</u>	<u>10,267,973</u>	<u>34,532,892</u>	<u>41,687,970</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

32. Taxation (continued)

c) Reconciliation between income tax expense and accounting profit (continued)

Having been successfully listed on the CSX, the Bank is entitled to a reduction of 50% on the tax on profit for a period of 3 years after listing (proportion based on percentage of listed shares taking 20.0001% as a base in accordance with the Prakas No. 183 on the implementation guidance on the incentive on tax on profit for the IPO enterprise) and waiver of other tax liabilities, including tax on profit and withholding taxes for the period from year N-3 to N-10, where N is the IPO year ("N-3 to N-10"), in accordance with the Sub-decree No. 01 of the Royal Government of Cambodia ("RGC") dated 4 January 2019, and temporary postponement on the prepayment of profit tax for a period of 3 years after listing in accordance with Prakas No. 855 of the Ministry of Economy and Finance ("MEF") dated 24 July 2015. The Bank shall fulfil the forms and submit to the GDT through the Securities and Exchange Regulator of Cambodia ("SERC") in order to be granted tax incentives.

On 28 May 2020, the Bank submitted a letter to the SERC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive related to the waiver of the Bank's tax liabilities for the period from N-3 to N-10. Subsequently, on 20 October 2020, the SERC submitted a letter to the GDT requesting for a written approval for tax incentive for the period from N-3 to N-10. The actual amounts of tax liabilities to be waived will be determined by the GDT.

On 08 January 2021, the Bank received a letter of approval from the GDT for the temporary postponement of the Bank's prepayment of profit tax from November 2020 until the end of the tax incentive period.

On 09 August 2021, the Bank received a letter of approval from the GDT regarding the request for the Bank's tax incentive on the waiver of income tax for 3 years beginning from 2020 to 2022 in accordance with Prakas No.183 and its annex on the implementing guidelines on the incentive on tax on income for IPO enterprises.

On 03 January 2022, the Bank submitted a letter to the SERC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive of profit tax 2021 following the the Prakas no. 183 on the implementation guidance on the incentive on tax on income for the IPO enterprise. On 25 March 2022, the Bank submitted a letter to the GDT for obtain written approval on tax incentive on profit tax 2021 following Sub degree no. 01 on tax incentive for the IPO enterprise.

d) Other tax matters

The Bank's and its subsidiaries' tax returns are subject to periodic examination by the respective tax authorities.

Some areas of tax laws and regulations may be open to different interpretation; therefore, tax amounts reported in the interim financial statements could change at a later date, upon final determination of the respective tax authorities.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

33. Earnings per share

The following shows the Bank's profit used in the basic and diluted EPS computations for the period presented:

	For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Profit attributable to shareholders	35,336,585	44,229,869	143,501,872	179,573,269
Weighted average numbers of shares	433,163,019	433,163,019	433,163,019	433,163,019
Basic earnings per share	0.08	0.10	0.33	0.41
Diluted earnings per share	0.08	0.10	0.33	0.41

The Bank has no dilutive potential ordinary shares as at each of the period end. As such, the diluted earnings per share are equivalent to the basic earnings per share.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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34. Cash and cash equivalents

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
Cash on hand (Note 7)	460,428,067	550,058,552	1,864,733,671	2,224,986,843	449,047,645	535,885,902	1,818,642,962	2,167,658,474
Deposits and placements with other banks:								
Balances with the National Bank of Cambodia:								
- Current accounts	333,228,713	355,176,103	1,349,576,288	1,436,687,337	333,228,713	333,600,085	1,349,576,288	1,349,412,344
- Negotiable certificate of deposits, maturities of three months or less	580,105,951	434,728,890	2,349,429,102	1,758,478,360	580,105,951	434,728,890	2,349,429,102	1,758,478,360
Balances with other banks:								
- Current accounts	98,122,164	184,283,133	397,394,764	745,425,273	70,541,641	181,082,688	285,693,646	732,479,473
- Fixed deposits, maturities of three months or less	199,552,285	75,495,600	808,186,754	305,379,702	200,557,390	75,998,215	812,257,429	307,412,779
	<u>1,671,437,180</u>	<u>1,599,742,278</u>	<u>6,769,320,579</u>	<u>6,470,957,515</u>	<u>1,633,481,340</u>	<u>1,561,295,780</u>	<u>6,615,599,427</u>	<u>6,315,441,430</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

35. Commitment and contingencies

The Group and the Bank had the contractual amounts of the Group's and the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:

(a) Loan commitment, guarantee and other financial liabilities

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Unused portion of overdrafts	188,754,372	146,104,629	764,455,207	595,230,259	188,084,927	145,914,488	761,743,954	594,455,624
Bank guarantees	44,950,894	49,271,411	182,051,121	200,731,728	44,936,605	49,074,212	181,993,250	199,928,340
Letters of credit	10,507,514	9,713,537	42,555,432	39,572,950	10,507,514	9,713,537	42,555,432	39,572,950
Forward foreign exchange	179,871	300,030	728,478	1,222,322	179,871	300,030	728,478	1,222,322
	<u>244,392,651</u>	<u>205,389,607</u>	<u>989,790,238</u>	<u>836,757,259</u>	<u>243,708,917</u>	<u>205,002,267</u>	<u>987,021,114</u>	<u>835,179,236</u>

No material losses are anticipated as a result of these transactions.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

35. Commitments and contingencies (continued)

(b) Capital expenditure commitments

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Not later than 1 year	5,565,226	9,727,971	22,539,165	39,631,754	4,665,049	9,339,591	18,893,448	38,049,494
Later than 1 but not later than 5 years	54,019	54,019	218,777	220,073	-	-	-	-
	<u>5,619,245</u>	<u>9,781,990</u>	<u>22,757,942</u>	<u>39,851,827</u>	<u>4,665,049</u>	<u>9,339,591</u>	<u>18,893,448</u>	<u>38,049,494</u>

The balances of these commitments are related to the purchases of property and equipment and intangible assets of the Bank amounting to US\$4,665,049, the construction contract to build AIB's building and purchases of other equipment amounting to US\$4,254, the purchase of property and equipment and intangible asset of the Bank amounting to US\$698,470, the upgrade Nutanix US\$157,903, smart Vista implementation Fee US\$38,550 and development LAPS system phase 1 amounting US\$54,019.

(c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026. As at 31 March 2022, it was remained US\$ 8,615,940 due to repayment.

The Bank has made allowance for impairment loss of US\$96,922 (2021: US\$129,331) with respect to this guarantee.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

36. Reserves

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2022	524,311,587	2,136,045,406	100,908,300	411,100,413	(35,338,462)	(143,968,894)	3,028,319	12,337,371	17,918,619	592,909,744	2,433,432,915
Other comprehensive income:											
Other comprehensive income -currency translation difference	-	-	-	-	-	-	-	-	(4,273,658)	-	(4,273,658)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(4,273,658)	-	(4,273,658)
Transactions with owners:											
Transfer from retained earnings to regulatory reserves	-	-	13,571,829	55,115,198	-	-	-	-	-	13,571,829	55,115,198
Currency translation difference - foreign subsidiaries	-	-	-	-	(2,640,651)	(10,723,684)	-	-	-	(2,640,651)	(10,723,684)
Currency translation differences	-	(12,583,479)	-	(2,571,089)	-	877,170	-	(72,679)	149,291	-	(14,200,786)
Total transactions with owners:	-	(12,583,479)	13,571,829	52,544,109	(2,640,651)	(9,846,514)	-	(72,679)	149,291	10,931,178	30,190,728
As at 31 March 2022	<u>524,311,587</u>	<u>2,123,461,927</u>	<u>114,480,129</u>	<u>463,644,522</u>	<u>(37,979,113)</u>	<u>(153,815,408)</u>	<u>3,028,319</u>	<u>12,264,692</u>	<u>13,794,252</u>	<u>603,840,922</u>	<u>2,459,349,985</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

36. Reserves (continued)

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
As at 1 January 2021	460,207,698	1,861,540,136	64,527,752	261,014,758	(21,641,214)	(87,538,711)	-	-	13,692,814	503,094,236	2,048,708,997
Comprehensive income:											
Other comprehensive income - currency translation difference	-	-	-	-	-	-	-	-	(665,784)	-	(665,784)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(665,784)	-	(665,784)
Transactions with owners:											
Transfers from retained earnings to general reserves	64,527,752	261,982,673	-	-	-	-	-	-	-	64,527,752	261,982,673
Transfer from retained earnings to regulatory reserves	-	-	8,680,735	35,243,784	-	-	-	-	-	8,680,735	35,243,784
Reserve NCI	-	-	-	-	-	-	3,028,319	12,294,975	-	3,028,319	12,294,975
Currency translation difference - foreign subsidiaries	-	-	-	-	(3,025,419)	(12,283,201)	-	-	-	(3,025,419)	(12,283,201)
Currency translation differences	-	(967,914)	-	(130,212)	-	45,382	-	(45,425)	1,087,345	-	(10,824)
Total transactions with owners:	<u>64,527,752</u>	<u>261,014,759</u>	<u>8,680,735</u>	<u>35,113,572</u>	<u>(3,025,419)</u>	<u>(12,237,819)</u>	<u>3,028,319</u>	<u>12,249,550</u>	<u>1,087,345</u>	<u>73,211,387</u>	<u>297,227,407</u>
As at 31 March 2021	<u>524,735,450</u>	<u>2,122,554,895</u>	<u>73,208,487</u>	<u>296,128,330</u>	<u>(24,666,633)</u>	<u>(99,776,530)</u>	<u>3,028,319</u>	<u>12,249,550</u>	<u>14,114,375</u>	<u>576,305,623</u>	<u>2,345,270,620</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

36. Reserves (continued)

	The Bank						
	General reserves		Regulatory reserves		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Balance at 1 January 2022	510,741,556	2,080,761,099	97,140,004	395,748,379	17,529,804	607,881,560	2,494,039,282
Other comprehensive income:							
Other comprehensive income -currency translation difference	-	-	-	-	(4,149,299)	-	(4,149,299)
Total comprehensive income for the period	-	-	-	-	(4,149,299)	-	(4,149,299)
Transactions with owners:							
Transfers from retained earnings to general reserves	-	-	-	-	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	14,891,126	60,472,863	-	14,891,126	60,472,863
Currency translation differences	-	(12,257,797)	-	(2,495,165)	163,803	-	(14,589,159)
Total transactions with owners:	-	(12,257,797)	14,891,126	57,977,698	163,803	14,891,126	45,883,704
As at 31 March 2022	<u>510,741,556</u>	<u>2,068,503,302</u>	<u>112,031,130</u>	<u>453,726,077</u>	<u>13,544,308</u>	<u>622,772,686</u>	<u>2,535,773,687</u>
Balance at 1 January 2021	455,413,631	1,842,148,137	55,327,925	223,801,459	13,408,214	510,741,556	2,079,357,810
Other comprehensive income:							
Other comprehensive income -currency translation difference	-	-	-	-	(643,593)	-	(643,593)
Total comprehensive income for the period	-	-	-	-	(643,593)	-	(643,593)
Transactions with owners:							
Transfers from retained earnings to general reserves	55,327,925	224,631,376	-	-	-	55,327,925	224,631,376
Transfer from retained earnings to regulatory reserves	-	-	11,721,232	47,588,202	-	11,721,232	47,588,202
Currency translation differences	-	(829,919)	-	(175,819)	1,005,738	-	-
Total transactions with owners:	<u>55,327,925</u>	<u>223,801,457</u>	<u>11,721,232</u>	<u>47,412,383</u>	<u>1,005,738</u>	<u>67,049,157</u>	<u>272,219,578</u>
As at 31 March 2021	<u>510,741,556</u>	<u>2,065,949,594</u>	<u>67,049,157</u>	<u>271,213,842</u>	<u>13,770,359</u>	<u>577,790,713</u>	<u>2,350,933,795</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

37. Related party transactions and balances

(a) Related parties and relationships

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

Related parties	Relationship
ACLEDA Bank Plc.	Holding company
Subsidiaries of the Bank as disclosed in Note 13	Subsidiaries
Shareholders as disclosed in Note 26	Shareholders
Key managements	The key managements are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all Directors of the Group and the Bank and members of senior management of the Group and the Bank.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

37. Related party transactions and balances (continued)

(b) Related parties balances

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
i). Loans and advances								
Key managements	14,892,673	14,570,028	60,315,326	59,358,294	14,242,026	13,904,162	57,680,205	56,645,556
	<u>14,892,673</u>	<u>14,570,028</u>	<u>60,315,326</u>	<u>59,358,294</u>	<u>14,242,026</u>	<u>13,904,162</u>	<u>57,680,205</u>	<u>56,645,556</u>
ii). Balances with related parties								
Shareholder	471,577	639,918	1,909,887	2,607,026	471,577	639,918	1,909,887	2,607,026
Subsidiaries	-	-	-	-	1,005,104	1,005,356	4,070,671	4,095,820
	<u>471,577</u>	<u>639,918</u>	<u>1,909,887</u>	<u>2,607,026</u>	<u>1,476,681</u>	<u>1,645,274</u>	<u>5,980,558</u>	<u>6,702,846</u>
iii). Receivables from/(payables to) related parties								
Key managements deposit								
Other payables	(68,833)	(60,218)	(278,774)	(245,328)	(32,785)	(26,973)	(132,779)	(109,888)
Shareholders								
Other payables	(39,832)	(26,106)	(161,320)	(106,356)	(39,832)	(26,106)	(161,320)	(106,356)
Subsidiaries								
Other receivables	-	-	-	-	37,693	46,319	152,657	188,703
Other payables	-	-	-	-	(368,412)	(37,318)	(1,492,068)	(152,033)
	<u>(108,665)</u>	<u>(86,324)</u>	<u>(440,094)</u>	<u>(351,684)</u>	<u>(403,336)</u>	<u>(44,078)</u>	<u>(1,633,510)</u>	<u>(179,574)</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

37. Related party transactions and balances (continued)

(b) Related parties balances (continued)

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
iv). Deposits from related parties								
Key managements	5,733,337	5,548,116	23,220,015	22,603,025	5,135,861	4,912,471	20,800,237	20,013,407
Shareholders								
Current accounts	3,015,932	11,095,171	12,214,524	45,201,727	2,376,573	11,095,171	9,625,120	45,201,727
Savings accounts	178,510	22,287	722,966	90,797	178,510	22,287	722,966	90,797
Fixed deposits	5,965,758	2,146,106	24,161,320	8,743,236	5,965,758	2,146,106	24,161,320	8,743,236
Subsidiaries								
Current accounts	-	-	-	-	4,726,539	2,555,788	19,142,483	10,412,280
Savings accounts	-	-	-	-	175,833	164,269	712,124	669,232
Fixed deposits	-	-	-	-	4,053,097	3,642,598	16,415,043	14,839,944
	<u>14,893,537</u>	<u>18,811,680</u>	<u>60,318,825</u>	<u>76,638,785</u>	<u>22,612,171</u>	<u>24,538,690</u>	<u>91,579,293</u>	<u>99,970,623</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

37. Related party transactions and balances (continued)

(c) Related parties transactions

	The Group				The Bank			
	For three-month period ended				For three-month period ended			
	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 March 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 March 2021 KHR'000 (Note 5)
i). Interest income from related parties								
Loans and advances to key managements	250,748	288,449	1,018,288	1,171,103	244,728	340,385	993,840	1,381,963
Deposits with subsidiary	-	-	-	-	5,615	2,831	22,803	11,494
Loan to subsidiary	-	-	-	-	-	113,305	-	460,018
	<u>250,748</u>	<u>288,449</u>	<u>1,018,288</u>	<u>1,171,103</u>	<u>250,343</u>	<u>456,521</u>	<u>1,016,643</u>	<u>1,853,475</u>
ii). Fee and commission income from related parties								
Shareholders	10,316	7,016	41,893	28,485	10,316	7,016	41,893	28,485
Subsidiaries	-	-	-	-	360	7,603	1,462	30,868
	<u>10,316</u>	<u>7,016</u>	<u>41,893</u>	<u>28,485</u>	<u>10,676</u>	<u>14,619</u>	<u>43,355</u>	<u>59,353</u>
iii). Interest expenses to related parties								
Deposits of key managements	17,884	38,381	72,627	155,827	13,935	36,754	56,590	149,221
Deposits of shareholders	41,215	2,083	167,374	8,457	41,215	2,083	167,374	8,457
Deposits of subsidiaries	-	-	-	-	51,263	30,030	208,179	121,922
	<u>59,099</u>	<u>40,464</u>	<u>240,001</u>	<u>164,284</u>	<u>106,413</u>	<u>68,867</u>	<u>432,143</u>	<u>279,600</u>
iv). Fee and remuneration expenses to related parties								
Board of Directors	129,465	134,553	525,757	546,285	75,185	76,319	305,326	309,855
Key managements	4,854,286	3,363,015	19,713,255	13,653,841	4,297,857	2,846,088	17,453,597	11,555,117
Subsidiary	-	-	-	-	706,603	635,468	2,869,515	2,580,000
	<u>4,983,751</u>	<u>3,497,568</u>	<u>20,239,012</u>	<u>14,200,126</u>	<u>5,079,645</u>	<u>3,557,875</u>	<u>20,628,438</u>	<u>14,444,972</u>
v). Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(32,409)	3,219	(131,613)	13,069

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management

(a) Introduction and overview

The Group and the Bank is the leading and first listed bank in Cambodia and currently has the largest branch network and self-service banking which offers multiple products and services to its customer such as credits, deposits, funds transfers, cash management, trade finance, ACLEDA card, credit and debit card, and digital services including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. As disclosed on Note 13, the Bank's four subsidiaries are as follows:

- a. ACLEDA Bank Lao Ltd.,
- b. ACLEDA Securities Plc.,
- c. ACLEDA Institute of Business, and
- d. ACLEDA MFI Myanmar Co., Ltd.

In the competitive business environment along with the rapid evolution and development of technology and difference or change in laws and jurisdictions, the Group and the Bank need to have effective risk management in place in order to manage and ensure all risks are within the risk appetite and tolerance. This also provides reasonable assurance regarding the achievement of the Group's and the Bank's objectives.

The established risk management framework comprises of core components such as (1) effective governance and oversight by the Board of Directors and senior management; (2) effective implementation of risk appetite and tolerance; (3) effective implementation of risk management processes; and (4) effective technology and data infrastructure. It must be integrated into the day-to-day management of the business and operations to provide transparent and consistent management of risks across the Bank and the Group.

The Group and the Bank instil proactive risk management by embedding accountability and risk ownership culture in managing risks for all levels, which includes the Group's and the Bank's Board of Directors, senior management, and employees. This culture is supported by (1) the Bank's employee's policies (ethics and human resource management, code of conduct, conflict of interest, remuneration and nomination, whistle blower's protection, or detailed of misconduct etc.); (2) alignment of compensation policies with the Bank's risk appetite and tolerance limits; and (3) availability of risk management training throughout the Bank and the Group.

Risk management within the Bank and the Group is managed by a three-lines model, supported by sufficient numbers of personnel skilled in the management of risks within all areas in the three-lines model.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

(b) Objective and principles

The objectives of the Group's and the Bank's risk management are:

- To ensure risks are within the risk appetite and tolerance and to provide reasonable assurance regarding the achievement of objectives.
- To manage risk effectively and to identify the risk before it occurs and minimize the potential risk properly and timely.
- To manage risk in a way that optimally balances managing risk while adding value to the Group and the Bank.

Risk appetite is defined as the amount and type of risk, on a broad level, the Group and the Bank are willing to accept in pursuit of long-term shareholder value. Risk tolerance refers to the variation amount of maximum risks which can be accepted, taking into account the appropriate measure to reduce the risk.

The Bank's and the Group's risk appetite and tolerance statement is prepared in accordance with its business strategy and the role of the Bank in the financial system.

The Board of Directors approves the Bank's and the Group's risk appetite and tolerance statement with considering the most significant risk which the Bank is exposed and provides an outline of the approach to manage these risks.

The risk management policy defines risk categories in line with the categories identified by the Basel Committee on Banking Supervision "Basel" and the nature of the Bank's business context. The policy sets risk tolerance/internal targets per individual risk category.

At all times the Bank and the Group shall adhere to the prudential ratios and requirements as stipulated by the superintendent.

At all times, unless specifically mentioned otherwise, the Bank and the Group shall adhere to the risk tolerance/internal targets, as set by the Board in the risk management policy, in order to limit potential loss.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

(b) Objective and principles (continued)

The Group's and the Bank's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange rate risk, and interest rate risk. Equity risk and commodity risk are not applicable given that the Group and the Bank does not hold any equity and commodity position.), and liquidity risk.

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

a. Financial assets and financial liabilities measured at amortised cost

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Financial assets								
Cash on hand	460,428,067	450,375,149	1,864,733,671	1,834,828,357	449,047,645	439,465,980	1,818,642,962	1,790,384,403
Deposits and placements with other banks	660,607,338	577,117,298	2,675,459,719	2,351,175,872	634,188,650	543,426,920	2,568,464,033	2,213,921,272
Statutory deposits	439,737,653	415,456,960	1,780,937,495	1,692,571,655	437,064,970	412,986,454	1,770,113,129	1,682,506,814
Financial investments	630,711,967	800,894,722	2,554,383,466	3,262,845,098	630,711,967	800,894,722	2,554,383,466	3,262,845,098
Loans and advances, net	5,742,405,705	5,393,953,503	23,256,743,105	21,974,966,571	5,584,103,197	5,232,058,920	22,615,617,948	21,315,408,040
Other assets	9,389,088	7,720,538	38,025,806	31,453,472	9,251,597	6,801,988	37,468,968	27,711,299
Total financial assets	7,943,279,818	7,645,518,170	32,170,283,262	31,147,841,025	7,744,368,026	7,435,634,984	31,364,690,506	30,292,776,926
Financial liabilities								
Deposits and placements of other banks and financial institutions	467,147,868	483,740,992	1,891,948,865	1,970,760,801	442,746,980	455,606,835	1,793,125,269	1,856,142,246
Deposits from customers	5,432,509,109	5,232,278,693	22,001,661,891	21,316,303,395	5,327,251,773	5,126,926,990	21,575,369,681	20,887,100,557
Lease liabilities	28,141,663	27,874,940	113,973,735	113,562,506	25,757,850	25,371,736	104,319,293	103,364,452
Borrowings	701,327,072	608,488,803	2,840,374,642	2,478,983,383	681,222,987	583,641,056	2,758,953,097	2,377,753,662
Subordinated debts	159,071,377	156,492,941	644,239,077	637,552,242	159,071,377	156,492,941	644,239,077	637,552,242
Other liabilities	48,992,908	32,335,775	198,421,277	131,735,947	49,082,827	32,184,457	198,785,449	131,119,478
Total financial liabilities	6,837,189,997	6,541,212,144	27,690,619,487	26,648,898,274	6,685,133,794	6,380,224,015	27,074,791,866	25,993,032,637
Net financial instruments	1,106,089,821	1,104,306,026	4,479,663,775	4,498,942,751	1,059,234,232	1,055,410,969	4,289,898,640	4,299,744,289

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

(b) Objective and principles (continued)

b. Financial assets and financial liabilities measured at fair value

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Financial assets								
Financial investments	189,670	189,670	768,164	772,715	189,670	189,670	768,164	772,715
Derivative financial instruments	2,109,246	-	8,542,446	-	2,109,246	-	8,542,446	-
Total financial assets	2,298,916	189,670	9,310,610	772,715	2,298,916	189,670	9,310,610	772,715
Financial liabilities								
Derivative financial instruments	-	506,158	-	2,062,088	-	506,158	-	2,062,088
Total financial liabilities	-	506,158	-	2,062,088	-	506,158	-	2,062,088
Net financial instruments	2,298,916	(316,488)	9,310,610	(1,289,373)	2,298,916	(316,488)	9,310,610	(1,289,373)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk

Credit risk is the risk that a counterparty would fail to meet its obligations in accordance with agreed terms. While loans are the most obvious source of credit risk, other sources of credit risk exist throughout the activities of an institution, including in the banking book and the trading book, in both on and off-balance sheets. Institutions are facing credit risks in various financial instruments other than loans, including acceptance, trade financing, commitment and guarantee, interbank transaction, settlement of transactions, foreign exchange transactions, bonds, equities and financial derivative instruments.

Principles of the credit risk:

- The Board of Directors recognises that the loan book is the main sources of income for the Group and the Bank and, conversely, also constitutes the greatest risk of losses.
- The Board of Directors considers that lending to the lower segments of the market of small business loans, provided the existing policies are implemented properly, carries a credit risk which is smaller than for larger loans as history has shown that losses due to default on these loans have been minimal. The Board of Directors considers the risk return equation favourable for loans provided to the lower segments in the market and considers this the core product of the Group and the Bank.
- The Board of Directors considers that the Management has freedom to adjust, adapt or develop existing products and product lines but requires that new product lines need to be approved by the Board of Directors.
- The day-to-day responsibility for the credit risk lies with the senior management of the Credit Sale Management Division and branches.
- The credit risk is regularly measured by calculating the ECL taking probability of customer defaults, exposure in the event of default and severity of LGD of the customer base where credit scoring is applied for.
- The Board of Directors requires that credit risk is spread across different sectors (like trade, agriculture, services, industrial, infrastructure etc.) and products to avoid undue over exposure to one particular sector or industry.
- Systemic risk is the risk of system wide breakdown of the financial sector. The Board of Directors requires that credit risk on counterparty financial institutions should be subject to the same principles of the prudential assessment and controls as with other forms of lending and prudential position limits should be set to sufficiently protect the Group and the Bank for a systemic risk.

Internal targets of the credit risk:

The internal targets on credit products should be set by the Board Risk Management and IT Committee ("BRIC") and approved by the Board of Directors. The internal targets will be in line with the risk appetite of the Board of Directors.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

The Risk Management Division regularly reviews all internal targets as set and approved by the Board of Directors and advises on any change deemed appropriate.

In order to maintain the credit growth in a prudent and reasonable way and to ensure the maintenance of portfolio quality, various control limits have been imposed to credit products, which must be strictly complied with:

- Loan exposure ratio: defined as the aggregate amount of loan assets in arrears > 30 days minus loan loss reserves divided by the net worth should be less than 25%.
- Ceilings on lending to sectors and by product to put limits on concentration risk.
- The maximum exposure to a single client or group of clients is up to 5% of the net worth.
- Counterparty financial institutions.

(a) Credit risk management

The Boards of Directors has delegated responsibility for oversight of credit risk to its BRIC. Credit Division is responsible for management of the credit risk based on the following:

- Separation of roles between the persons involved in dealing with the clients that are responsible for the credit application and the persons involved in the authorisation of the credits.
- Separation of roles between the persons involved in dealing directly with clients and the credit administration.
- Principle of double authorisation to ensure a good balance of the interests of the clients and objectivity in the risk assessment process.
- Timely and full documentation of the agreements made with the client together with all needed information, which is relevant in the assessment and control phase of the credit process.
- Careful credit control systems, with periodical reviews, through which timely signals can be derived for relevant information regarding risk management.
- Independent control to ensure conformity with approved procedures and regulations in the credit process (formal control) but also monitoring the quality of risk aspects and credit control (material control).
- The Group and the Bank will maintain a diversified loan assets portfolio in terms of industry sector, geographical area, and currency and loan size.
- Loan analysis will strongly focus on the client's ability and willingness to repay the loan through character and cash flow based on assessment and in applying green-lining methodology.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(a) Credit risk management (continued)

The Group and the Bank's total exposure to a single client or group of clients (one obligor principle) acting in concert shall not exceed 5% of the Bank's net worth. "Exposure" includes the aggregate of (i) the face amount of the assets of the Borrower with respect to which such Person is the obligor and (ii) any claim of such Person against the Borrower comprising any commitment to provide funds or credit to, or on behalf of such Person including, but not limited to, loan guarantees, letters of credit and derivatives.

(b) Internal targets and mitigation policies

The Group and the Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia, Lao PDR, and the Republic of the Union of Myanmar. The Group and the Bank manage limits and controls concentration of credit risk whenever they are identified. Large exposure is defined by the NBC as overall exposure to any individual beneficiary which exceeds 10% of the net worth.

The Bank is required, under the conditions of Prakas No. B7-06-226 of the NBC, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth.

ACLEDA Bank Lao Ltd. is required, based on the letter No: 296 of the Bank of Lao P.D.R, to maintain at all times a maximum ratio of 25% between the Bank's overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 500% of the Bank's net worth. However, for ACLEDA MFI Myanmar Co., Ltd. there is no requirement by Financial Regulatory Department ("FRD").

The Group and the Bank employ 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 and advances to customers, which is common practice. The Group and the Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings;
- Cash in the form of margin deposits.

(c) Maximum exposure to credit risk before collateral held or other credit enhancements

For financial assets reflected in the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(c) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

	The Group				The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Credit exposure for on-balance sheet financial assets:								
Cash on hand	460,428,067	450,375,149	1,864,733,671	1,834,828,357	449,047,645	439,465,980	1,818,642,962	1,790,384,403
Deposits and placements with other banks	660,607,338	577,117,298	2,675,459,719	2,351,175,872	634,188,650	543,426,920	2,568,464,033	2,213,921,272
Statutory deposits	439,737,653	415,456,960	1,780,937,495	1,692,571,655	437,064,970	412,986,454	1,770,113,129	1,682,506,814
Financial investments	630,901,637	801,084,392	2,555,151,630	3,263,617,813	630,901,637	801,084,392	2,555,151,630	3,263,617,813
Loans and advances, net	5,742,405,705	5,393,953,503	23,256,743,105	21,974,966,571	5,584,103,197	5,232,058,920	22,615,617,948	21,315,408,040
Derivative financial instruments	2,109,246	-	8,542,446	-	2,109,246	-	8,542,446	-
Other assets	9,389,088	7,720,538	38,025,806	31,453,472	9,251,597	6,801,988	37,468,968	27,711,299
	<u>7,945,578,734</u>	<u>7,645,707,840</u>	<u>32,179,593,872</u>	<u>31,148,613,740</u>	<u>7,746,666,942</u>	<u>7,435,824,654</u>	<u>31,374,001,116</u>	<u>30,293,549,641</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	188,754,372	146,104,629	764,455,207	595,230,259	188,084,927	145,914,488	761,743,954	594,455,624
Bank guarantees	44,950,894	49,271,411	182,051,121	200,731,728	44,936,605	49,074,212	181,993,250	199,928,340
Letters of credit	10,507,514	9,713,537	42,555,432	39,572,950	10,507,514	9,713,537	42,555,432	39,572,950
Foreign exchange spot transactions	179,871	300,030	728,478	1,222,322	179,871	300,030	728,478	1,222,322
	<u>244,392,651</u>	<u>205,389,607</u>	<u>989,790,238</u>	<u>836,757,259</u>	<u>243,708,917</u>	<u>205,002,267</u>	<u>987,021,114</u>	<u>835,179,236</u>
Total maximum credit risk exposure	<u>8,189,971,385</u>	<u>7,851,097,447</u>	<u>33,169,384,110</u>	<u>31,985,370,999</u>	<u>7,990,375,859</u>	<u>7,640,826,921</u>	<u>32,361,022,230</u>	<u>31,128,728,877</u>

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank as at 31 March 2022 and 31 December 2021, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(c) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

As shown the table in the previous page, 70.12% for the Group and 69.89% for the Bank of total maximum exposure is derived from loans and advances to customers (2021: 68.70% and 68.48% for the Group and for the Bank respectively).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loans and advances on the followings. Significant credit risk exposure is arising from loans and advances, net. In order to mitigate the exposure of credit risk arising from loans and advances, net, all loan size limits must not exceed 75% of estimated saleable value of the pledged collateral, except for other loans authorized by Management Credit Committee wherein the loan to collateral value exceed 75%. As at 31 March 2022, approximately 96.47% (2021: 96.45%) of these loans and advances, net, are collateralised.

(d) Concentration of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group and the Bank analysed the concentration of credit risk by geographic purpose and industry sector on the succeeding pages:

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) *Geographical sector*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 March 2022 and 31 December 2021 are as follows:

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
As at 31 March 2022									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	449,106,687	-	-	10,536,522	-	-	784,858	-	460,428,067
Deposits and placements with other banks	397,668,652	323,364	472,671	205,650,424	593,745	43,166,855	1,794,276	10,937,351	660,607,338
Statutory deposits	437,311,884	-	-	2,425,769	-	-	-	-	439,737,653
Financial investments	630,901,637	-	-	-	-	-	-	-	630,901,637
Loans and advances, net	5,584,103,200	-	-	141,859,242	-	-	16,443,263	-	5,742,405,705
Derivative financial instruments	2,109,246	-	-	-	-	-	-	-	2,109,246
Other assets	9,337,067	-	-	52,021	-	-	-	-	9,389,088
	<u>7,510,538,373</u>	<u>323,364</u>	<u>472,671</u>	<u>360,523,978</u>	<u>593,745</u>	<u>43,166,855</u>	<u>19,022,397</u>	<u>10,937,351</u>	<u>7,945,578,734</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	188,084,927	-	-	669,445	-	-	-	-	188,754,372
Bank guarantees	44,936,605	-	-	14,289	-	-	-	-	44,950,894
Letters of credit	10,507,514	-	-	-	-	-	-	-	10,507,514
Foreign exchange spot transactions	179,871	-	-	-	-	-	-	-	179,871
	<u>243,708,917</u>	<u>-</u>	<u>-</u>	<u>683,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,392,651</u>
Total maximum credit risk exposure	<u>7,754,247,290</u>	<u>323,364</u>	<u>472,671</u>	<u>361,207,712</u>	<u>593,745</u>	<u>43,166,855</u>	<u>19,022,397</u>	<u>10,937,351</u>	<u>8,189,971,385</u>
In KHR'000 equivalent (Note 5)	<u>31,404,701,525</u>	<u>1,309,624</u>	<u>1,914,318</u>	<u>1,462,891,234</u>	<u>2,404,667</u>	<u>174,825,763</u>	<u>77,040,708</u>	<u>44,296,272</u>	<u>33,169,384,111</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) *Geographical sector (continued)*

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
As at 31 December 2021									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	439,489,116	-	-	10,234,359	-	-	651,674	-	450,375,149
Deposits and placements with other banks	334,783,968	506,606	147,194	30,048,035	1,497,819	191,249,290	2,100,080	16,784,306	577,117,298
Statutory deposits	413,231,913	-	-	2,225,047	-	-	-	-	415,456,960
Financial investments	801,084,392	-	-	-	-	-	-	-	801,084,392
Loans and advances, net	5,232,061,387	-	-	144,546,013	-	-	17,346,103	-	5,393,953,503
Other assets	6,786,049	-	-	149,917	-	-	784,572	-	7,720,538
	<u>7,227,436,825</u>	<u>506,606</u>	<u>147,194</u>	<u>187,203,371</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>20,882,429</u>	<u>16,784,306</u>	<u>7,645,707,840</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	145,914,488	-	-	190,141	-	-	-	-	146,104,629
Bank guarantees	49,074,212	-	-	197,199	-	-	-	-	49,271,411
Letters of credit	9,713,537	-	-	-	-	-	-	-	9,713,537
Foreign exchange spot transactions	300,030	-	-	-	-	-	-	-	300,030
	<u>205,002,267</u>	<u>-</u>	<u>-</u>	<u>387,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,389,607</u>
Total maximum credit risk exposure	<u>7,432,439,092</u>	<u>506,606</u>	<u>147,194</u>	<u>187,590,711</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>20,882,429</u>	<u>16,784,306</u>	<u>7,851,097,447</u>
In KHR'000 equivalent (Note 5)	<u>30,279,756,861</u>	<u>2,063,913</u>	<u>599,668</u>	<u>764,244,557</u>	<u>6,102,115</u>	<u>779,149,607</u>	<u>85,075,016</u>	<u>68,379,263</u>	<u>31,985,371,000</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
As at 31 March 2022									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	449,047,645	-	-	-	-	-	-	-	449,047,645
Deposits and placements with other banks	393,301,092	323,364	472,671	185,892,773	593,745	43,166,855	46,762	10,391,388	634,188,650
Statutory deposits	437,064,970	-	-	-	-	-	-	-	437,064,970
Financial investments	630,901,637	-	-	-	-	-	-	-	630,901,637
Loans and advances, net	5,584,103,197	-	-	-	-	-	-	-	5,584,103,197
Derivative financial instruments	2,109,246	-	-	-	-	-	-	-	2,109,246
Other assets	9,219,008	-	-	-	-	-	32,589	-	9,251,597
	<u>7,505,746,795</u>	<u>323,364</u>	<u>472,671</u>	<u>185,892,773</u>	<u>593,745</u>	<u>43,166,855</u>	<u>79,351</u>	<u>10,391,388</u>	<u>7,746,666,942</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	188,084,927	-	-	-	-	-	-	-	188,084,927
Bank guarantees	44,936,605	-	-	-	-	-	-	-	44,936,605
Letters of credit	10,507,514	-	-	-	-	-	-	-	10,507,514
Foreign exchange spot transactions	179,871	-	-	-	-	-	-	-	179,871
	<u>243,708,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,708,917</u>
Total maximum credit risk exposure	<u>7,749,455,712</u>	<u>323,364</u>	<u>472,671</u>	<u>185,892,773</u>	<u>593,745</u>	<u>43,166,855</u>	<u>79,351</u>	<u>10,391,388</u>	<u>7,990,375,859</u>
In KHR'000 equivalent (Note 5)	<u>31,385,295,634</u>	<u>1,309,624</u>	<u>1,914,318</u>	<u>752,865,731</u>	<u>2,404,667</u>	<u>174,825,763</u>	<u>321,372</u>	<u>42,085,121</u>	<u>32,361,022,230</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
As at 31 December 2021									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	439,465,980	-	-	-	-	-	-	-	439,465,980
Deposits and placements with other banks	332,288,876	506,606	147,194	999,595	1,497,819	191,249,290	46,770	16,690,770	543,426,920
Statutory deposits	412,986,454	-	-	-	-	-	-	-	412,986,454
Financial investments	801,084,392	-	-	-	-	-	-	-	801,084,392
Loans and advances, net	5,232,058,920	-	-	-	-	-	-	-	5,232,058,920
Other assets	6,761,025	-	-	-	-	-	40,963	-	6,801,988
	<u>7,224,645,647</u>	<u>506,606</u>	<u>147,194</u>	<u>999,595</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>87,733</u>	<u>16,690,770</u>	<u>7,435,824,654</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	145,914,488	-	-	-	-	-	-	-	145,914,488
Bank guarantees	49,074,212	-	-	-	-	-	-	-	49,074,212
Letters of credit	9,713,537	-	-	-	-	-	-	-	9,713,537
Foreign exchange spot transactions	300,030	-	-	-	-	-	-	-	300,030
	<u>205,002,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,002,267</u>
Total maximum credit risk exposure	<u>7,429,647,914</u>	<u>506,606</u>	<u>147,194</u>	<u>999,595</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>87,733</u>	<u>16,690,770</u>	<u>7,640,826,921</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>30,268,385,602</u>	<u>2,063,913</u>	<u>599,668</u>	<u>4,072,350</u>	<u>6,102,115</u>	<u>779,149,607</u>	<u>357,424</u>	<u>67,998,197</u>	<u>31,128,728,876</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) *Industry sectors*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) at carrying amount as at 31 March 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows:

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
As at 31 March 2022								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	460,428,067	-	-	-	-	-	-	460,428,067
Deposits and placements with other banks	660,607,338	-	-	-	-	-	-	660,607,338
Statutory deposits	-	-	-	-	-	-	439,737,653	439,737,653
Financial investments	-	-	-	-	-	-	630,901,637	630,901,637
Loans and advances, net	4,625,101	1,946,051,604	1,456,797,021	189,037,592	192,006,650	1,182,948,724	770,939,013	5,742,405,705
Derivative financial instruments	2,109,246	-	-	-	-	-	-	2,109,246
Other assets	3,303,767	-	-	-	-	-	6,085,321	9,389,088
	<u>1,131,073,519</u>	<u>1,946,051,604</u>	<u>1,456,797,021</u>	<u>189,037,592</u>	<u>192,006,650</u>	<u>1,182,948,724</u>	<u>1,847,663,624</u>	<u>7,945,578,734</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	188,754,372	188,754,372
Bank guarantees	-	-	-	-	-	-	44,950,894	44,950,894
Letters of credit	-	-	-	-	-	-	10,507,514	10,507,514
Foreign exchange spot transactions	-	-	-	-	-	-	179,871	179,871
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,392,651</u>	<u>244,392,651</u>
Total maximum credit risk exposure	<u>1,131,073,519</u>	<u>1,946,051,604</u>	<u>1,456,797,021</u>	<u>189,037,592</u>	<u>192,006,650</u>	<u>1,182,948,724</u>	<u>2,092,056,275</u>	<u>8,189,971,385</u>
In KHR'000 equivalent (Note 5)	<u>4,580,847,752</u>	<u>7,881,508,996</u>	<u>5,900,027,935</u>	<u>765,602,248</u>	<u>777,626,933</u>	<u>4,790,942,332</u>	<u>8,472,827,914</u>	<u>33,169,384,110</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) *Industry sectors (continued)*

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
As at 31 December 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	450,375,149	-	-	-	-	-	-	450,375,149
Deposits and placements with other banks	577,117,298	-	-	-	-	-	-	577,117,298
Statutory deposits	-	-	-	-	-	-	415,456,960	415,456,960
Financial investments	-	-	-	-	-	-	801,084,392	801,084,392
Loans and advances, net	15,954,365	1,816,075,968	1,364,682,355	190,507,187	179,980,839	1,093,971,162	732,781,627	5,393,953,503
Other assets	2,183,722	-	-	-	-	-	5,536,816	7,720,538
	<u>1,045,630,534</u>	<u>1,816,075,968</u>	<u>1,364,682,355</u>	<u>190,507,187</u>	<u>179,980,839</u>	<u>1,093,971,162</u>	<u>1,954,859,795</u>	<u>7,645,707,840</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	146,104,629	146,104,629
Bank guarantees	-	-	-	-	-	-	49,271,411	49,271,411
Letters of credit	-	-	-	-	-	-	9,713,537	9,713,537
Foreign exchange spot transactions	-	-	-	-	-	-	300,030	300,030
	-	-	-	-	-	-	205,389,607	205,389,607
Total maximum credit risk exposure	<u>1,045,630,534</u>	<u>1,816,075,968</u>	<u>1,364,682,355</u>	<u>190,507,187</u>	<u>179,980,839</u>	<u>1,093,971,162</u>	<u>2,160,249,402</u>	<u>7,851,097,447</u>
In KHR'000 equivalent (Note 5)	<u>4,259,898,796</u>	<u>7,398,693,494</u>	<u>5,559,715,914</u>	<u>776,126,280</u>	<u>733,241,938</u>	<u>4,456,838,514</u>	<u>8,800,856,064</u>	<u>31,985,371,000</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
As at 31 March 2022								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	449,047,645	-	-	-	-	-	-	449,047,645
Deposits and placements with other banks	634,188,650	-	-	-	-	-	-	634,188,650
Statutory deposits	-	-	-	-	-	-	437,064,970	437,064,970
Financial investments	-	-	-	-	-	-	630,901,637	630,901,637
Loans and advances, net	4,625,101	1,879,396,075	1,420,499,228	182,305,487	185,533,654	1,152,883,159	758,860,493	5,584,103,197
Derivative financial instruments	2,109,246	-	-	-	-	-	-	2,109,246
Other assets	3,284,539	-	-	-	-	-	5,967,058	9,251,597
	<u>1,093,255,181</u>	<u>1,879,396,075</u>	<u>1,420,499,228</u>	<u>182,305,487</u>	<u>185,533,654</u>	<u>1,152,883,159</u>	<u>1,832,794,158</u>	<u>7,746,666,942</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	188,084,927	188,084,927
Bank guarantees	-	-	-	-	-	-	44,936,605	44,936,605
Letters of credit	-	-	-	-	-	-	10,507,514	10,507,514
Foreign exchange spot transactions	-	-	-	-	-	-	179,871	179,871
	-	-	-	-	-	-	243,708,917	243,708,917
Total maximum credit risk exposure	<u>1,093,255,181</u>	<u>1,879,396,075</u>	<u>1,420,499,228</u>	<u>182,305,487</u>	<u>185,533,654</u>	<u>1,152,883,159</u>	<u>2,076,503,075</u>	<u>7,990,375,859</u>
In KHR'000 equivalent (Note 5)	<u>4,427,683,483</u>	<u>7,611,554,104</u>	<u>5,753,021,873</u>	<u>738,337,222</u>	<u>751,411,299</u>	<u>4,669,176,794</u>	<u>8,409,837,454</u>	<u>32,361,022,229</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
As at 31 December 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	439,465,980	-	-	-	-	-	-	439,465,980
Deposits and placements with other banks, net	543,426,920	-	-	-	-	-	-	543,426,920
Statutory deposits	-	-	-	-	-	-	412,986,454	412,986,454
Financial investments	-	-	-	-	-	-	801,084,392	801,084,392
Loans and advances, net	15,954,365	1,748,609,961	1,327,649,187	183,090,996	173,294,202	1,063,792,710	719,667,499	5,232,058,920
Other assets	2,120,249	-	-	-	-	-	4,681,739	6,801,988
	<u>1,000,967,514</u>	<u>1,748,609,961</u>	<u>1,327,649,187</u>	<u>183,090,996</u>	<u>173,294,202</u>	<u>1,063,792,710</u>	<u>1,938,420,084</u>	<u>7,435,824,654</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	145,914,488	145,914,488
Bank guarantees	-	-	-	-	-	-	49,074,212	49,074,212
Letters of credit	-	-	-	-	-	-	9,713,537	9,713,537
Foreign exchange spot transactions	-	-	-	-	-	-	300,030	300,030
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,002,267</u>	<u>205,002,267</u>
Total maximum credit risk exposure	<u>1,000,967,514</u>	<u>1,748,609,961</u>	<u>1,327,649,187</u>	<u>183,090,996</u>	<u>173,294,202</u>	<u>1,063,792,710</u>	<u>2,143,422,351</u>	<u>7,640,826,921</u>
In KHR'000 equivalent (Note 5)	<u>4,077,941,652</u>	<u>7,123,836,981</u>	<u>5,408,842,788</u>	<u>745,912,718</u>	<u>706,000,579</u>	<u>4,333,891,501</u>	<u>8,732,302,658</u>	<u>31,128,728,877</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(e) Write-off policy

Financial instruments can be written off under the judgment of the Management Credit Committee in case when the Group and the Bank lose control on its contractual rights over that facility or when all or part of the facility is deemed uncollectable; this is particularly the case when there is no realistic prospect of recovery for the counterparty or when the Group and the Bank have lost control over its contractual rights on the facility due to any decision of a court of law. Circumstances where a facility should be written off also include, but are not limited to:

- a) All forms of securities or collateral have been called and realized but proceeds failed to cover the entire outstanding amount of the facility;
- b) The Group and the Bank are unable to collect, or there is no longer reasonable assurance that the Group and the Bank will collect all amounts due according to the contractual terms of the facility's agreement;
- c) The counterparty has become bankrupt or is undergoing other forms of financial restructuring the consequence of which it is unlikely that it may service the facility;
- d) The facility has been classified under loss category.

(f) Credit quality of financial assets

CIFRS 9 introduces the concept of ECL of which the Group and the Bank expect to experience on an account over either a 12-month horizon (Stage 1) or a lifetime horizon (Stage 2 & 3). The change in approach to provisioning introduced by CIFRS 9 is designed to:

- Ensure a timely recognition of credit losses, which is more reflective than the previous Incurred Loss Model;
- Distinguish between financial instruments that have significantly deteriorated in credit quality and those that have not; and
- Provide a better estimate of ECLs given the macroeconomic environment.

The Group and the Bank apply a three-stage approach based on the change in credit quality since initial recognition:

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Underperforming	Nonperforming
Recognition of expected credit losses	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basis of calculation of profit revenue	On gross carrying amount	On gross carrying amount	On net carrying amount

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL

Financial assets will be classified and recognised into three different categories which are:

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI
- Financial assets measured at FVPL.

Financial assets and debts that are measured at amortised cost or through other comprehensive income will be subjected to impairment assessment.

The Group and the Bank measured ECL by using the general approach and the simplified approach. The general approach consists of segregating the customers into three different stages according to the staging criteria by assessing the credit risk. 12-month ECL will be computed for stage 1, while lifetime ECL will be computed for stage 2 and stage 3. At each reporting date, the Group and the Bank will assess credit risk of each account as compared to the risk level at origination date.

The Group and the Bank will use the days past due (“DPD”) information and central bank’s classification for staging criteria. Also, the Group and the Bank will incorporate credit scoring or more forward looking elements in the future when information is more readily available. Upon the implementation of credit scoring system, it the risk level drops by two or more notches as compared to the risk level at origination, the accounts have to be classified under stage 2.

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (stage1) or non-performing (stage 3).

Below is a table showing a summary of credit risk status and period for ECL calculation by stages:

ACLEDA Bank Plc.

Staging	Days Past Due	NBC’s Classification	Indicator	Default Indicator
1	LT*: $0 \leq \text{DPD} \leq 29$ ST**: $0 \leq \text{DPD} \leq 14$	Normal	-	Not Default / Performing
2	LT*: $30 \leq \text{DPD} \leq 89$ ST**: $15 \leq \text{DPD} \leq 30$	Special Mention	Hit SICR triggers	
3	LT*: $90 \leq \text{DPD} \leq 179$ ST**: $31 \leq \text{DPD} \leq 60$	Substandard	Hit NPL triggers	Default / Non-Performing
	LT*: $180 \leq \text{DPD} \leq 359$ ST**: $61 \leq \text{DPD} \leq 90$	Doubtful		
	LT*: $\text{DPD} \geq 360$ ST**: $\text{DPD} \geq 91$	Loss		

*Long-term facilities; **Short-term facilities

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL (continued)

ACLEDA Bank Lao Ltd.,

Staging	Days Past Due	BOL's Classification	Indicator	Default Indicator
1	0 ≤ DPD ≤ 29	Normal	-	Not Default / Performing
2	30 ≤ DPD ≤ 89	Sub-standard	Hit SICR triggers	
3	90 ≤ DPD ≤ 179	Watch	Hit NPL triggers	Default /Non-performing
	180 ≤ DPD ≤ 359	Doubtful		
	DPD ≥ 360	Loss		

ACLEDA MFI Myanmar Co., Ltd.

Staging	Days Past Due	Financial Regulatory Department's Classification	Indicator	Default Indicator
1	On time	Normal	-	Not Default / Performing
2	0 ≤ DPD ≤ 29	Sub-standard	Hit SICR triggers	
3	30 ≤ DPD ≤ 60	Watch	Hit NPL triggers	Default /Non-performing
	61 ≤ DPD ≤ 90	Doubtful		
	DPD ≥ 91	Loss		

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL (continued)

Credit classification for financial assets

The Bank follows the mandatory loan classification and provisioning as required by the NBC's Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on Credit Risk Grading and Impairment Provisioning. Loans and advances, and other financial assets are classified into five classifications as described below:

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
1- NORMAL Timely repayment of an outstanding facility classified in this class is not in doubt. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capacity, business, cash flow and financial position of the counterparty.	- Punctual	- Punctual

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/ CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p>2- SPECIAL MENTION</p> <p>A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the counterparty at a future date, and warrant close attention by the Bank. Examples of such weaknesses include, but are not limited to a declining trend in the operations of the counterparty or in its financial position, adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.</p>	<ul style="list-style-type: none"> - When any facility is past due from 30 days to 89 days. - When interest payments for 30 to 89 days have been capitalized, refinanced, or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 30 days. - When interest payments for maximum 30 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 30 days, or the current account has been inactive for maximum 30 days, or the net inflows on the current account have not been enough to cover capitalized interests for maximum 30 days.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p>3- SUB-STANDARD A facility in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position of the counterparty and his repayment capacity. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources such as the realization of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include:</p> <ul style="list-style-type: none"> ▪ Inability of the counterparty to meet the contractual repayments' terms, ▪ Unfavourable economic and market conditions that would affect the business and profitability of the counterparty in the future, ▪ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments. ▪ Difficulties experienced by the counterparty in repaying other facilities granted by the bank or by other institutions when the information is available. ▪ Breach of financial covenants by the counterparty. 	<ul style="list-style-type: none"> - When any facility is past due from 90 days to 179 days. - When interest payments for 90 to 179 days have been capitalized, refinanced, or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 60 days. - When interest payments for maximum 60 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 60 days, or the current account has been inactive for maximum 60 days. - The overdraft that has had no net inflow for 60 days must be modified into a term loan.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p>4- DOUBTFUL A facility classified in this category faces similar but more severe weaknesses than one classified as Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.</p>	<ul style="list-style-type: none"> - When any facility is past due from 180 days to 359 days. - When interest payment for 180 to 359 days have been capitalized or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 90 days. - When interest payment for maximum 90 days have been capitalized or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 90 days, or the current account has been inactive for maximum 90 days.
<p>5- LOSS A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.</p>	<ul style="list-style-type: none"> - When any facility is past due from 360 days. - When interest payment for 360 days or more have been capitalized or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 180 days. - When interest payment for maximum 180 days have been capitalized or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 180 days, or the current account has been inactive for maximum 180 days.

With regard to facilities with repayments on a quarterly, semi-annual or longer basis, facilities must be classified as Substandard or worse depending on the situation of the counterparty as soon as a default occurs. For the purpose of the table above, the default will be considered as having occurred 5 working days after the payment due date. The classification as substandard will be allowed only in case where the counterparty has clearly demonstrated that its inability to pay in due time is only temporary.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Facilities that are classified Substandard, Doubtful or Loss will be considered as "non-performing" facilities. Other facilities will be considered as "performing".

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans and advances at amortised cost	31 March 2022			31 December 2021	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	5,459,791,083	-	-	5,459,791,083	5,275,035,464
Special mention	-	197,591,565	-	197,591,565	27,261,060
Substandard	-	-	25,688,880	25,688,880	32,401,734
Doubtful	-	-	20,248,420	20,248,420	36,344,207
Loss	-	-	88,706,966	88,706,966	57,532,112
	5,459,791,083	197,591,565	134,644,266	5,792,026,914	5,428,574,577
ECL allowance	(20,648,058)	(13,543,445)	(15,429,706)	(49,621,209)	(34,621,074)
Carrying amount	5,439,143,025	184,048,120	119,214,560	5,742,405,705	5,393,953,503
<i>In KHR'000 equivalent (Note 5)</i>	22,028,529,251	745,394,886	482,818,968	23,256,743,105	21,974,966,571
The Bank					
Normal	5,294,664,007	-	-	5,294,664,007	5,106,864,657
Special mention	-	192,778,087	-	192,778,087	24,833,478
Substandard	-	-	24,055,391	24,055,391	31,201,768
Doubtful	-	-	18,693,997	18,693,997	34,567,497
Loss	-	-	88,329,941	88,329,941	57,180,025
	5,294,664,007	192,778,087	131,079,329	5,618,521,423	5,254,647,425
ECL allowance	(7,325,407)	(12,598,529)	(14,494,290)	(34,418,226)	(22,588,505)
Carrying amount	5,287,338,600	180,179,558	116,585,039	5,584,103,197	5,232,058,920
<i>In KHR'000 equivalent (Note 5)</i>	21,413,721,330	729,727,210	472,169,408	22,615,617,948	21,315,408,040

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Financial investments at amortised cost	31 March 2022			31 December 2021	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	631,493,486	-	-	631,493,486	801,084,392
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	631,493,486	-	-	631,493,486	801,084,392
ECL allowance	(591,849)	-	-	(591,849)	-
Carrying amount – fair value	<u>630,901,637</u>	<u>-</u>	<u>-</u>	<u>630,901,637</u>	<u>801,084,392</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,555,151,630</u>	<u>-</u>	<u>-</u>	<u>2,555,151,630</u>	<u>3,263,617,813</u>
The Bank					
Normal	631,493,485	-	-	631,493,485	801,084,392
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	631,493,485	-	-	631,493,485	801,084,392
ECL allowance	(591,849)	-	-	(591,849)	-
Carrying amount – fair value	<u>630,901,637</u>	<u>-</u>	<u>-</u>	<u>630,901,637</u>	<u>801,084,392</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,555,151,630</u>	<u>-</u>	<u>-</u>	<u>2,555,151,630</u>	<u>3,263,617,813</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Cash and deposit and placement with other banks	31 March 2022			31 December 2021	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	1,121,557,949	-	-	1,121,557,949	1,027,971,610
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,121,557,949</u>	<u>-</u>	<u>-</u>	<u>1,121,557,949</u>	<u>1,027,971,610</u>
ECL allowance	(522,544)	-	-	(522,544)	(479,163)
Carrying amount	<u>1,121,035,405</u>	<u>-</u>	<u>-</u>	<u>1,121,035,405</u>	<u>1,027,492,447</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,540,193,390</u>	<u>-</u>	<u>-</u>	<u>4,540,193,390</u>	<u>4,186,004,229</u>
The Bank					
Normal	1,083,602,109	-	-	1,083,602,109	983,113,182
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,083,602,109</u>	<u>-</u>	<u>-</u>	<u>1,083,602,109</u>	<u>983,113,182</u>
ECL allowance	(365,814)	-	-	(365,814)	(220,282)
Carrying amount	<u>1,083,236,295</u>	<u>-</u>	<u>-</u>	<u>1,083,236,295</u>	<u>982,892,900</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,387,106,995</u>	<u>-</u>	<u>-</u>	<u>4,387,106,995</u>	<u>4,004,305,675</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Statutory deposits	31 March 2022			31 December 2021	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	439,737,653	-	-	439,737,653	415,456,960
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>439,737,653</u>	<u>-</u>	<u>-</u>	<u>439,737,653</u>	<u>415,456,960</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>439,737,653</u>	<u>-</u>	<u>-</u>	<u>439,737,653</u>	<u>415,456,960</u>
<i>In KHR'000 equivalent (Note 4)</i>	<u>1,780,937,495</u>	<u>-</u>	<u>-</u>	<u>1,780,937,495</u>	<u>1,692,571,655</u>
The Bank					
Normal	437,064,970	-	-	437,064,970	412,986,454
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>437,064,970</u>	<u>-</u>	<u>-</u>	<u>437,064,970</u>	<u>412,986,454</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>437,064,970</u>	<u>-</u>	<u>-</u>	<u>437,064,970</u>	<u>412,986,454</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,770,113,129</u>	<u>-</u>	<u>-</u>	<u>1,770,113,129</u>	<u>1,682,506,814</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Other Assets	31 March 2022			31 December 2021	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	9,456,587	-	-	9,456,587	7,728,427
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	9,456,587	-	-	9,456,587	7,728,427
ECL allowance	(67,499)	-	-	(67,499)	(7,889)
Carrying amount	9,389,088	-	-	9,389,088	7,720,538
<i>In KHR'000 equivalent (Note 5)</i>	<u>38,025,806</u>	<u>-</u>	<u>-</u>	<u>38,025,806</u>	<u>31,453,472</u>
The Bank					
Normal	9,304,021	-	-	9,304,021	6,807,418
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	9,304,021	-	-	9,304,021	6,807,418
ECL allowance	(52,424)	-	-	(52,424)	(5,430)
Carrying amount	9,251,597	-	-	9,251,597	6,801,988
<i>In KHR'000 equivalent (Note 5)</i>	<u>37,468,968</u>	<u>-</u>	<u>-</u>	<u>37,468,968</u>	<u>27,711,299</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Financial guarantee contracts	31 March 2022			31 December 2021	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	44,950,894	-	-	44,950,894	49,271,411
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	44,950,894	-	-	44,950,894	49,271,411
ELC allowance	(11,238)	-	-	(11,238)	(15,324)
Carrying amount – fair value	44,939,656	-	-	44,939,656	49,256,087
<i>In KHR'000 equivalent (Note 5)</i>	182,005,607	-	-	182,005,607	200,669,298
The Bank					
Normal	57,936,605	-	-	57,936,605	57,517,680
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	57,936,605	-	-	57,936,605	57,517,680
ECL allowance	(108,105)	-	-	(108,105)	(144,625)
Carrying amount – fair value	57,828,500	-	-	57,828,500	57,373,055
<i>In KHR'000 equivalent (Note 5)</i>	234,205,425	-	-	234,205,425	233,737,826

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

- (g) Amounts arising from ECL

Significant increase in credit risk

The Group and the Bank consider that a significant increase in credit risk occurs no later than when an asset is more than or equal to 30 days past due for long-term facilities or more than or equal to 15 days past due for short-term facilities. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group and the Bank determine a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes past due;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and,
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

- (g) Amounts arising from ECL (continued)

Definition of default

The Bank considers a financial asset to be in default, aligning the NBC Prakas on Credit Risk Grading & Impairment Provisioning as stated in Article 17 and Article 19, when:

- 1) The default definition / non-performing facilities (“NPL”) definition for long-term facilities where original tenure is more than a year as follow:

Days Past Due	Classification	Default Indicator
$0 \leq \text{DPD} < 30$	Normal	Not Default / Performing
$30 \leq \text{DPD} < 90$	Special Mention	
$90 \leq \text{DPD} < 180$	Substandard	Default / Non-performing
$180 \leq \text{DPD} < 360$	Doubtful	
$\text{DPD} \geq 360$	Loss	

- 2) The default definition / non-performing facilities definition for short-term facilities where original tenure is less than or equal to a year as follow:

Days Past Due	Classification	Default Indicator
$0 \leq \text{DPD} \leq 14$	Normal	Not Default / Performing
$15 \leq \text{DPD} \leq 30$	Special Mention	
$31 \leq \text{DPD} \leq 60$	Substandard	Default / Non-performing
$61 \leq \text{DPD} \leq 90$	Doubtful	
$\text{DPD} \geq 91$	Loss	

- 3) In addition to the classification according to days past due information, the Bank also performs manual classification when there is a sign of deterioration in the credit profile, the Bank might classify the loan into substandard, doubtful or loss even though the DPD is less than 90 days for long term and less than 30 days for short term.

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group and the Bank formulate three economic scenarios: a base case, which is the median scenario assigned a 55% probability of occurring, and two less likely scenarios, 20% for one upside and 25% for one

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

downside. The base case is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group and the Bank operate, supranational organisations such as the International Monetary Fund, and selected private-sector and academic forecasters.

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

The economic scenarios of the Bank's portfolio used as at 31 March 2022 included the following key indicators for Cambodia for the years ending 2022 to 2026:

Exposure	2022	2023	2024	2025	2026
1- Small Loan					
- Domestic credit to private sector (% of GDP)					
Base	118.82%	122.31%	123.98%	70.88%	70.88%
Upside	67.52%	71.01%	72.68%	19.58%	19.58%
Downside	170.11%	173.60%	175.27%	122.17%	122.17%
- Cambodia CPI All Items 2006=100					
Base	189.49	189.92	190.11	164.57	164.57
Upside	168.28	168.71	168.90	143.36	143.36
Downside	210.69	211.13	211.32	185.78	185.78

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Exposure	2022	2023	2024	2025	2026
2- Public Housing Loan					
- GDP at Current Price, Industry (YOY, %)					
Base	8.97%	7.91%	7.09%	14.43%	14.43%
Upside	20.08%	19.01%	18.20%	25.54%	25.54%
Downside	-2.13%	-3.20%	-4.01%	3.32%	3.32%
- US 1 Year Treasury Yield Curve Rates					
Base	1.79%	1.73%	1.72%	0.80%	0.80%
Upside	0.08%	0.03%	0.02%	-0.90%	-0.90%
Downside	3.49%	3.44%	3.43%	2.51%	2.51%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing available historical data over the past 7 years.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 2(e)(iv).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Modified financial assets (continued)

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

Loss allowance

During the period, the allowance for/(reversal of) impairment loss recognised in profit or loss are as follows:

Type	The Group				The Bank			
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
		(Note 5)	(Note 5)			(Note 5)	(Note 5)	
Deposit and placements with banks	48,673	(81,385)	197,661	(331,074)	144,133	78,820	585,324	320,640
Loans and advances to customers	15,659,320	13,797,947	63,592,499	56,130,048	11,970,034	429,538	48,610,307	1,747,360
Debt securities	591,849	-	2,403,498	-	591,849	-	2,403,499	-
Other assets	59,623	(174,588)	242,129	(710,224)	46,992	(191,604)	190,835	(779,445)
	<u>16,359,465</u>	<u>13,541,974</u>	<u>66,435,787</u>	<u>55,088,750</u>	<u>12,753,008</u>	<u>316,754</u>	<u>51,789,965</u>	<u>1,288,555</u>
Financial guarantee contracts	(4,094)	(139,449)	(16,626)	(567,279)	(36,529)	(380,569)	(148,344)	(1,548,155)
Total	<u>16,355,371</u>	<u>13,402,525</u>	<u>66,419,161</u>	<u>54,521,471</u>	<u>12,716,479</u>	<u>(63,815)</u>	<u>51,641,621</u>	<u>(259,600)</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Loss allowance (continued)

The following tables show balance of the loss allowance by class of financial instrument:

Loans and advances at amortised cost	31 March 2022				31 December 2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Group								
As at 1 January	17,344,703	2,195,419	15,080,952	34,621,074	11,905,498	3,303,698	20,133,351	35,342,547
Allowance for/(reversal of) impairment loss during the	3,303,357	11,348,026	1,007,937	15,659,320	5,439,205	(1,108,279)	9,467,021	13,797,947
Written off during the period	-	-	(333,711)	(333,711)	-	-	(11,393,716)	(11,393,716)
Currency translation difference	-	-	(325,474)	(325,474)	-	-	(3,125,704)	(3,125,704)
Ending period	20,648,060	13,543,445	15,429,704	49,621,209	17,344,703	2,195,419	15,080,952	34,621,074
<i>In KHR'000 equivalent (Note 5)</i>	<u>83,624,643</u>	<u>54,850,952</u>	<u>62,490,303</u>	<u>200,965,898</u>	<u>70,662,320</u>	<u>8,944,137</u>	<u>61,439,799</u>	<u>141,046,256</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Loss allowance (continued)

The following tables show balance of the loss allowance by class of financial instrument: (continued)

Loans and advances at amortised cost	31 March 2022				31 December 2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Bank								
As at 1 January	6,781,999	1,696,685	14,109,821	22,588,505	10,839,155	2,906,941	17,463,293	31,209,389
Allowance for/(reversal of) impairment loss during the period	543,408	10,901,844	524,782	11,970,034	(4,057,156)	(1,210,256)	5,696,950	429,538
Written off during the period	-	-	(23,425)	(23,425)	-	-	(8,281,746)	(8,281,746)
Currency translation difference	-	-	(116,888)	(116,888)	-	-	(768,676)	(768,676)
Ending period	<u>7,325,407</u>	<u>12,598,529</u>	<u>14,494,290</u>	<u>34,418,226</u>	<u>6,781,999</u>	<u>1,696,685</u>	<u>14,109,821</u>	<u>22,588,505</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>29,667,900</u>	<u>51,024,042</u>	<u>58,701,875</u>	<u>139,393,817</u>	<u>27,629,865</u>	<u>6,912,295</u>	<u>57,483,411</u>	<u>92,025,571</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

The following tables show balance of the loss allowance by class of financial instrument: (continued)

Cash and deposit and placement with other banks	31 March 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
At 1 January	479,163	-	-	479,163	582,444
Allowance for/(reversal) of impairment loss during the period	48,673	-	-	48,673	(81,385)
Currency translation difference	(5,292)	-	-	(5,292)	(21,896)
Ending period	<u>522,544</u>	<u>-</u>	<u>-</u>	<u>522,544</u>	<u>479,163</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,116,303</u>	<u>-</u>	<u>-</u>	<u>2,116,303</u>	<u>1,952,110</u>
The Bank					
At 1 January	220,282	-	-	220,282	141,543
Allowance for impairment loss during the period	144,133	-	-	144,133	78,820
Currency translation difference	1,399	-	-	1,399	(81)
Ending period	<u>365,814</u>	<u>-</u>	<u>-</u>	<u>365,814</u>	<u>220,282</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,481,547</u>	<u>-</u>	<u>-</u>	<u>1,481,546</u>	<u>897,429</u>
Other assets					
	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
At 1 January	7,889	-	-	7,889	199,393
Allowance for/(reversal) of impairment loss during the period	59,623	-	-	59,623	(174,588)
Currency translation difference	(13)	-	-	(13)	(16,916)
Ending period	<u>67,499</u>	<u>-</u>	<u>-</u>	<u>67,499</u>	<u>7,889</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>273,371</u>	<u>-</u>	<u>-</u>	<u>273,371</u>	<u>32,140</u>
The Bank					
At 1 January	5,430	-	-	5,430	197,045
Allowance for/(reversal) of impairment loss during the period	46,992	-	-	46,992	(191,604)
Currency translation difference	2	-	-	2	(11)
Ending period	<u>52,424</u>	<u>-</u>	<u>-</u>	<u>52,424</u>	<u>5,430</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>212,317</u>	<u>-</u>	<u>-</u>	<u>212,317</u>	<u>22,122</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

	31 March 2022				31 December 2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
Debt securities					
The Group					
At 1 January	-	-	-	-	-
Loss allowance during the year	591,849	-	-	591,849	-
Currency translation difference	-	-	-	-	-
Ending period	591,849	-	-	591,849	-
<i>In KHR'000 equivalent (Note 5)</i>	2,396,988	-	-	2,396,988	-
The Bank					
At 1 January	-	-	-	-	-
Loss allowance during the year	591,849	-	-	591,849	-
Currency translation difference	-	-	-	-	-
Ending period	591,849	-	-	591,849	-
<i>In KHR'000 equivalent (Note 5)</i>	2,396,988	-	-	2,396,988	-
	31 March 2022				31 December 2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
Financial guarantee contracts					
The Group					
At 1 January	15,324	-	-	15,324	154,907
Reversal of allowance for impairment loss during the period	(4,094)	-	-	(4,094)	(139,449)
Currency translation difference	8	-	-	8	(134)
Ending period	11,238	-	-	11,238	15,324
<i>In KHR'000 equivalent (Note 5)</i>	45,514	-	-	45,514	62,430
The Bank					
At 1 January	144,625	-	-	144,625	525,324
Reversal of allowance for impairment loss during the period	(36,529)	-	-	(36,529)	(380,569)
Currency translation difference	9	-	-	9	(130)
Ending period	108,105	-	-	108,105	144,625
<i>In KHR'000 equivalent (Note 5)</i>	437,825	-	-	437,825	589,202

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38. Financial risk management (continued)

38.1 Credit risk (continued)

(h) COVID-19 Outbreak and Impact on ECL

In response to the COVID-19 situation and the Group's and the Bank's expectations of economic impacts, the key conditions and assumptions utilized in the Group's and the Bank's calculation of ECL had been revisited and recalibrated. The economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation are outlined in Note 38.1(g). As at 31 March 2022, the impacts of COVID-19 have been reasonably captured using the Group's and the Bank's recalibrated ECL model.

The Group's and the Bank's ECL model had been constructed and calibrated using historical trends and correlations as well as forward-looking economic scenarios. The COVID-19 outbreak on the economic growth resulting in the economic variables that were used in the models were out of the bounds, which resulted in CIFRS 9 models not commensurate with the accurate outcomes under the COVID-19 condition. Therefore, the ECL model may generate results that are either overly conservative or overly optimistic depending on the specific portfolio or segment. As a result, the Group's and the Bank's senior management's judgment were necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

In identifying the impact of COVID-19 pandemic to the Group's and to the Bank's customers, the Group and the Bank perform the identification and periodic review of customers experiencing increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues, or have extended those deferrals, given limitations in the available credit information on these customers.

Economic forecasts are subject to a high degree of uncertainty in the current environment. This has resulted in the forecasts and economic models may not be applicable. This requires a greater reliance on the forecast by the NBC, Ministry of Economics and Finance, World Bank, or Asia Development Bank to incorporate into the analysis and assessment of ECL outcomes.

The Group and the Bank also generate three economic scenarios to reflect economic conditions, starting with baseline, good, and bad. Each scenario is consistent with a probability of 55%, 20% and 25%, according to the decision of the Group's and the Bank's senior management since COVID-19 outbreak in March 2020. In addition, the management made another review after the government is implementing an economic recovery plan since 1 November 2021, the country's success in rolling out its vaccination program and decrease in coronavirus infections and mortalities, but due to uncertainty of COVID-19 impact and new variants, the management decided to keep the same probabilities.

38.2 Market risk

The Group and the Bank are exposed to market risks, which is the risk of changes in the level or volatility of market rates or prices such as interest rates, foreign currency exchange rates, commodity prices and equity prices that could adversely affect the Group's and the Bank's future earnings, capital, or ability to meet business objectives.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

The primary categories of market risk for the Group and the Bank are:

- (i) Interest rate risk: can lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals.
- (ii) Foreign exchange rate risk: can lead to losses when there is an imbalance between assets and liabilities in any particular currency.
- (iii) Commodity risk and equity risk are not applicable at the moment given that the Group and the Bank does not hold any commodity or equity position.

The BRIC is established by the Board of Directors to assist in the effective discharge of its responsibilities for risk management and to regularly review Management's ability to assess and manage the Bank's risks. Market risks are managed based on the following principles and internal targets.

Principles of the market risk:

- In line with sound banking principles the Group and the Bank will actively manage currencies and interest rate risk positions to hedge positions by matching assets and liabilities.
- The Group and the Bank shall not engage in activities to derive income from proprietary trading or speculation on the movements of exchange rates, interest rates or value of securities.
- The position limits as set by the central banks are meant to limit the adverse impact of market risk and are not meant to create an opportunity for proprietary trading.
- The day to day responsibility for market risk lies with the senior management of the treasury group.

Internal targets of the market risk:

- The regulatory limits on foreign exchange currency mismatch per currency and cumulative should be observed at all times.
- The Bank will have, at all times, internal targets that are lower than the regulatory limits to allow for a safety margin to ensure permanent full compliance with regulatory limits.
- Setting the level of the internal targets is at the discretion of the Assets and Liabilities Committee ("ALCO") and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.
- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the targets. Any breaches of internal targets should be reported to the ALCO and President & Group Managing Directors.
- Any change in level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

- At all time, the Bank will have a contingency plan to be executed when it is perceived by the President & Group Managing Director that the safety margin may not be sufficient and there is a risk that the regulatory limit on foreign exchange currency mismatch could be reached. Such contingency plan should be sufficient to ensure that the regulatory limits on foreign exchange currency mismatch will not be breached.

(i) *Interest rate risk*

As at 31 March 2022, the Group's and the Bank's derivative liabilities, net and financial investments designated as FVOCI are valued at fair value in accordance with the methods disclosed in Note 39. The Group uses derivative financial instruments such as foreign exchange contract and interest rate swaps to hold its risk exposures.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in the market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Group's and the Bank's interest rate risk arise from borrowings and subordinated debt. Borrowings issued at variable rates expose the Group and the Bank to cash flow interest rate risk. The Group and the Bank manage cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates and recognising the interest expense based on that fixed interest rate. The Group and the Bank raise borrowings at floating rates and swaps them into fixed rate that are lower than those available if the Group and the Bank borrowed at fixed rates directly. Under the interest rate swaps, the Group agreed with other parties to exchange, at specified intervals (primarily semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.

The table on the next page summarises the Group's and the Bank's exposure to interest rate risks. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 March 2022							
Financial assets							
Cash on hand	-	-	-	-	-	460,428,067	460,428,067
Deposits and placements with other banks, net	231,940,421	11,358,025	29,956,790	-	-	387,352,102	660,607,338
Statutory deposits	-	-	43,316,302	-	-	396,421,351	439,737,653
Financial investments	100,000,000	238,776,544	251,940,741	40,000,000	-	184,352	630,901,637
Loans and advances, net							
- Performing	131,029,285	292,309,979	961,810,115	3,422,636,701	849,596,568	-	5,657,382,648
- Non performing	-	-	-	-	-	134,644,266	134,644,266
- Loss allowance	-	-	-	-	-	(49,621,209)	(49,621,209)
Derivative financial instruments	-	-	-	-	-	2,109,246	2,109,246
Other assets	-	-	-	-	-	9,389,088	9,389,088
Total financial assets	462,969,706	542,444,548	1,287,023,948	3,462,636,701	849,596,568	1,340,907,263	7,945,578,734
Financial liabilities							
Deposits and placements of other banks and financial institutions	58,648,076	49,701,291	127,787,082	45,938,547	74,650,000	110,422,872	467,147,868
Deposits from customers	2,434,964,613	356,810,037	1,281,619,085	659,727,927	16,843,828	682,543,619	5,432,509,109
Lease liabilities	1,306,490	1,980,439	8,246,578	15,346,271	1,335,922	(74,037)	28,141,663
Borrowings	27,090,172	99,086,114	251,832,190	313,143,416	6,603,488	3,571,692	701,327,072
Subordinated debts	-	14,871,250	13,877,212	99,278,135	28,095,886	2,948,894	159,071,377
Other liabilities	-	-	-	-	-	48,992,908	48,992,908
Total financial liabilities	2,522,009,351	522,449,131	1,683,362,147	1,133,434,296	127,529,124	848,405,948	6,837,189,997
Net interest sensitivity gap	(2,059,039,645)	19,995,417	(396,338,199)	2,329,202,405	722,067,444	492,501,315	1,108,388,737
In KHR'000 equivalent (Note 5)	(8,339,110,562)	80,981,439	(1,605,169,706)	9,433,269,740	2,924,373,148	1,994,630,326	4,488,974,385
Unused portion of overdrafts	-	-	-	-	-	188,754,372	188,754,372
Guarantees, acceptances and other financial facilities	-	-	-	-	-	55,458,408	55,458,408
Foreign exchange spot transactions	-	-	-	-	-	179,871	179,871
Net interest sensitivity gap	-	-	-	-	-	244,392,651	244,392,651
In KHR'000 equivalent (Note 5)	-	-	-	-	-	989,790,238	989,790,238

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	450,375,149	450,375,149
Deposits and placements with other banks, net	212,012,830	21,163,967	8,818,360	-	-	335,122,141	577,117,298
Statutory deposits	-	-	43,316,302	-	-	372,140,658	415,456,960
Financial investments	585,002,454	215,489,102	300,000	-	-	292,836	801,084,392
Loans and advances, net							
- Performing	138,605,200	281,871,786	929,583,060	3,224,506,978	727,729,500	-	5,302,296,524
- Non performing	-	-	-	-	-	126,278,053	126,278,053
- Loss allowance	-	-	-	-	-	(34,621,074)	(34,621,074)
Other assets	-	-	-	-	-	7,720,538	7,720,538
Total financial assets	935,620,484	518,524,855	982,017,722	3,224,506,978	727,729,500	1,257,308,301	7,645,707,840
Financial liabilities							
Deposits and placements of other banks and financial institutions	86,450,130	15,737,918	104,106,507	49,230,924	73,150,000	155,065,513	483,740,992
Deposits from customers	2,368,714,691	358,800,690	1,179,246,693	667,754,559	17,814,252	639,947,808	5,232,278,693
Lease liabilities	1,183,384	1,523,390	8,231,108	15,521,584	1,415,474	-	27,874,940
Borrowings	1,562,121	52,719,643	149,595,730	391,611,821	6,007,539	6,991,949	608,488,803
Subordinated debts	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941
Derivative financial instruments	-	-	-	-	-	506,158	506,158
Other liabilities	-	-	-	-	-	32,335,775	32,335,775
Total financial liabilities	2,457,910,326	428,781,641	1,469,928,500	1,216,414,275	133,465,899	835,217,661	6,541,718,302
Net interest sensitivity gap	(1,522,289,842)	89,743,214	(487,910,778)	2,008,092,703	594,263,601	422,090,640	1,103,989,538
In KHR'000 equivalent (Note 5)	(6,201,808,814)	365,613,854	(1,987,748,510)	8,180,969,672	2,421,029,910	1,719,597,266	4,497,653,378
Unused portion of overdrafts	-	-	-	-	-	146,104,629	146,104,629
Guarantees, acceptances and other financial facilities	-	-	-	-	-	58,984,948	58,984,948
Foreign exchange spot transactions	-	-	-	-	-	300,030	300,030
Net interest sensitivity gap	-	-	-	-	-	205,389,607	205,389,607
In KHR'000 equivalent (Note 5)	-	-	-	-	-	836,757,259	836,757,259

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 March 2022							
Financial assets							
Cash on hand	-	-	-	-	-	449,047,645	449,047,645
Deposits and placements with other banks, net	232,940,420	11,358,025	29,956,790	-	-	359,933,415	634,188,650
Statutory deposits	-	-	43,316,302	-	-	393,748,668	437,064,970
Financial investments	100,000,000	238,776,544	251,940,741	40,000,000	-	184,352	630,901,637
Loans and advances, net							
- Performing	125,402,251	281,242,187	914,541,772	3,326,404,382	839,851,502	-	5,487,442,094
- Non performing	-	-	-	-	-	131,079,329	131,079,329
- Loss allowance	-	-	-	-	-	(34,418,226)	(34,418,226)
Derivative financial instruments	-	-	-	-	-	2,109,246	2,109,246
Other assets	-	-	-	-	-	9,251,597	9,251,597
Total financial assets	458,342,671	531,376,756	1,239,755,605	3,366,404,382	839,851,502	1,310,936,026	7,746,666,942
Financial liabilities							
Deposits and placements of other banks and financial institutions	54,396,137	45,248,144	112,101,474	42,536,029	74,650,000	113,815,196	442,746,980
Deposits from customers	2,404,495,838	349,613,834	1,255,669,812	638,456,069	11,536,279	667,479,941	5,327,251,773
Lease liabilities	1,266,656	1,743,916	7,809,167	14,512,617	425,494	-	25,757,850
Borrowings	25,263,871	93,911,787	249,273,641	303,233,226	6,284,502	3,255,960	681,222,987
Subordinated debts	-	14,871,250	13,877,212	99,278,135	28,095,886	2,948,894	159,071,377
Other liabilities	-	-	-	-	-	49,082,827	49,082,827
Total financial liabilities	2,485,422,502	505,388,931	1,638,731,306	1,098,016,076	120,992,161	836,582,818	6,685,133,794
Net interest sensitivity gap	(2,027,079,831)	25,987,825	(398,975,701)	2,268,388,306	718,859,341	474,353,208	1,061,533,148
<i>In KHR'000 equivalent (Note 5)</i>	(8,209,673,314)	105,250,691	(1,615,851,589)	9,186,972,639	2,911,380,331	1,921,130,492	4,299,209,250
Unused portion of overdrafts	-	-	-	-	-	188,084,927	188,084,927
Guarantees, acceptances and other financial facilities	-	-	-	-	-	55,444,119	55,444,119
Foreign exchange spot transactions	-	-	-	-	-	179,871	179,871
Net interest sensitivity gap	-	-	-	-	-	243,708,917	243,708,917
<i>In KHR'000 equivalent (Note 5)</i>	-	-	-	-	-	987,021,114	987,021,114

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank					Non-interest bearing US\$	Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$		
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	439,465,980	439,465,980
Deposits and placements with other banks, net	212,012,830	21,163,967	9,818,360	-	-	300,431,763	543,426,920
Statutory deposits	-	-	43,316,302	-	-	369,670,152	412,986,454
Financial investments	585,002,454	215,489,102	300,000	-	-	292,836	801,084,392
Loans and advances, net							
- Performing	130,886,839	269,263,205	882,736,880	3,130,584,424	718,226,787	-	5,131,698,135
- Non performing	-	-	-	-	-	122,949,290	122,949,290
- Loss allowance	-	-	-	-	-	(22,588,505)	(22,588,505)
Other assets	-	-	-	-	-	6,801,988	6,801,988
Total financial assets	927,902,123	505,916,274	936,171,542	3,130,584,424	718,226,787	1,217,023,504	7,435,824,654
Financial liabilities							
Deposits and placements of other banks and financial institutions	83,080,276	14,742,082	82,011,341	45,836,029	73,150,000	156,787,107	455,606,835
Deposits from customers	2,336,167,776	351,205,089	1,152,519,915	646,854,746	12,133,279	628,046,185	5,126,926,990
Lease liabilities	1,109,168	1,487,403	7,616,125	14,655,057	503,983	-	25,371,736
Borrowings	359,984	45,166,483	144,684,423	381,338,926	5,328,561	6,762,679	583,641,056
Subordinated debts	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941
Derivative financial instruments	-	-	-	-	-	506,158	506,158
Other liabilities	-	-	-	-	-	32,184,457	32,184,457
Total financial liabilities	2,420,717,204	412,601,057	1,415,580,266	1,180,980,145	126,194,457	824,657,044	6,380,730,173
Net interest sensitivity gap	(1,492,815,081)	93,315,217	(479,408,724)	1,949,604,279	592,032,330	392,366,460	1,055,094,481
<i>In KHR000 equivalent (Note 5)</i>	<u>(6,081,728,639)</u>	<u>380,166,194</u>	<u>(1,953,111,142)</u>	<u>7,942,687,834</u>	<u>2,411,939,712</u>	<u>1,598,500,957</u>	<u>4,298,454,916</u>
Unused portion of overdrafts	-	-	-	-	-	145,914,488	145,914,488
Guarantees, acceptances and other financial facilities	-	-	-	-	-	58,787,749	58,787,749
Foreign exchange spot transactions	-	-	-	-	-	300,030	300,030
Net interest sensitivity gap	-	-	-	-	-	205,002,267	205,002,267
<i>In KHR000 equivalent (Note 5)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>835,179,236</u>	<u>835,179,236</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

Fair value sensitivity analysis for fixed-rate instruments

The Group and the Bank do not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect statements of profit or loss and other comprehensive income.

Cash flow sensitivity analysis for variable-rate instruments

Statements of profit or loss and other comprehensive income is sensitive to higher/lower interest expenses from borrowings as a result of changes in interest rates. The change of 25 basis points (“bp”) in interest rates of borrowings at the reporting date would not have material effect on statements of profit or loss and other comprehensive income of the Group and the Bank.

The Group’s and the Bank’s exposure to interest rate risk relates to borrowing of funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the statements of financial position or protecting interest expense through different interest rate cycles.

The Group’s and the Bank’s sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps to swap floating rate debt to fixed.

(ii) *Foreign exchange risk*

The Group operates in Cambodia, Lao PDR, and Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to Khmer Riel, Euro, Thai Baht, LAK, JPY, AUD, VND, CAD, Kyats and others.

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

Management monitors their foreign exchange risk against functional currencies. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group use forward contracts.

The table next page summarises the Group’s and the Bank’s exposure to foreign currency exchange rate risk as at 31 March 2022 and 31 December 2021. Included in the table are the financial instruments at carrying amount by currency in US\$ equivalent.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
As at 31 March 2022								
Financial assets								
Cash on hand	125,556,092	306,545,663	15,214,663	2,506,476	565,193	7,250,136	2,789,844	460,428,067
Deposits and placements with other banks, net	163,851,710	469,808,662	8,661,091	796,256	317,267	14,410,124	2,762,228	660,607,338
Statutory deposits	59,037,036	378,721,007	511,931	-	-	1,467,679	-	439,737,653
Financial investments	10,627,314	620,274,323	-	-	-	-	-	630,901,637
Loans and advances, net	806,664,539	4,753,889,321	23,575,449	-	-	141,833,132	16,443,264	5,742,405,705
Derivative financial instruments	-	2,109,246	-	-	-	-	-	2,109,246
Other assets	221,276	9,125,809	6	-	-	41,997	-	9,389,088
Total financial assets	1,165,957,967	6,540,474,031	47,963,140	3,302,732	882,460	165,003,068	21,995,336	7,945,578,734
Financial liabilities								
Deposits and placements of other banks and financial institutions	28,052,806	410,461,858	93,675	-	-	28,539,529	-	467,147,868
Deposits from customers	1,060,873,762	4,226,077,249	51,284,125	3,485,148	-	88,746,136	2,042,689	5,432,509,109
Lease liabilities	-	27,589,363	74,016	-	-	272,195	206,089	28,141,663
Borrowings	42,800,682	646,958,101	-	-	-	9,726,943	1,841,346	701,327,072
Subordinated debts	-	159,071,377	-	-	-	-	-	159,071,377
Other liabilities	5,141,579	43,395,029	113,296	107,974	-	111,755	123,275	48,992,908
Total financial liabilities	1,136,868,829	5,513,552,977	51,565,112	3,593,122	-	127,396,558	4,213,399	6,837,189,997
Net on-balance sheet position	29,089,138	1,026,921,054	(3,601,972)	(290,390)	882,460	37,606,510	17,781,937	1,108,388,737
<i>In KHR'000 equivalent (Note 5)</i>	117,811,009	4,159,030,269	(14,587,987)	(1,176,080)	3,573,963	152,306,366	72,016,845	4,488,974,385
Unused portion of overdrafts	2,860,794	185,033,064	191,069	-	-	669,445	-	188,754,372
Guarantees, acceptances and other financial facilities	5,075,480	47,611,607	2,602,453	46,981	-	12,926	108,961	55,458,408
Foreign exchange spot transactions	-	179,871	-	-	-	-	-	179,871
Credit commitment	7,936,274	232,824,542	2,793,522	46,981	-	682,371	108,961	244,392,651
<i>In KHR'000 equivalent (Note 5)</i>	32,141,910	942,939,396	11,313,764	190,273	-	2,763,603	441,292	989,790,238

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
As at 31 December 2021								
Financial assets								
Cash on hand	104,996,360	313,847,464	19,019,091	2,521,480	468,711	6,886,884	2,635,159	450,375,149
Deposits and placements with other banks, net	123,088,971	418,633,199	8,852,280	653,868	204,778	22,249,895	3,434,307	577,117,298
Statutory deposits	58,615,611	354,853,002	487,405	-	-	1,500,942	-	415,456,960
Financial investments	135,674,903	665,409,489	-	-	-	-	-	801,084,392
Loans and advances net	745,538,515	4,463,834,854	22,716,994	-	-	144,517,036	17,346,104	5,393,953,503
Other assets	259,477	6,531,131	45,284	-	-	100,075	784,571	7,720,538
Total financial assets	1,168,173,837	6,223,109,139	51,121,054	3,175,348	673,489	175,254,832	24,200,141	7,645,707,840
Financial liabilities								
Deposits and placements of other banks and financial institutions	30,712,864	422,594,095	39,235	-	-	30,394,798	-	483,740,992
Deposits from customers	1,062,782,876	4,025,376,336	47,919,130	3,673,210	-	90,755,162	1,771,979	5,232,278,693
Lease liabilities	-	27,300,127	85,027	-	-	284,429	205,357	27,874,940
Borrowings	41,579,492	550,414,881	-	-	-	12,626,264	3,868,166	608,488,803
Subordinated debts	-	156,492,941	-	-	-	-	-	156,492,941
Derivative financial instruments	-	506,158	-	-	-	-	-	506,158
Other liabilities	4,475,095	27,576,400	44,762	70,327	8,413	56,104	104,674	32,335,775
Total financial liabilities	1,139,550,327	5,210,260,938	48,088,154	3,743,537	8,413	134,116,757	5,950,176	6,541,718,302
Net on-balance sheet position	28,623,510	1,012,848,201	3,032,900	(568,189)	665,076	41,138,075	18,249,965	1,103,989,538
<i>In KHR'000 equivalent (Note 5)</i>	<u>116,612,180</u>	<u>4,126,343,570</u>	<u>12,356,035</u>	<u>(2,314,802)</u>	<u>2,709,520</u>	<u>167,596,518</u>	<u>74,350,357</u>	<u>4,497,653,378</u>
Unused portion of overdrafts	3,566,395	142,242,343	105,750	-	-	190,141	-	146,104,629
Guarantees, acceptances and other financial facilities	6,173,865	49,588,423	2,511,491	69,027	-	195,836	446,306	58,984,948
Foreign exchange spot transactions	-	300,030	-	-	-	-	-	300,030
Credit commitment	9,740,260	192,130,796	2,617,241	69,027	-	385,977	446,306	205,389,607
<i>In KHR'000 equivalent (Note 5)</i>	<u>39,681,819</u>	<u>782,740,863</u>	<u>10,662,640</u>	<u>281,216</u>	<u>-</u>	<u>1,572,470</u>	<u>1,818,251</u>	<u>836,757,259</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
As at 31 March 2022								
Financial assets								
Cash on hand	125,547,767	304,940,102	13,425,795	2,502,846	564,900	3,107	2,063,128	449,047,645
Deposits and placements with other banks, net	163,851,709	465,289,788	2,914,534	796,256	317,267	-	1,019,096	634,188,650
Statutory deposits	58,790,123	378,274,847	-	-	-	-	-	437,064,970
Financial investments	10,627,314	620,274,323	-	-	-	-	-	630,901,637
Loans and advances net	806,664,539	4,753,863,209	23,575,449	-	-	-	-	5,584,103,197
Derivative financial instruments	-	2,109,246	-	-	-	-	-	2,109,246
Other assets	221,275	9,030,316	6	-	-	-	-	9,251,597
Total financial assets	1,165,702,727	6,533,781,831	39,915,784	3,299,102	882,167	3,107	3,082,224	7,746,666,942
Financial liabilities								
Deposits and placements of other banks and financial institutions	28,052,806	412,681,634	2,012,540	-	-	-	-	442,746,980
Deposits from customers	1,061,465,498	4,220,867,781	41,433,346	3,485,148	-	-	-	5,327,251,773
Lease liabilities	-	25,757,850	-	-	-	-	-	25,757,850
Borrowings	42,800,682	638,422,305	-	-	-	-	-	681,222,987
Subordinated debts	-	159,071,377	-	-	-	-	-	159,071,377
Other liabilities	5,135,519	43,609,653	113,296	107,974	-	-	116,385	49,082,827
Total financial liabilities	1,137,454,505	5,500,410,600	43,559,182	3,593,122	-	-	116,385	6,685,133,794
Net on-balance sheet position	28,248,222	1,033,371,231	(3,643,398)	(294,020)	882,167	3,107	2,965,839	1,061,533,148
<i>In KHR'000 equivalent (Note 5)</i>	114,405,300	4,185,153,486	(14,755,762)	(1,190,781)	3,572,776	12,583	12,011,648	4,299,209,250
Unused portion of overdrafts	2,860,794	185,033,064	191,069	-	-	-	-	188,084,927
Guarantees, acceptances and other financial facilities	5,075,480	47,610,244	2,602,453	46,981	-	-	108,961	55,444,119
Foreign exchange spot transactions	-	179,871	-	-	-	-	-	179,871
Credit commitment	7,936,274	232,823,179	2,793,522	46,981	-	-	108,961	243,708,917
<i>In KHR'000 equivalent (Note 5)</i>	32,141,910	942,933,875	11,313,764	190,273	-	-	441,292	987,021,114

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2021								
Financial assets								
Cash on hand	104,994,430	312,306,524	17,152,508	2,518,765	468,423	3,184	2,022,146	439,465,980
Deposits and placements with other banks, net	123,088,969	416,379,056	1,709,907	653,868	204,778	-	1,390,342	543,426,920
Statutory deposits	58,370,152	354,616,302	-	-	-	-	-	412,986,454
Financial investments	135,674,903	665,409,489	-	-	-	-	-	801,084,392
Loans and advances net	745,538,515	4,463,803,411	22,716,994	-	-	-	-	5,232,058,920
Other assets	254,977	6,547,005	6	-	-	-	-	6,801,988
Total financial assets	1,167,921,946	6,219,061,787	41,579,415	3,172,633	673,201	3,184	3,412,488	7,435,824,654
Financial liabilities								
Deposits and placements of other banks and financial institutions	30,712,864	423,731,401	1,162,570	-	-	-	-	455,606,835
Deposits from customers	1,063,261,483	4,022,664,585	37,327,712	3,673,210	-	-	-	5,126,926,990
Lease liabilities	-	25,371,736	-	-	-	-	-	25,371,736
Borrowings	41,579,492	542,061,564	-	-	-	-	-	583,641,056
Subordinated debts	-	156,492,941	-	-	-	-	-	156,492,941
Derivative financial instruments	-	506,158	-	-	-	-	-	506,158
Other liabilities	4,473,925	27,499,541	44,762	70,327	8,413	-	87,489	32,184,457
Total financial liabilities	1,140,027,764	5,198,327,926	38,535,044	3,743,537	8,413	-	87,489	6,380,730,173
Net on-balance sheet position	27,894,182	1,020,733,861	3,044,371	(570,904)	664,788	3,184	3,324,999	1,055,094,481
<i>In KHR'000 equivalent (Note 5)</i>	113,640,897	4,158,469,751	12,402,767	(2,325,863)	2,708,346	12,972	13,546,046	4,298,454,916
Unused portion of overdrafts	3,566,395	142,242,343	105,750	-	-	-	-	145,914,488
Guarantees, acceptances and other financial facilities	6,173,865	49,587,060	2,511,491	69,027	-	-	446,306	58,787,749
Foreign exchange spot transactions	-	300,030	-	-	-	-	-	300,030
Credit commitment	9,740,260	192,129,433	2,617,241	69,027	-	-	446,306	205,002,267
<i>In KHR'000 equivalent (Note 5)</i>	39,681,819	782,735,310	10,662,640	281,216	-	-	1,818,251	835,179,236

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

(ii) *Foreign exchange risk (continued)*

Sensitivity analysis

The Group and the Bank is exposed to changes in US dollar and other foreign currencies exchange rate. Due to a reasonably possible strengthening (weakening) of the US dollar against foreign currencies, the Group and the Bank's exposure to other foreign exchange movement is not material.

38.3 Liquidity risk

Liquidity risk is the risk that the Group and the Bank is unable to meet its obligations or payment or offset positions in a given economic and financial context and specific market situation. Typically, it is the risk of loss arising from situation where 1) the Group and the Bank do not have enough cash and/or cash equivalents to meet the needs of depositors, borrowers, and contingent liabilities, 2) the sale of non-liquid assets are lower than market price, and 3) non-liquid assets would not be sold at the desired time due to the lack of buyers.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To the date of this report, the Group's liquidity and funding management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising of savings, demand, and fixed deposits. This provides the Group of a large stable funding base.

(a) Liquidity risk management process

The day-to-day responsibility for liquidity risk management and control is delegated to the ALCO which reports monthly to the executive committee.

For day-to-day liquidity management, the treasury department will ensure sufficient funding to meet its payment and settlement obligations on a timely basis. The process of managing liquidity risk also includes the following points:

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Principles of the liquidity risk:

- At all times the related senior management of the Treasury Department shall ensure that the Bank's operations can meet its current and future funding needs. The Treasury Department shall stress-test its liquidity position on a daily basis.
- The related senior management of Treasury Department has established a risk control framework and procedures to ensure it maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources such as deposits, borrowings, capital raising that liquidity risk is managed in accordance with the requirements of the Board.
- Stress testing is performed regularly to assess various scenarios includes short, medium and long-term, institution-specific and market-wide stress which may put the Bank's liquidity at risk.
- The Treasury Department identifies, monitors, manages and controls the risk associated daily liquidity as well as short, medium and long-term liquidity as these are key periods for liquidity management. The Treasury Department develops and implements stress tests on the projected cash flows. The outputs are used to inform the Bank's contingency funding plan.
- The Bank incorporates liquidity cost, benefits and risks in the internal pricing, performance measurement, and new products/services approval process for all significant business activities (both on and off balance sheet) in order to align with the benefits from accepting risks of each business unit and liquidity risks affecting the business activities of the Bank.

Internal targets of the liquidity risk:

- The regulatory limit on the Liquidity Coverage Ratio (LCR) should be observed at all times.
- The Bank will have, at all times, an internal target that is higher than the regulatory limit to allow for a safety margin to ensure permanent full compliance with regulatory limit.
- Setting the level of the internal targets is at the discretion of the ALCO and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.
- The risk tolerance/internal targets must be reviewed at least once a year to reflect the financial condition and the funding mobilization capacity.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Internal targets of the liquidity risk: (continued)

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the targets. Any breaches of internal targets should be reported to the ALCO for remedial actions and President & Group Managing Director for approval.
- Any change level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all time, the Bank will have a contingency plan to be executed when it is perceived by the Bank that the safety margin may not be sufficient and there is a risk that the regulatory limit on liquidity could be breached. Such contingency plan should be sufficient to ensure that the regulatory limits on liquidity will not be breached.
- In case, the Bank experiences a severe liquidity, the Bank must immediately notify NBC and advise the action that is being taken to address the situation.

The Bank has put in place a robust and comprehensive liquidity risk management framework in accordance with National Bank of Cambodia's Prakas No. B7-017-301 dated on 27 September 2017 on Liquidity Risk Management Framework (LRMF), which consists of risk appetite, risk tolerance, policies, early warning indicators, and monitoring mechanism which are reviewed and endorsed by BRIC and approved by the Board. The key elements of the framework are to ensure that the Bank maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources, either internally (as with deposits) or externally (as with borrowings or raising additional capital), and other issues. The Bank ensures that the business activities are mainly funded with stable sources of funding on an ongoing basis.

The Management designs a set of early warning indicators to aid its daily liquidity risk management processes in identifying the emergence of increased risk or vulnerabilities in its liquidity risk position or potential funding needs.

The Bank's contingency funding plan (CFP) is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The objective of contingency funding plan is to ensure that the bank has a framework for managing the liquidity sufficiently and robustly in the event of liquidity crisis based on the result of liquidity stress testing.

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Liquidity Coverage Ratio (LCR).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

The purpose of the LCR aims at promoting short-term resilience of each institution's liquidity risk profile, ensuring that each institution has an adequate stock of unencumbered liquid assets that can be converted into cash at no or little loss of value in markets, to meet its liquidity needs for a 30-day liquidity stress scenario, and ensuring that prompt corrective actions are taken by the institution's management when the LCR potentially falls below the minimum requirement.

The Bank also uses a range of tools such as liquidity ratio, liquidity gap analysis, safety margin, and monthly cash flow projection to measure, monitor and manage its liquidity positions. In addition, The Bank also performs daily and monthly liquidity stress test in order to identify and quantify its exposures to possible future liquidity stresses, analysing possible impacts on the Bank's cash flows, liquidity position, profitability and solvency.

(b) Funding approach

The Group's main sources of liquidities arise from shareholder's paid-up capital, borrowings, subordinated debts, deposits and placements of other banks and financial institutions and deposits from customers. The sources of liquidity are regularly reviewed via the Management's daily review of maturity of fixed deposits and key depositors. The Group's Borrowings and subordinated debts are also regularly reviewed via Management's daily review of interest and principal repayments and maturity.

(c) Non-derivative cash flows

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on contractual undiscounted cash flows.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
As at 31 March 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions	166,140,838	51,793,541	31,039,840	105,860,550	73,423,281	102,915,417	531,173,467
Deposits from customers	3,077,326,925	380,133,214	445,497,943	919,990,425	730,509,072	21,863,547	5,575,321,126
Lease liabilities	1,271,550	1,942,108	2,782,807	5,896,699	17,982,957	3,748,902	33,625,023
Borrowings*	27,253,185	24,942,467	57,554,597	72,848,516	577,020,188	6,622,570	766,241,523
Subordinated debts*	-	18,874,069	1,242,231	18,675,680	122,322,824	35,603,034	196,717,838
Other liabilities	48,930,052	21,588	4,254	37,014	-	-	48,992,908
Total financial liabilities (contractual maturity dates)	3,320,922,550	477,706,987	538,121,672	1,123,308,884	1,521,258,322	170,753,470	7,152,071,885
<i>In KHR'000 equivalent (Note 5)</i>	<u>13,449,736,328</u>	<u>1,934,713,297</u>	<u>2,179,392,772</u>	<u>4,549,400,980</u>	<u>6,161,096,204</u>	<u>691,551,554</u>	<u>28,965,891,134</u>
Assets held for managing liquidity risk (contractual maturity dates)	1,848,523,919	416,942,715	504,873,822	863,323,199	4,383,466,788	1,538,560,075	9,555,690,518
<i>In KHR'000 equivalent (Note 5)</i>	<u>7,486,521,872</u>	<u>1,688,617,996</u>	<u>2,044,738,979</u>	<u>3,496,458,956</u>	<u>17,753,040,491</u>	<u>6,231,168,304</u>	<u>38,700,546,598</u>
As at 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions	238,883,378	17,035,757	68,100,968	44,653,019	77,109,999	102,019,369	547,802,490
Deposits from customers	2,965,874,002	381,917,125	482,724,667	778,874,470	735,598,466	23,202,988	5,368,191,718
Lease liabilities	1,150,095	1,482,259	3,022,972	5,639,302	18,225,873	3,894,237	33,414,738
Borrowings	7,194,887	64,440,962	46,798,894	68,950,284	471,177,564	6,068,464	664,631,055
Subordinated debts*	-	-	19,239,375	18,516,339	114,689,065	43,707,138	196,151,917
Other liabilities	32,235,898	55,623	44,254	-	-	-	32,335,775
Total financial liabilities (contractual maturity dates)	3,245,338,260	464,931,726	619,931,130	916,633,414	1,416,800,967	178,892,196	6,842,527,693
<i>In KHR'000 equivalent (Note 5)</i>	<u>13,221,508,071</u>	<u>1,894,131,852</u>	<u>2,525,599,424</u>	<u>3,734,364,529</u>	<u>5,772,047,140</u>	<u>728,806,807</u>	<u>27,876,457,823</u>
Assets held for managing liquidity risk (contractual maturity dates)	1,968,771,765	400,717,892	472,608,558	798,717,463	4,005,355,596	1,356,446,240	9,002,617,514
<i>In KHR'000 equivalent (Note 5)</i>	<u>8,020,776,171</u>	<u>1,632,524,692</u>	<u>1,925,407,265</u>	<u>3,253,974,944</u>	<u>16,317,818,698</u>	<u>5,526,161,982</u>	<u>36,676,663,752</u>

* The amounts included above for variable interest rate instruments for both non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
As at 31 March 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions	166,042,161	47,093,295	22,202,885	98,126,493	69,619,011	102,915,417	505,999,262
Deposits from customers	3,033,187,170	372,378,853	436,579,232	900,339,406	704,885,063	14,034,868	5,461,404,592
Lease liabilities	1,231,457	1,703,720	2,608,547	5,611,350	16,977,677	625,295	28,758,046
Borrowings*	25,392,215	18,987,790	56,529,946	70,601,133	565,413,943	6,284,502	743,209,529
Subordinated debts*	-	18,874,069	1,242,231	18,675,680	122,322,824	35,603,034	196,717,838
Other liabilities	49,061,239	21,588	-	-	-	-	49,082,827
Total financial liabilities (contractual maturity dates)	<u>3,274,914,242</u>	<u>459,059,314</u>	<u>519,162,841</u>	<u>1,093,354,062</u>	<u>1,479,218,518</u>	<u>159,463,116</u>	<u>6,985,172,093</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>13,263,402,680</u>	<u>1,859,190,222</u>	<u>2,102,609,506</u>	<u>4,428,083,951</u>	<u>5,990,834,998</u>	<u>645,825,620</u>	<u>28,289,946,977</u>
Assets held for managing liquidity risk (contractual maturity dates)	<u>1,802,878,472</u>	<u>401,954,282</u>	<u>484,054,652</u>	<u>822,160,562</u>	<u>4,258,899,457</u>	<u>1,535,667,044</u>	<u>9,305,614,469</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>7,301,657,812</u>	<u>1,627,914,842</u>	<u>1,960,421,341</u>	<u>3,329,750,276</u>	<u>17,248,542,801</u>	<u>6,219,451,528</u>	<u>37,687,738,600</u>
As at 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions	237,867,947	15,994,986	60,141,818	29,255,780	73,310,810	102,019,369	518,590,710
Deposits from customers	2,922,833,830	373,643,928	471,830,877	760,423,264	710,238,362	14,692,424	5,253,662,685
Lease liabilities	1,074,349	1,445,835	2,733,766	5,283,390	17,176,362	746,529	28,460,231
Borrowings	5,809,818	56,486,598	43,537,460	66,283,482	459,010,642	5,328,561	636,456,561
Subordinated debts*	-	-	19,239,375	18,516,339	114,689,065	43,707,138	196,151,917
Other liabilities	32,136,957	47,500	-	-	-	-	32,184,457
Total financial liabilities (contractual maturity dates)	<u>3,199,722,901</u>	<u>447,618,847</u>	<u>597,483,295</u>	<u>879,762,255</u>	<u>1,374,425,241</u>	<u>166,494,021</u>	<u>6,665,506,560</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>13,035,671,099</u>	<u>1,823,599,183</u>	<u>2,434,146,944</u>	<u>3,584,151,427</u>	<u>5,599,408,432</u>	<u>678,296,642</u>	<u>27,155,273,727</u>
Assets held for managing liquidity risk (contractual maturity dates)	<u>1,912,440,511</u>	<u>384,234,137</u>	<u>449,361,582</u>	<u>761,262,635</u>	<u>3,883,302,548</u>	<u>1,351,200,331</u>	<u>8,741,801,744</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>7,791,282,642</u>	<u>1,565,369,874</u>	<u>1,830,699,085</u>	<u>3,101,383,975</u>	<u>15,820,574,581</u>	<u>5,504,790,148</u>	<u>35,614,100,305</u>

* The amounts included above for variable interest rate instruments for both non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(d) Derivative financial instruments

The following table details the Group's and Bank's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. The amount payable or receivable is not fixed; the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of each reporting period.

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 March 2022						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	(35,831)	(248,681)	(1,086,188)	(1,266,339)	-	(2,637,039)
- outflow	11,337	589,936	2,248,522	2,182,943	-	5,032,738
Net	(24,494)	341,255	1,162,334	916,604	-	2,395,699

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2021						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(61,179)	(517,358)	(853,859)	-	(1,432,396)
- outflow	-	526,565	2,357,771	2,784,807	-	5,669,143
Net	-	465,386	1,840,413	1,930,948	-	4,236,747

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items

i. *Loan commitments and guarantee*

The dates of the contractual amounts of the Group's and the Bank's off-balance sheet financial instruments that it is committed to extend as credit to customers and other facilities (Note 35) are summarised in table below:

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 March 2022						
Unused portion of overdrafts	188,754,372	-	-	-	-	188,754,372
Bank guarantees	2,101,734	9,385,401	16,895,416	16,139,907	428,436	44,950,894
Letters of credit	2,157,529	4,722,280	3,627,705	-	-	10,507,514
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(180,916)	-	-	-	-	(180,916)
- outflow	179,871	-	-	-	-	179,871
Net	(1,045)	-	-	-	-	(1,045)
Total	193,012,590	14,107,681	20,523,121	16,139,907	428,436	244,211,735

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2021						
Unused portion of overdrafts	146,104,629	-	-	-	-	146,104,629
Bank guarantees	2,601,237	11,590,699	21,286,993	13,364,055	428,427	49,271,411
Letters of credit	2,996,982	4,658,039	2,058,516	-	-	9,713,537
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(300,687)	-	-	-	-	(300,687)
- outflow	300,030	-	-	-	-	300,030
Net	(657)	-	-	-	-	(657)
Total	151,702,191	16,248,738	23,345,509	13,364,055	428,427	205,088,920

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 March 2022						
Unused portion of overdrafts	188,084,927	-	-	-	-	188,084,927
Bank guarantees	2,088,808	9,385,401	16,894,053	16,139,907	428,436	44,936,605
Letters of credit	2,157,529	4,722,280	3,627,705	-	-	10,507,514
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(180,916)	-	-	-	-	(180,916)
- outflow	179,871	-	-	-	-	179,871
Net	(1,045)	-	-	-	-	(1,045)
Total	192,330,219	14,107,681	20,521,758	16,139,907	428,436	243,528,001

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2021						
Unused portion of overdrafts	145,914,488	-	-	-	-	145,914,488
Bank guarantees	2,601,237	11,408,620	21,271,873	13,364,055	428,427	49,074,212
Letters of credit	2,996,982	4,658,039	2,058,516	-	-	9,713,537
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(300,687)	-	-	-	-	(300,687)
- outflow	300,030	-	-	-	-	300,030
Net	(657)	-	-	-	-	(657)
Total	151,512,050	16,066,659	23,330,389	13,364,055	428,427	204,701,580

ii. *Other financial facilities*

Other financial facilities are also included above based on the earliest contractual date.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(f) COVID-19 pandemic and impact on liquidity

In line with the additional measures of the NBC which provided additional liquidity to the banking and financial sector to mitigate the impact of COVID-19 pandemic, the Bank has also continued to place greater emphasis on liquidity management with introduced risk management measures and exit strategy to reduce liquidity risk and maintain business continuity such as:

- The Bank has maintained the optimal level of fund or cash-on-hand for operation at headquarters, branches, and ATMs in order to deal with the unprecedented events which resulted from the COVID-19 pandemic;
- As part of the implementation of the contingency funding plan, the Bank has signed facility agreements with lenders for long-term loans (senior loans);
- Additionally, the Bank has communicated and negotiated with potential lenders for acquiring long-term loans (senior loans) for 2022 and 2023.

39. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities disclosed on Note 38. The Group and the Bank have an established framework and policies which provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

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.

The valuation of financial instruments are determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgment is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group and the Bank follow methodologies that consider factors such as liquidity, bid-offer spread, and unobservable prices and inputs in the market and uncertainties in the assumptions and parameters.

The Group and the Bank continuously enhance its design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for its intended use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

39. Fair value of financial instruments (continued)

Determination of fair value

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial assets and financial liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Financial assets and financial liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets and liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets and liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank determine fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to, yield curves, equity prices, volatilities and foreign exchange rates.

Financial assets and financial liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

39. Fair value of financial instruments (continued)

Determination of fair value (continued)

(a) Financial instruments measured at fair value

As at 31 March 2022, the Group and the Bank's derivative financial instruments are valued using the discounted cash flow method and are verified with the interest rate swap providers. Under the discounted cash flow method, future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties

(b) Financial instruments not measured at fair value

As at the reporting date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

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

i. Deposits and placements with other banks

Deposits and placements with other banks include current accounts which are non-interest bearing, savings deposits and short-term deposits. The fair value of deposits and placements with other banks approximate their carrying values at the reporting date due to the relatively short maturity of these instruments.

ii. Financial investments

- *Financial investments at FVOCI*

This represents the Bank's investment in Credit Bureau Holding (Cambodia) Ltd. with 5% as equity cash investment and 1% through the Association of Banks in Cambodia. No fair value disclosures are provided for equity investment securities of US\$189,670 (2021: US\$189,670) that are measured at cost because their fair value cannot be reliably measured. The investment is neither redeemable nor transferable and there is no market for them. The Group and the Bank do not intend to dispose these investment.

Bank's Investment in SWIFT amounting \$36,141 is the investment required by the SWIFT SCRL to all swift members, no dividend provided. So, the fair value of investment is the cost of this investment

- *Financial investments at amortised cost*

Financial investments at amortised cost include NCD with the NBC with maturities of less than one year. The fair value of financial investments approximates their carrying values at the reporting date due to the relatively short-term maturity of these instruments.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

39. Fair value of financial instruments (continued)

(b) Financial instruments not measured at fair value (continued)

iii. Loans and advances

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

iv. Deposits and placements of other banks and financial institutions and deposits from customers

The fair value of deposits and placements of other banks and financial institutions and deposits from customers with maturities of less than one year approximates their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate on the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

v. Statutory deposits

Capital guarantee and reserve requirement represents the minimum reserve required by NBC. These deposits, are not available for use in the Bank's day-to-day operations and are refundable should the Bank voluntarily cease its operations in Cambodia. The fair value is the carrying amount as at reporting date.

vi. Other assets and other liabilities

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

39. Fair value of financial instruments (continued)

(b) Financial instruments not measured at fair value (continued)

vii. Borrowings, subordinated debts and lease liabilities

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

40. Capital risk management

The Group and the Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statements 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 of at least equal to the minimum capital, and iii) comply with solvency ratios, liquidity coverage ratios and other prudential ratios.

The table below summarises the composition of regulatory capital which follows the requirements of the NBC. These amounts are based on the consolidated and separate financial statements as at 31 March 2022 and 31 December 2021 for the periods then ended.

	The Group			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,754,310,227	1,764,706,139
Share premium	11,706,215	11,706,215	47,410,171	47,691,120
Retained earnings	186,851,367	163,933,025	756,748,036	667,863,144
General reserves based on NBC Prakas	524,576,552	524,576,552	2,124,535,036	2,137,124,873
Less: Intangible assets	(11,999,990)	(12,258,314)	(48,599,960)	(49,940,371)
Less: Loans to related parties	(14,892,673)	(14,570,028)	(60,315,326)	(59,358,294)
Less: Other losses	(37,979,173)	(35,338,456)	(153,815,651)	(143,968,870)
	<u>1,091,425,317</u>	<u>1,071,212,013</u>	<u>4,420,272,533</u>	<u>4,364,117,741</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	57,552,774	55,234,927	233,088,735	225,027,093
Subordinated debts (*)	156,122,483	156,122,483	632,296,056	636,042,996
Less: Equity participation in banking or financial institutions	(2,010,000)	(2,010,000)	(8,140,500)	(8,188,740)
	<u>211,665,257</u>	<u>209,347,410</u>	<u>857,244,291</u>	<u>852,881,349</u>
	<u>1,303,090,574</u>	<u>1,280,559,423</u>	<u>5,277,516,824</u>	<u>5,216,999,090</u>

(*) This represents subordinated debts approved by the National Bank of Cambodia and only represent the outstanding principal amount.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

40. Capital risk management (continued)

	The Bank			
	31 March 2022 US\$	31 December 2021 US\$	31 March 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,754,310,227	1,764,706,139
Share premium	11,706,215	11,706,215	47,410,171	47,691,120
Retained earnings	177,550,515	156,341,550	719,079,586	636,935,475
General reserves based on NBC Prakas	510,741,556	510,741,556	2,068,503,302	2,080,761,099
Less: Intangible assets	(11,224,857)	(11,415,853)	(45,460,671)	(46,508,185)
Less: Loans to related parties	(14,242,026)	(13,904,162)	(57,680,205)	(56,645,556)
	<u>1,107,694,422</u>	<u>1,086,632,325</u>	<u>4,486,162,410</u>	<u>4,426,940,092</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	56,052,918	53,690,830	227,014,318	218,736,441
Subordinated debts (*)	156,122,483	156,122,483	632,296,056	636,042,996
Less: Equity participation in banking or financial institutions	(71,312,716)	(71,312,716)	(288,816,500)	(290,528,005)
	<u>140,862,685</u>	<u>138,500,597</u>	<u>570,493,874</u>	<u>564,251,432</u>
	<u>1,248,557,107</u>	<u>1,225,132,922</u>	<u>5,056,656,284</u>	<u>4,991,191,524</u>

(*) This represents subordinated debts approved by the National Bank of Cambodia and only represent the outstanding principal amount.

41. Tax contingencies

On 24 December 2018, the Bank obtained a letter for tax reassessment for various tax matters for the financial years ended 2009 to 2013 from the Department of Enterprise Tax Audit of the GDT.

On 11 January 2019, the Bank lodged the administrative protests against the reassessment in accordance with the tax provisions. The protest letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate.

On 17 September 2019, the Bank received a notification letter for tax collection from the GDT. This letter is requesting for the Bank's payment on tax in arrears which resulted from the tax reassessment.

On 23 September 2019, a protest letter was submitted by the Bank to the GDT on the grounds that the reassessment is not appropriate. On 10 February 2020, the Bank received a notification letter from the GDT regarding the temporary delay on tax collection related to above tax reassessment. As at the date of this report, the GDT has not yet requested for payment from the Bank.

On 6 March 2020, the Bank received a new notification letter from the GDT to conduct a tax audit for the fiscal years beginning 2015 to 2018. The Bank has provided several requested documents to the GDT on 2 July 2020. As at the date of these financial statements, the GDT has not yet issued an official response on the protest letter for the results of the tax audit for the fiscal years beginning 2015 to 2018.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2022 AND FOR THE THREE-MONTH PERIOD THEN ENDED

41. Tax contingencies (continued)

On 06 August 2021, the Department of Enterprise Tax Audit of the GDT issued a letter to the Bank for the tax reassessment for the financial year 2019 and requested the submission of several documents. The Bank received the letter from the tax auditors on 16 September 2021. The Bank has provided several requested documents to the GDT on 04 April 2022. As at the date of this report, GDT has not yet request more documents to the Bank.

Management believes that the tax liability recorded by the Bank is adequate.

42. Events after reporting period

Except for the ongoing impact of COVID-19 to the Group and the Bank as disclosed in Note 4 to the interim financial statements, no other significant events occurred after the end of the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the interim financial statements.

43. Authorisation of the interim financial statements

The consolidated and separate interim financial statements as at 31 March 2022 and for the three-month period then ended were approved for issue by the Board of Directors on 5 May 2022.