



Annual Report

31 December 2022



Vision

ACLEDA Bank's vision is to be Cambodia's leading commercial bank providing superior financial services to all segments of the community.

Mission

Our mission is to provide micro, small and medium entrepreneurs with the wherewithal to manage their financial resources efficiently and by doing so to improve the quality of their lives. By achieving these goals we will ensure a sustainable and growing benefit to our shareholders, our staff and the community at large. We will at all times observe the highest principles of ethical behaviour, respect for society, the law and the environment.

Slogan

The bank you can trust, the bank for the people.

This report has been prepared and issued by ACLEDA Bank to whom any comments or requests for further information should be sent.

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E-mail: inquiry@acledabank.com.kh



FINANCIAL HIGHLIGHT

Description	2022	2021	2020
Financial Position (in KHR million)			
Total assets	37,181,299	32,002,298	26,500,793
Total liabilities	31,760,660	27,092,985	22,093,258
Total shareholders' equity	5,420,639	4,909,313	4,407,535
Profit / (Loss) (in KHR million)			
Total revenue	3,040,038	2,590,086	2,361,483
Profit/ (Loss) before Tax	933,095	832,937	734,005
Profit/ (Loss) after Tax	743,077	678,031	576,865
Total Comprehensive Income	750,254	635,685	569,396
Financial Ratios			
Solvency ratio	19.25%	22.36%	25.15%
Debt to equity ratio	585.92%	551.87%	501.26%
Liquidity Coverage Ratio	154.96%	155.65%	149.31%
Non-performing loans ratio (*)	2.90%	2.33%	2.40%
Loan to deposit ratio	100.51%	94.97%	97.73%
Return on average assets (ROAA) (**)	2.15%	2.32%	2.23%
Return on average equity (ROAE) (**)	14.45%	14.61%	13.84%
Interest Coverage ratio (Times)	2.03	2.19	2.19
Book value per share (KHR)	12,456	11,277	10,175
Earnings per share (KHR)	1,715	1,568	1,337
Dividend per share (KHR)	-	549	399
Other Important Ratios	-	-	-

(*) Non-performing loan = loan in stage 3

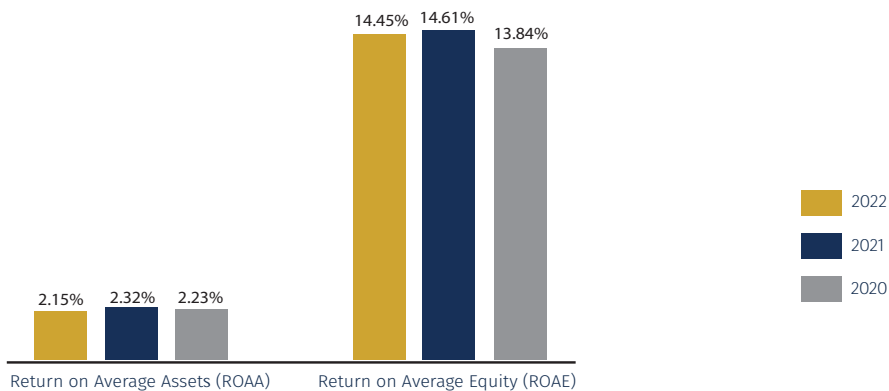
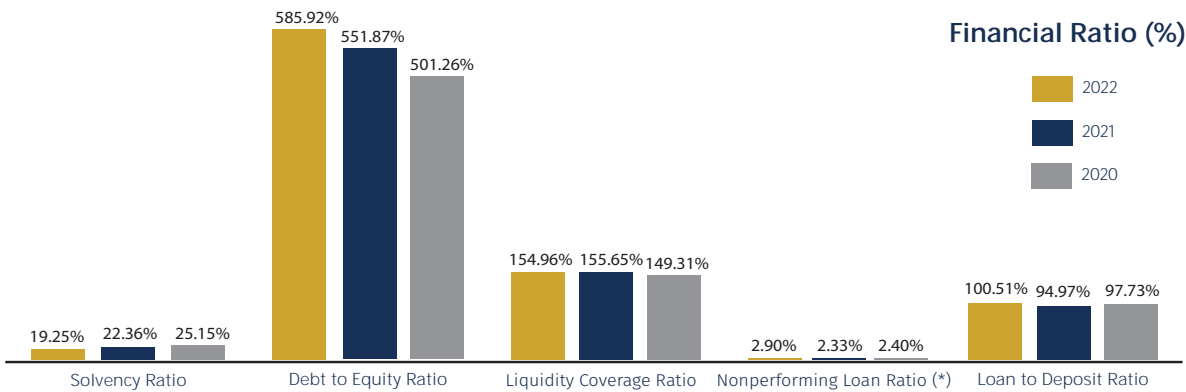
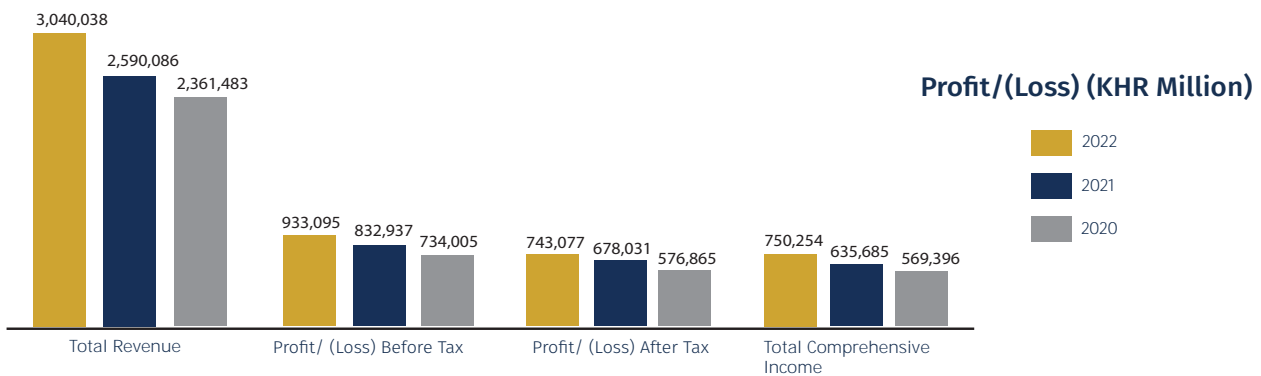
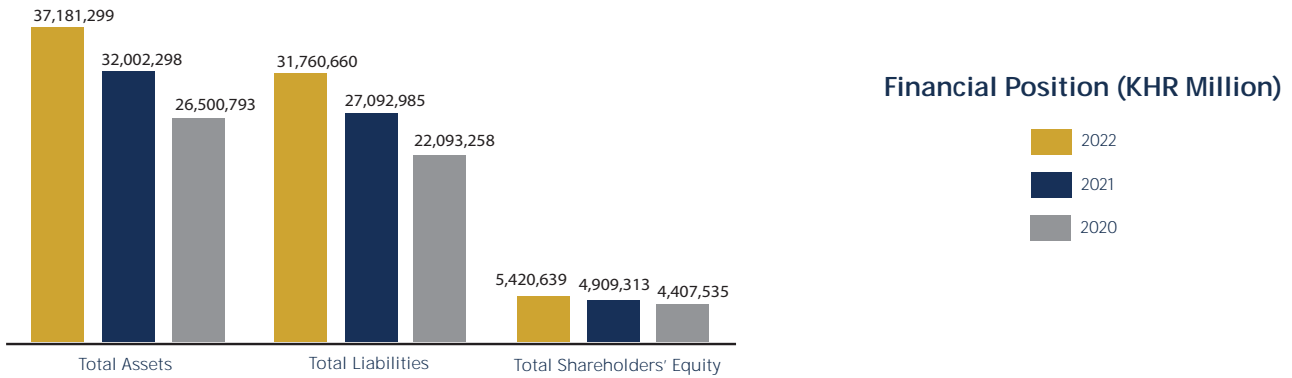
(**) . These ratios were calculated using the profit attributable to owners of the Bank.

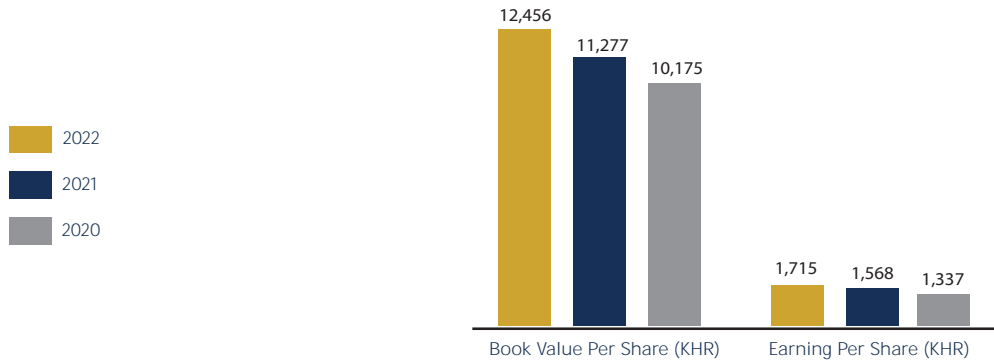
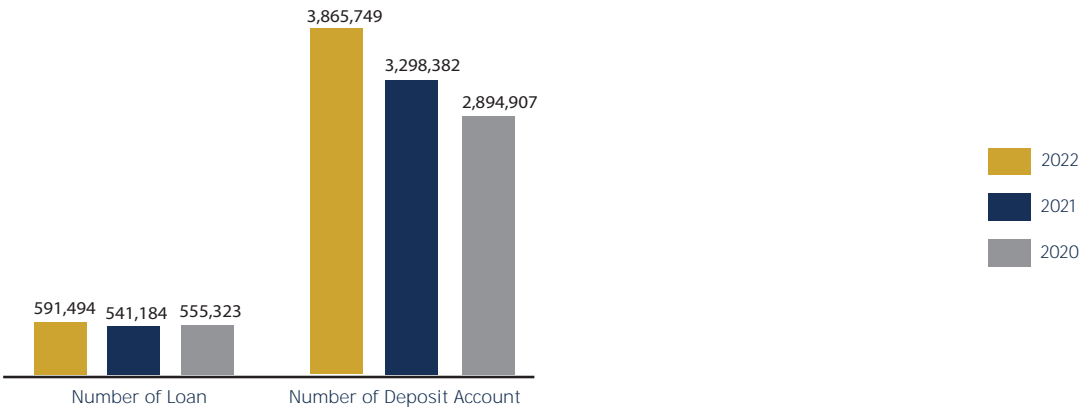
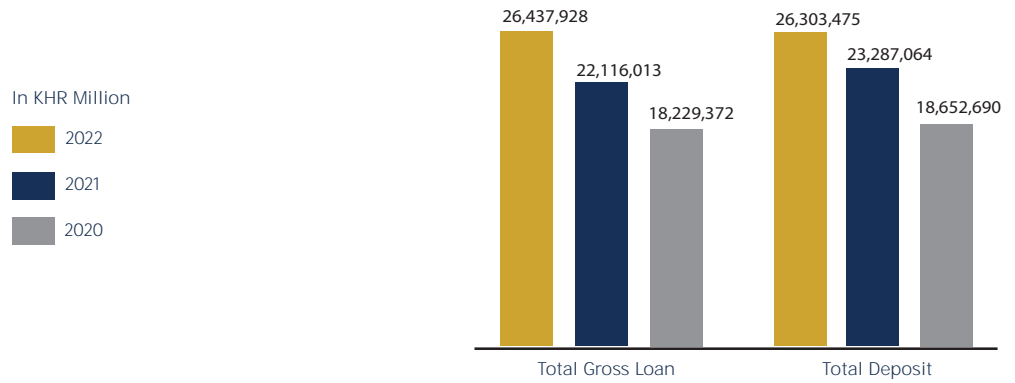
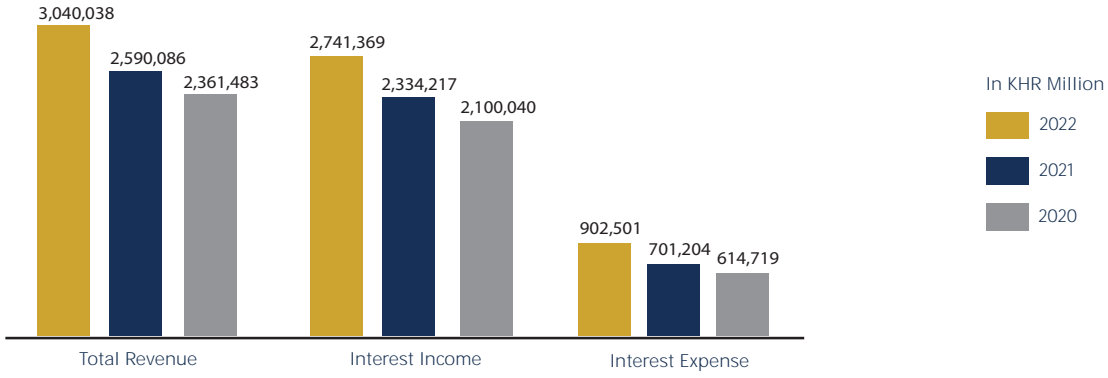
. ROAE = profit attributable to owners of the Bank / average total equity of the owners of the Bank.

. ROAA =profit attributable to owners of the Bank / average total assets.



FINANCIAL SUMMARY AND ANNUAL STATISTICAL SUMMARY (CHARTS)







BOARD OF DIRECTORS

The Directors are appointed by the Shareholders for three-year terms to act on their behalf. The Articles provide that the Board shall consist of ten Directors and that:

- The Board of Directors is responsible for determining the strategy of the Bank and for conducting or supervising the conduct of its business and affairs. Its members shall act in the best interests of the Bank.
- The powers of the Board of Directors are to be exercised collectively and no individual Director shall have any power to give directions to the officers or employees of the Bank, to sign any contracts, or to otherwise direct the operations of the Bank unless specifically empowered to do so by a resolution of the Board of Directors.
- Each Director shall have unlimited access to the books and records of the Bank during ordinary business hours.

The Board of Directors shall elect, by majority vote, one of its members to serve as Chairman who shall preside over meetings of the Board of Directors as well as the AGM.

The Board of Directors assumes responsibility for corporate governance and for promoting the success of the Bank by directing and supervising its business operations and affairs. It appoints and may remove the President & GMD, Senior GCIAO, and Head of COD. It also ensures that the necessary human resources are in place, establishes with management the strategies and financial objectives to be implemented by management, and monitors the performance of management both directly and through the Board Committees.

The Board of Directors established three Committees: Audit, Remuneration and Nomination, Risk Management and IT, and may establish such other committees as it deems necessary or desirable to carry on the business and operations of the Bank. These Board Committees shall exist at the pleasure of the Board of Directors and all members of such Committees shall be approved by the Board. The Committees themselves will not exercise any of the powers of the Board, except insofar as the Board may formally delegate such powers, but may make recommendations to the Board for their collective action. Whilst membership on Board Committees is restricted to Directors themselves, they may invite members of management and others so as to provide operational information and explanation when considered necessary. All Board Committees are chaired by Independent Directors.



Mr. Chhay Soeun
Chairman



Dr. In Channy
Executive Director



Mr. Rath Yumeng
Executive Director



Mr. Stéphane MANGIAVACCA
Non-Executive Director



Mr. Kyosuke Hattori
Non-Executive Director





MESSAGE FROM CHAIRMAN

Mr. Chhay Soeun Chairman

On behalf of ACLEDA Bank Plc. ("Bank") and the Board of Directors, I am pleased to present the 2022 Annual Report to all stakeholders.





Since the early of 2022, the global economic outlook has remained uncertain and raised global recession concerns due to soaring inflation, Federal Reserve's monetary policy tightening, ongoing supply chain disruption, Covid-19 pandemic outbreak, and prolonged Russia-Ukraine War. In addition, the US economy was cooling by ongoing risks from surging inflation, supply chain bottlenecks, and Fed's tight monetary policy. The European economy has fallen into the recession amid the weaker consumption, worsening energy supply crunch, and tightening monetary conditions. The Chinese economy has faced the strong headwinds due to the strict zero-COVID-19 policy, weakening economic drivers, the latest technology restriction, and the global economic slowdown. The Japanese economy has recovered gradually with improving services sector, but the growth was capped by intensifying the global headwinds.

At the same time, the Cambodian economy shrunk due to the effects of the prolonged Russia-Ukraine War, soaring inflation, and ongoing supply chain disruption. In response to this situation, The Royal Government of Cambodia promulgated many strategies and measures as well as injected the national budget to reduce the inflation rate and keep the economy growing in 2022 and the following years. Furthermore, the government also injected fund to support and restore the micro and small business and economic activities and the poor and vulnerable families affected by the Covid-19. As the results, these mechanisms of the Royal Government effectively reduced the inflation rate and boosted the economic growth in 2022. The Cambodia's economic outlook gained momentum to gradually rebound to the normal faster than expected in 2021 due to reopening economic activities and driven by a robust trade performance.

During 2022, the Bank obtained approval from the National Bank of Cambodia for green bond issuance to qualified investors. The issuance of green bonds takes part and in line with the government's goals in reducing carbon emissions, environmental impacts, and strengthen the securities sector in Cambodia. In addition, the Bank successfully upgraded its core banking system and continued to improve many functions of self-service operations on ACLEDA Mobile, QR code, ATMs, and POSs in line with the customers' needs and the evolution of digital technology. Meanwhile, the Bank expanded its 125 self-service banking (51 locations in Phnom Penh and 74 locations in provinces) adding to its existing 264 branches. The Bank equipped 1,140 ATMs, 4,358 POS machines, and QR codes based on customers' requests for transactions of transfers and settlements in markets, shops, hotels, educational institutions, hospitals, travel agencies, gas stations, and other businesses across the country. By the end of December 2022, the Bank has more than 0.2 million business partners and 2.61 million ACLEDA Mobile subscribers.

As of 31 December 2022, total deposits increased by USD 672.97 millions while total loan outstanding grew by USD 993.07 millions, if compared to the year ended 2021. The annual performance 2022 compared to the year 2021, the Group achieved a profit attributable to the shareholders of USD 181.74 millions, an increase of 8.88% equivalent to USD 14.83 million.

Finally, I would like to express my sincerest gratitude to all shareholders, customers, employees, the public at large, and especially relevant authorities who always support and contribute to the good performance of the Bank, especially for the year 2022.



Mr. Chhay Soeun

Chairman, Board of Directors,

ACLEDA Bank Plc.

22 March 2023



MESSAGE FROM PRESIDENT & GROUP MANAGING DIRECTOR

Dr. In Channy

President & Group Managing Director



We will continue to heavily invest and set highest priority of the numerous successes in digital transformation, accomplished over the past decade. Consequently, we aim to deliver enhanced customer experiences, provide them the convenience to manage their banking needs, and reduce the cost of transacting. We believe our customers would love the opportunity to transact or manage their banking needs on their own at anytime and anywhere of their choice.

The next logical endeavor for the Bank would be Artificial Intelligent/Big Data Analytic. We are expanding and upgrading our IT systems to handle the huge—but silo—data sets, accumulated over many years with the goal to achieve smart or targeted advertisement, marketing and sales; plus countless value-added opportunities. We believe this would further reinforce our position as a leading, the most popular and reliable commercial bank in Cambodia for retail or cooperate customers, and business partners both locally and internationally.



Performance in 2022

Competitive Environment

Ongoing impact of the global supply chain issues and the war in Ukraine has led to the rising global oil, food prices, and high inflation in the Globe. The largest economies and developed countries have consecutively increased the interest rate to curb the high inflation. It causes the upward trend of funding cost during the year and coming period.

Bank/Financial Institutions (BFIs) in Cambodia face fierce competition to use various marketing channels, promotional strategies, pricing methods, etc. Customers have eased to access finance, good leverage, and better financial literacy.

The mobile banking application (Mobile App.) shows its popularity and competitiveness, in the digital era, with about two-third (2/3) of banks launching their App. ACLEDA Mobile is a leading one with registered users/partners over 2.85 million. Customers can use ACLEDA Mobile worldwide where available WiFi/internet, scan KHQR/QR within Cambodia countrywide, and cross-border payment with QR in Thailand.

Operational Highlights in 2022

- Total loans outstanding at the end of 2022 were US\$6,421.65 million, of which US\$1,392.11 million (or 21.68%) was lent to the agriculture sector. In 2021, lending to agriculture was US\$1,101.54 million. By the end of December 2022, there were 453,014 active customers for the Group's small business loans.
- Non-performing loans (NPL) remained at a controllable rate of 2.90%, given the COVID-19 crisis.
- Total deposits were US\$6,388.99 million from around 3.87 million active accounts.
- The Group posted a profit for the period attributable to owner of the Bank US\$181.74 million.
- The Bank continuously made efforts to minimize costs and risks in order to maximize income.
- The Bank is focusing on further developing the electronic banking infrastructure to offer its customers a wide range of the products and services to manage their financial resources.

Retail and Small Business

Lending in the "Small" business category grew by 16.89% or US\$414.62 million. The "Personal & Others" category grew by 29.66% or US\$60.08 million. "Housing Loans" balance were US\$182.93 million. The total amount of loans outstanding was US\$6,421.65 million as of the end of 2022.

The Group's deposit balance were US\$6,388.99 million (increased by 11.77% or US\$672.97 million) and the total number of accounts was around 3,865,749. The retails sector accounted for the largest segment of the Bank's growth in deposits with a large percentage coming from first-time depositors: employee payrolls paid through the Bank's Payroll Service and non-bank customers in rural areas using E-Wallet ACLEDA mobile App. Financial products and services via FinTech solutions have contributed to this strong growth.

The Group maintains a diversified infrastructure of choices with 318 traditional branches (or offices), and 125 self-service banking with 1,200 ATMs and 4,358 POS terminals. It's interesting to note that the Group has issued a total of 1.80 million debit cards. Moreover, the digitized ACLEDA mobile App has proved very popular, registered by more than 2.85 million users at the end of 2022.



Medium and Corporate Businesses

In this products category in 2022, Cash management increased substantially through our arrangement with the public sector, particularly the Social Security Fund, government payroll direct deposits, and vehicle stamp tax collection. Demand for payroll services were particularly strong in 2022 with a number of organisations signed up, including entities in the public sector, and local and international companies. They provided excellent opportunities for cross selling of other products.

In addition, the best services offer with nationwide networks of the Bank have highly attracted and engaged the medium and corporate business entities to prioritize the Bank as the first coordinator for financial management and sources of their business operations and settlement. These multiple services have also had the significant positive impact on the Bank's local currency cash flow and have enabled the Bank to entirely fund its local Khmer Riel currency loan portfolio. Meanwhile, the medium and corporate loans outstanding further grew by 17.87% compared to 2021 and accounted for 39.04% of the total loans outstanding.

Furthermore, the Bank and its subsidiaries continued to collaborate with their long-term, experienced, and strategic partners. These entities assist our mutual common customers to manage their financial resources effectively and efficiently. At the same time, this collaboration helped boost revenue while enhancing long-term sources of funds for the Bank. These partnerships significantly contributed to the Bank's long-term funding. The joint efforts also provided a useful source of off-balance sheet revenue, while enhancing the international expertise of the Bank's management and staffs.

Treasury and International

The Bank is a leading bank in offering Foreign Exchange (FX) service to all sectors and the public at large. Earnings from this type of service continued to grow and made a valuable contribution to our non-interest income. Based on its risk management policy, the Bank does not take positions for speculative trading, on its FX business. It is created to support customers' businesses only. It is a low risk that the Bank is able to manage its open position at a certain prudent ratio to comply with both internal and regulatory limit. It is considered as a stable source of income, which has grown consistently over time, producing good margins, and helped to build up long-standing relationships with customers and partners.

The Bank's balance sheet was strengthened and supported by robust inflows of customer deposits and long-term borrowings to support a healthy loan growth during the year, which provided a solid financial structure to support the overwhelming growth of Bank's business and market operations.

The Bank contributed to the promotion of the use of Khmer Riel (KHR) by providing local currency loans to customers, amounting to more than 14% of its total loan portfolios, exceeding the regulatory requirement of 10%.

To support its long-term sources of funding, the Bank diversified its funding options by maintaining and gradually expanding good relationships with its strategic partners globally, especially in Europe, the USA and Asia.

The Bank continued to strengthen relationships with other financial institutions and review our substantial international correspondent networks during the year. At the end of 2022, the Bank had 262 correspondent banks residing in 45 countries. In addition, the Bank has a dominant market share in terms of accounts from local banks and financial institutions, and we provide fund-transfer services to them throughout the country.

The Bank managed to comply with all of its internal risk policies, regulatory requirements, and lenders' prudent covenants.



Strategic Priorities for 2023

1. Prioritize Mobile and Maximize Digitalization, including National Payment Hub (NPH), Partners and ASEAN Payment Network Integration and Global Collaboration.
2. Human Resource Digital Transformation and Employees Welfare for Long-term Sustainable Growth with Multi-expertise and Digital Workplace.
3. Minimization of Workflow Process by Using Digital Files-Documents through Digital Platform for Financial Products and Services.
4. Remodelling the Physical Branch Offices and Branding Strategy to Build ACLEDA Community.
5. Data Lakehouse for real-time processing of streaming data, algorithmic analysis and AI engine development aiming to achieve smart marketing, useful insight, successful product development, early fraudulent activity detection and superior customer services.
6. Build a first-class IT services to support the Bank business strategies while protecting information assets with the best and latest technologies.
7. Strengthen the Position as a Leading Listed Company on the Cambodia Securities Exchange (CSX) for Both Debt and Equity Securities.
8. Ensure that ACLEDA Bank Plc's subsidiaries form an integral part of digital banking and their services.
9. Inclusive Partnerships with Potential Institutions for Business Growth.
10. Environmental, Social and Governance (ESG) Assessment, Framework of Guidelines and Commit to the Concept of Triple Bottom Line (People, Planet, Profit).

The Challenges for 2023

The Bank, as a listed company, is accountable to two regulators: the NBC and the SERC. It is also accountable to the public at large and to individual investors. Over its history, the Bank has created trust from its good corporate governance, the rich experience of our management team, and a culture of transparency.

Digital infrastructure and FinTech products narrow the gap of finance and financial service access. These will eliminate distances within the financial market and enable customers to make choices between banks and financial institutions irrespective of their location. They will also stimulate strong competition in both service quality and pricing. "ACLEDA mobile" was fully upgraded. The look and feel is appealing to all ages. It has been built with customers' experiences and user-friendliness in mind. Moreover, it is highly secure and downloadable at any spot where there is Wi-Fi or internet available, providing a mechanism to place the Bank ahead of the competition.

Year 2023 still faces some challenges, but Cambodia is in a far more economically positive place with ongoing infrastructure development and healthier sector outlooks, fuelled by the Regional Comprehensive Economic Partnership (RCEP), relevant Free Trade Agreement (FTA), and China's relax travel restrictions to be announced. The publics see the importance of the first SEA Games and the 12th ASEAN Para Games to be hosted by Cambodia in May and June 2023 respectively.

Due to rising global demand, foreign investors' confidence, and a full reopening of Cambodia's borders, the Kingdom was anticipated to see uphill economic growth in 2023. However, COVID-19 variant(s) pandemic still affect some parts of the world, but less engender public fears. The slowdown of China's economy amid the impact of Zero-Covid-19 policy which was announced to be relax travel restriction in early 2023 – a potentially vital economic step for the region. Inflation in 2023 could face uncertainty due to the protracted Russia-Ukraine war and global economic variability. Given the slowdown in the global economy with slowing food prices, inflation in Cambodia is projected at downward trend.

To all our customers, my colleagues on the Board of Directors, management and staff, stakeholders, the Royal Government, the NBC, and the SERC, I offer my sincerest thanks for your support in 2022 and in anticipation of a happy and prosperous 2023.

Dr. In Channy

***President & Group Managing Director,
ACLEDA Bank Plc.***

22 March 2023



ABBREVIATIONS

Abbreviations	Expansion
ACLEDA Bank/ the Bank	ACLEDA Bank Plc.
the Group	ACLEDA Bank Plc. and its Subsidiaries
ABC	Association of Banks in Cambodia
ABL	ACLEDA Bank Lao Ltd.
ACLEDA	Association of Cambodian Local Economic Development Agencies
ACS	ACLEDA Securities Plc.
AFT	ACLEDA Financial Trust
AGM	Annual General Meeting of the Shareholders
AIB	ACLEDA Institute of Business (previously ACLEDA Training Center Ltd.)
AMM	ACLEDA MFI Myanmar Co., Ltd.
BACO	Board Audit Committee
BRENCO	Board Remuneration and Nomination Committee
BRIC	Board Risk and IT Committee
CIFRS	Cambodian International Financial Reporting Standards
CSX	Cambodia Securities Exchange
EDF	Entrepreneurship Development Fund
EGM	Extraordinary General Meeting of the Shareholders
FIPED	Financial Institutions for Private Enterprise Development
GAICD	Graduate of the Australian Institute of Company Directors
Head of COD	Head of Compliance Division
IBF	Institute of Banking and Finance
MAOA	Memorandum and Articles of Association
MCC	Management Credit Committee
MoC	Ministry of Commerce
NBC	National Bank of Cambodia
President & GMD	President & Group Managing Director
Senior GCIAO/GCIAO	Senior Group Chief Internal Audit Officer/ Group Chief Internal Audit Officer
SERC	Securities and Exchange Regulator of Cambodia (previously known as the Securities and Exchange Commission of Cambodia "SECC")
SMBC	Sumitomo Mitsui Banking Corporation (previously Sumitomo Bank)
SSA	Subscription and Shareholders' Agreement



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PART 1

GENERAL INFORMATION OF ACLEDA BANK



A. IDENTITY OF ACLEDA BANK

Entity Name in Khmer	ធនាគារ អេស៊ីលីដា ភីអិលស៊ី
In Latin	ACLEDA Bank Plc.
Standard Code	KH1000100003
Address	#61, Preah Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia
Phone number	+855 (0)23 998 777 / 430 999
Fax	+855 (0)23 430 555
Website	www.acledabank.com.kh
Email	acledabank@acledabank.com.kh
Company registration number	00003077 dated 05 June 2000, issued by MoC
License number	06 dated 28 November 2006, issued by NBC
Disclosure Document registration number	053/20 SECC/SSR dated 19 March 2020, issued by Securities and Exchange Committee of Cambodia (Currently known as the Securities and Exchange Regulator of Cambodia "SERC")
Representative of ACLEDA Bank Plc.	Dr. In Channy

B. NATURE OF BUSINESS

ACLEDA Bank Plc. is a commercial bank with the largest branch and office network in the Kingdom of Cambodia. It has listed on the CSX since May 25th, 2020. Currently, it has 4 subsidiaries: **ABL**, **ACS**, **AIB** and **AMM** and 1 representative office in Myanmar.



C. GROUP STRUCTURE OF ACLEDA BANK

No	Company name	Type of relation	Percentage of share holding	Core business	Company registration date	Business address
1	ABL	Subsidiary	ACLEDA Bank holding 99.90% and AIB holding 0.10%	Operate as a Commercial Bank, through-out the Lao PDR, providing banking and financial services	19 June 2008	#398, Corner of Dongpalane and Dongpaina Road, Unit 20, PhonesavanhNeua Village, Sisattanak District, Vientiane Capital Lao PDR.
2	ACS	Subsidiary	ACLEDA Bank holding 100%	Operate as a brokerage, providing as a brokerage business and also has other business activities	01 March 2010	5 th floor ACLEDA Building #61, Preah Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.
3	AIB	Subsidiary	ACLEDA Bank holding 76.6090% and ACLEDA Financial Trust holding 23.3910%	Operate as educational services	08 June 2011	#1397, Phnom Penh-Hanoi Friendship Blvd., Phum Anlong Kngan, Sangkat khmuonh, Khan Saensokh, Phnom Penh, Kingdom of Cambodia.
4	AMM	Subsidiary	ACLEDA Bank holding 100%	Operate as a deposit taking MFI, providing lending and microfinance services	06 September 2012	# 186(B) Shwe Gone Taing Road, Yae Tar Shae Block, Bahan Township, Yangon Myanmar.
5	Representative Office of ACLEDA Bank	Rep-Office	ACLEDA Bank holding 100%	Advertising ACLEDA Bank's product and services	06 May 2016	# 186(B) Shwe Gone Taing Road, Yae Tar Shae Block, Bahan Township, Yangon Myanmar.



D. ACLEDA BANK'S MILESTONES

- During 2022, ACLEDA Bank is expanding its self-automation banking services as part of its focus on digitalization in Cambodia. Through this expansion, it reduces the need for additional staff at the counter, which will allow our existing staffs to be more productive. To meet better serve customer needs, the Bank changed its mobile application interface to enhance its capabilities with the latest developments in global financial technology. With the new ACLEDA mobile interface provides convenient, fast and highly secure banking transactions. It also reduces costs and saves customers time since they no longer need to physically go to a branch to conduct most of their transactions. Having the ACLEDA mobile seems we have the mini bank in our hands. Moreover, ACLEDA Bank had developed, enhanced, and launched many new functions in ACLEDA mobile App as listed below:
 - Get instant loan approval;
 - Open bank account and term deposit;
 - Create virtual card;
 - Pay tax for property and all types of vehicles;
 - Download summary account statement;
 - Download loan schedule;
 - Repay loan of other financial institutions;
 - Receive payments notification;
 - Pay insurance premium;
 - Restore Bakong's account;
 - Customize Bank account's name;
 - Add purpose of own account fund transfer;
 - Notification alert to keep balance for loan against term deposit repayment;
 - Rating on the use of ACLEDA mobile Banking;
 - Pay bill for PSP's agent; etc.
 - Shopping on ACLEDA Mobile (ACLEDA E-shop)
 - Set and Change new PIN
 - Link and Fund transfer to trading account
 - Received money via Pay Me
 - Payment via QR code (KHQR, QR Cross Border)
 - Send and received money worldwide in minutes via MoneyGram, Western Union, and Thunes; etc.

For further details of each function above, please visit the link: <https://www.acledabank.com.kh/qr/toanchet>

- On 19 January 2022, the Bank celebrated the 30-year Anniversary in Battambang Province. After building a strong legacy for the past 30 years, ACLEDA Bank is ready for the future and will continue to lay the foundation to be more robust to provide a wider range of banking solutions to meet changing customer financial needs in Cambodia. Dr. In Channy, President & GMD of ACLEDA Bank stated that "For the next 30 years, ACLEDA Bank will be seen as the digital bank with sophisticated Data Lakehouse".
- On 24 January 2022, the Bank received the certificate of Compliance in compliance with requirements of Payment Card Industry Data Security Standard (PCI DSS) Version 3.2.1 from Control Case LLC, the famous and International Qualified Security Assessor (QSA) based in the United State of America.
- On 24 January 2022, the Bank received the Award of Recognition (10th Annual Trade Awards) on the Best Bank Partner for SMEs in East Asia and the Pacific from IFC.
- On 28 March 2022, the Bank received the Certificate of Appreciation from the CRC for a contribution of KHR800 Million on their 159th anniversary of the World Red Cross and Red Crescent Day on 08 May 2022 under the theme "Together with the CRC to solve challenges and continue to strengthen community resilience".
- On 29 March 2022, the Bank signed the Memorandum of Understanding (MoU) with Agricultural and Rural Development Bank (ARDB) on cooperation on the implementation of credit schemes to support the expansion of fruit and vegetable cultivation, animal husbandry, aquaculture, and processing of agriculture products, as well as providing loans to support actors in production chain in the field of Pailin Longan, mango, and cashew nut highly presided by H.E. Dr. Kao Thach, Delegate of Royal Government in charge as CEO of ARDB, and Dr. In Channy, President & GMD of ACLEDA Bank Plc. Dr. In Channy said that ACLEDA Bank was "very proud to support the SME Co-Financing Scheme (SCFS) to strengthen the agriculture sector by promoting stability in the supply chain and spurring economic growth after the COVID-19 crisis".



- On 25 April 2022, the Cambodia-Japan Business Matching jointly hosted by both ACLEDA Bank and Japan-Cambodia Association (JCA) at ACLEDA Bank Headquarters. There were 24 Japanese companies attended the business matching. This important event could potentially attract more investments into different sectors, bring technical knowhow, and more employment opportunities into Cambodia.
- On 10 May 2022, the Bank received the letter of appreciation from Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia that the Bank contributed to pay taxes, the 5th largest among all taxpayers in 2021.
- On 12 May 2022, the Bank celebrated the Handover Ceremony of Certificate of Acknowledgement of the Custodian Agent in Security Sector from the SERC that enables the Bank to become the first commercial bank in Cambodia to provide custodian services in the securities sector.
- On 16 May 2022, the Bank obtained three awards from the CSX, which are the Most Traded Stocks of 2021 Award, the Most Popular Stock on Main Board Award, and the Best Corporate Governance Award.
- On 27 May 2022, Japan International Cooperation Agency (JICA) and SMBC Singapore Branch signed USD135 million facility agreement with ACLEDA Bank for further lending to the agriculture sector in Cambodia. Definitely, it does contribute to promote agriculture production and socio-economic development.
- On 14 June 2022, the Bank obtained a Registration Certificate of Custodian Agent for providing the custodian services in the securities sector from the Trust Regulator.
- On 15 June 2022, the Bank collaborated with MoneyGram International, Inc. ("MoneyGram"), a global leader in the evolution of digital P2P payments. Through this partnership, customers can now use the ACLEDA mobile app – powered by MoneyGram's global payment rails and near real time capabilities – to send and received money to more than 200 countries and territories around the world.
- On 16 June 2022, the Bank signed the Memorandum of Understanding (MoU) with SME Bank of Cambodia on the implementation of the Co-Financing Scheme to Support and Boost the Recovery of Tourism Sector. This scheme aims to provide financing to tourism business owners including hotel, guesthouse, restaurant, food and beverage supplies, and other supply of products/services that support the tourism sector who needs loan to support their business reopening, improvement, and expansion.
- On 23 June 2022, the Bank launched Western Union cross-order money transfers through ACLEDA mobile, enabling customers to benefits from Western Union's vast network spanning across 200 countries and territories. Customers using ACLEDA mobile can now transfer money from/to overseas at any time. They can send money transfers for cash pick up in over 200 countries and territories.
- On 21 July 2022, the Bank conducted Agriculture Business-Matching Meeting at ACLEDA Bank Headquarters which participated by local and foreign investors in order to build up extensive business networking and opportunity to invest in agriculture sector in Cambodia.
- On 12 August 2022, the Bank and SMBC celebrated the 10th anniversary of Strategic Partnership at ACLEDA Bank Headquarters. During these 10 years, SMBC has provided their supports to the Bank at all levels of management, Board, and Shareholders as well as provided direct training to employees of the Bank, and moreover organized and facilitated the field visits and training on Electronic Banking Service and digital Banking for technical team of the Bank at digital banks in the region.
- On 15 August 2022, the Bank obtained an approval from Trust Regulator (TR) as a trust operator to provide the escrow services in trust sector for operations of public trust, financial trust, commercial trust, social trust, and personal trust. This is a service of ACLEDA Bank to provide the escrow services in trust sector to the trust sector and public who intend to use the escrow services in trust sector with high security, professional, and effectiveness.
- On 16 August 2022, the SERC conducted a training course on fostering pushing awareness in the securities sector to the management and staff of ACLEDA Bank.
- On 16 August 2022, the Bank launched the second book "Beyond Borders, Beyond Banking", indicating the ACLEDA Bank Story from 2005-2019, at AIB. There were many representatives from both public and private institutions and the book author, Ms. Heather Clark.
- On 19 August 2022, the SERC approved in principle for operating government securities to the Bank, a custodian agent in the securities sector. This principle approval is enable the Bank to run its business operation as a government securities broker for government securities investors who are non-banking and financial institutions.
- On 26 August 2022, a business matching event entitles "Let's talk with successful businessperson in Cambodia" was jointly hosted by both ACLEDA Bank and Japanese Business Association of Cambodia (JBAC) at ACLEDA Bank Headquarters. There were more than 50 Japanese companies gathered to open a forum to discuss key economic potentials and encourage other Japanese investors to invest in Cambodia. In this meeting, Japanese investors have the opportunity to meet each other and find investment opportunities in Cambodia to grow together.



- On 01 September 2022, the NBC has selected ACLEDA Bank as the Sponsoring Bank for KHR cross-border payments via QR Code with ASEAN neighboring countries including Vietnam and Lao PDR. This is in addition to KHR cross-border payment via QR code in Thailand, which launched in February 2020, in order to promote the wide use of KHR for settlement in ASEAN region and financial inclusion in line with integration of ASEAN Economic Community (AEC).
- On 12 September 2022, Dr. IN Channy, President & GMD of ACLEDA Bank Plc., is named as the winner of ASEAN Outstanding Distinguished Business Leader Lifetime Achievement Award from the strategic Institute for Asia Pacific during the 2022 ASEAN Leadership and Partnership Forum on 11 and 12 September 2022 in Phnom Penh. This limited edition Award to be conferred to not more than 20 recipients from the 10 ASEAN countries. The Award conferment recognizes business leadership, entrepreneurial excellence and contribution to the banking and financial industry in Cambodia and to ASEAN in general.
- On 19 September 2022, the Bank received the Certificate of Appreciation from Global SME Finance Forum for organizing a study visit for the attendees of the Global SME Finance Forum 2022. ACLEDA Bank's management led by Dr. In Channy, President & GMD of ACLEDA Bank Plc. warmly welcomed the delegates of the Global SME Finance for visiting at ACLEDA Bank Headquarters to get insight into the development of SME, banking sector, especially the Bank and its contribution to national economy and SMEs sustainable growth.
- On 20 September 2022, the Bank received the Certificate of Appreciation from SME Finance Forum for sponsorship the Global SME Finance Forum 2022. The main causes of the bank's sponsor for Global SME Finance Forum is (1) to promote the partners for financial inclusion in line with the core mission of ACLEDA Bank and (2) the agenda of the 9th Global SME Finance Forum is "Harnessing Digitalization for Sustainable and Inclusive SME Finance" in light of the digital transformation journey of the Bank.
- On 20 September 2022, the Bank received the "Global SME Finance Award 2022 as SME financier of the Year" during the 9th Global SME Finance Forum 2022 organized by the IFC and co-hosted by the NBC that aims to expand access to finance for SMEs globally. The Bank is so proud and honored to received this award. It represents that the Bank has made a sustained commitment to serving the SME sectors in Cambodia.
- On 21 September 2022, the Bank received the "Best Bank Partner for SME's in EAP Award" from the IFC. The Bank is so proud and honored to received this award since the Bank has worked closely with SMEs and provided them a wide range of financial products, in particular a convenient and safe EBS and digital services to meet their needs. Moreover, the Bank has mostly financed SMEs to take part in sustainable development of SMEs at large.
- On 27 September 2022, the Bank received the "Gold" Certificate of Tax Compliance validity for a 2-year period (2022 and 2023) from the General Department of Taxation for complying with applicable laws and regulations on tax payment.
- On 30 September 2022, the Bank received the "Data Innovation Leader Award" from Credit Bureau Cambodia (CBC) at the 10th Anniversary of CBC. The Bank is so proud and honored to receive this award since the Bank is the leading data innovation in banking and financial sector, in particular effectively delivering the credit reporting in Cambodia.
- On 25 October 2022, the International Ratings Agency — Standard & Poor's (S&P) Global Ratings has maintained the Credit Ratings of the Bank at "B+/Stable/B". This stable rating outlook reflects that the Bank maintains its financial profile over the next 12 months, with sufficient buffers for the economic impact from COVID-19 and macroeconomic hurdles.
- On 27 October 2022, the Bank received the Certificate of Appreciation from the National Committee for Disaster Management that the Bank contributed to support rescue equipment on the water. It represents that the Bank has contributed to the National Committee for Disaster Management to help protect and rescue people and victims, which is valuable within the framework of humanity and solidarity.
- On 09 November 2022, the Bank received the "Skill Development Award of the ASEAN Business Award 2022" during the ASEAN Business and Investment Summit 2022, since it has taken a major part in the development of human resources and skills, as well as the substantial contributions to the education sectors in Cambodia and in the region. The Bank has offered academic programs to students in the fields of banking and finance and provided professional training in banking and finance to trainees from both local and overseas.
- On 21 November 2022, the Bank has obtained approval from the NBC for green bond issuance to qualified investors. The Bank is continuing to fulfil the requirements of the SERC and CSX. The issuance of green bonds takes part and in line with the government's goal in reducing carbon emissions, environmental impacts, and strengthen the securities sector in Cambodia.
- On 25 November 2022, the Bank received the Certificate of Appreciation from the Ministry of Education, Youth and Sport ("MoEYS") for its support the "21st Century Youth Work Competition" under the theme "STEM and use in the environment" in 2022.
- On 06 December 2022, the Bank received the Certificate of Appreciation from Ministry of Economy and Finance ("MoEF") for its participation in the implementation of the "Small and Medium Enterprise Co-Financing Scheme" with Small and Medium Enterprise Bank of Cambodia Plc. ("SME Bank"). It represents the contribution of economic development in accordance with the policy of the Royal Government of Cambodia.



- On 06 December 2022, the Bank received the Certificate of Appreciation from Techo Startup Center for a sponsor of the “Reverse Innovation Cohort 2” organized by MoEF and Techo Startup Center. It represents that the Bank pays attention to contributing to the development of the technology sector through the continuous improvement of its innovation programs.
- On 07 December 2022, the Bank signed an agreement with the SERC on Usage of Electronic Payment Services for Payment on Online Investor Identification Number (ID). Through this agreement, investors can make an online payment for Investor ID such as X-Pay (ACLEDA Bank Plc. Local Payment Gateway) or ACLEDA mobile (Deep-Link), or MPGS (Payment Gateways for international cards such as VISA, Mastercard, Diners, JCB, and UPI Card) for the convenience and safety.
- On 15 December 2022, the Bank opened its 264th new branch, AEON MEAN CHEY Branch, in AEON MALL Mean Chey. This branch is set up to extend its banking service hours to customers the same as SOTHEAROS and SAENSOKH (AEON MALL) Branches for 7 days a week from 9:00 to 19:00 adding to its existing branches and self-service banking in Phnom Penh.
- On 28 December 2022, the Ministry of Civil Service, co-hosted by ACLEDA Bank and other two commercial banks, officially launched a “Smart ID Card” for civil servants. This event underscored the progress of public administration reform by taking part in the implementation of the Cambodia digital government policies and contributing to the ongoing development of the society. ACLEDA Bank has been chosen and authorized by the Ministry of Civil Service to print and provide to the country’s civil servants the new Smart ID cards, which can be used as both an official identity card and ATM card to deposit or withdraw salaries from bank partners as well as other necessary means.

E. MARKET SITUATION

As of December 2022, ACLEDA Bank’s still maintain market share around 16.13% and 13.61% respectively for both deposits and loans. According to the reopened of the country and all the sector of business in Cambodia for 2022, ACLEDA Bank Plc. continue to progress in deposits service by achieving as accumulation 551,356 accounts with increasing on total deposits balance approximately KHR2.84 trillion or equal to USD689.4 million while the credit service also progress by achieving as accumulation 54,339 accounts with increasing on total loan outstanding around KHR4.17 trillion or equal to USD1,103.06 million if compared to 2021.

As for the price situation for banking institutions, the average loan interest rate in KHR and USD has also increased by 12.93% and 13.18%, respectively, compared to the previous year (2021) 12.48% and 10.68% respectively while the interest rate on US dollar loans increased slightly from 14.80% last year (2021) to 14.94%, while the microfinance sector decreased slightly from 16.74% last year (2021) to 16.72% while the loan interest rate in US dollars increased slightly from 14.80% last year (2021) to 14.94%. Deposit rates in the banking sector increased by KHR and USD currency 7.11% and 5.64% respectively slightly higher than the previous year (6.16% and 4.74% in 2021), while the microfinance sector increased to 7.52% and 7.41%, respectively, compared to 7.19% and 7% respectively in 2021. ⁽¹⁾

F. COMPETITIVE SITUATION

The banks and microfinance institutions continues to grow remarkably. As of December 2022, there were 59 commercial banks (27 local incorporated banks, 18 subsidiary banks, and 14 foreign branch banks), 09 specialized banks (04 locally Incorporated and 05 foreign Banks), 87 microfinance institutions (05 MDI, and 82 MFI), 16 leasing companies, 6 Representative Offices of Foreign Banks in Cambodia, 34 payment service providers, and 224 rural credit operator. (Source: NBC Report, CMA Report, and Actually Updated)

At the same time, consumer loans increased by 20.2% (21.2% last year) to KHR229.5 trillion (USD56.1 billion) of which banking sector increased by 19.3% to KHR188.1 trillion (USD46 billion) with a total of 1.5 million accounts, microfinance sector grew by 24.7% to KHR39.7 trillion (USD9.7 billion) with 2.1 million accounts, financial leasing sector increased by 13.2% to KHR1.8 trillion (USD442.8 million) with 92,547 accounts and rural credit institutions provided loan total of KHR244.1 billion (USD 59.3 million) in loans with 77,093 accounts. For consumer deposits increased 11.3% (15.4% last year) to KHR178.5 trillion (USD22.6 billion), Banking sector, deposits increased 9.9% to KHR157.9 trillion (USD38.6 billion) and 11.7 million accounts and microfinance sector mobilized KHR20.7 trillion (USD5.1 billion, an increase of 21.2%) with 2.6 million accounts. ⁽¹⁾

The customers, market, price and competition situation in the banking sector has been changed significantly, but ACLEDA Bank continues to maintain a competitive advantage in all products-services, operating network, source of fund, and technical resources, and continues to grow well. As of December 2022, ACLEDA Bank’s loans increased by 12.72% (greater than 2021 which was 2.31%) and 19.31% (lower than 2021 which was 21.56%) for both number of loan and total loan outstanding if compared to 2021, in accordance with ACLEDA Bank’s deposits increased by 18.66% and 12.45% for both number of account and total deposit balance higher than that growth in 2021 which was individually 13.14% and 24.54%.



G. FUTURE PLAN

ACLEDA Bank plans to keep on improving and making its digital service to be more easily for customer usage by continuing to innovate new products and services and continuing to update all existing digital product and services. Additionally, ACLEDA Bank plans to reduce the number of physical branches that use a lot of people but replaced by establishing the Banking Self Service, equipped with machines and enable customer do transaction 24/7, around Phnom Penh and provinces.

H. RISK FACTORS

1. Analyst

ACLEDA Bank's business, operating results, financial position and future status depend on the global and national macroeconomic situation. The significant risks and challenges are: 1) the impact of the COVID-19 pandemic; 2) the Russia-Ukraine war impacting the economy plus the rise of inflation and interest rates affecting foreign investment; 3) declining global market demand; 4) supply chain disruptions 5) slowing growth in construction and real estate sector; 6) geopolitical tensions; and 7) the uncertainty of climate change (floods and droughts and other disasters). The material risk factors related to ACLEDA Bank's business are as follows:

1-1 Credit Risk

Credit clients or counterparties failing to meet their repayment obligations would have a material impact on the Bank's profitability and future prospects. The COVID-19 pandemic has caused the customers drop their profits or get impact to their businesses leading to the impact on their ability to fulfil the loan repayment obligation to the Bank, causing an increase in non-performing loans. Moreover, the end of loan restructuring measures and classification and provisioning requirement on restructured loans clients would negatively affect the Bank's profitability.

1-2 Liquidity Risk

ACLEDA Bank ensures to have sufficient capital and liquidity to fund its business operations as the lack of liquidity is a risk that may have a material impact on the Bank's business growth and operating results. The constant rise of benchmark interest rates in the international markets, increasing interest rates in the banking sector, the impact of the COVID-19 pandemic, the listing of Cambodia as one of high-risk countries of anti-money laundering and terrorist financing, and other complaints could affect the outflow of funds, capital costs and liquidity of Banks in the medium term.

2. Management opinion and Risk mitigation

However, the Bank's management believes that these risk factors can be effectively managed and mitigated as well as turn into the opportunities:

2-1 Credit Risk Management Measures

- Cautiously implement the National Bank of Cambodia's circulars, particularly, the classification and provisioning requirement on restructured loans, which aims for minimizing credit risks to ensure the financial stability and support the recovery of economic activities.
- Strengthen and enhance capacity of the governance, policies, procedures, internal control related to credit assessment and review to ensure that loans provided to customers are well assessed on sources of income, cash flow, repayment capacity, and environmental and social impact with the aim of assuring that credit risks and losses are minimized.
- Gently solve the loan problem caused by the impacts from COVID-19 based on the real circumstances with the encouragement to credit officers to contact and solve the loan problem with clients professionally.

2-2 Liquidity Risk Management Measures

- Introduced risk management measures to mitigate the liquidity risk and ensure the business continuity by maintaining the high level of fund to support business growth and to respond to the unprecedented events in timely.
- Continuously seek for sources of fund by maintaining good relation and signing agreements with potential lenders, partners and clients, and diversifying sources of fund through the issuance of green bonds and green loans that support environmental and social protection to ensure a sustainable business operations.

Reference:

(1) https://www.nbc.org.kh/download_files/publication/annual_rep_kh/Annual%20Report%202022%20Publish_KHM.pdf



PART 2

INFORMATION ON BUSINESS OPERATION PERFORMANCE



A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

As of December 2022, the sale and revenue of the Bank and its subsidiaries had performed well. The main keys performance are as follows:

Key Performance	Actual Data		
	2022	2021	2020
LOAN			
Number of Loan	591,494	541,184	555,323
Total Loan Outstanding (Million KHR)	26,437,928	22,116,013	18,229,372
DEPOSIT			
Number of Account	3,865,749	3,298,382	2,894,907
Deposit Balance (Million KHR)	26,303,475	23,287,064	18,652,690
E-Banking Product/Channel			
ATM CARD			
Number of Card	1,799,909	1,585,449	1,396,778
Number of Txn	21,058,609	19,448,837	19,768,223
Value of Txn (Million KHR)	18,683,335	16,173,990	13,775,918
ACLEDA Mobile			
Number of Register	2,845,886	2,278,220	1,782,814
Number of Txn	148,799,661	78,726,895	48,749,599
Value of Txn (Million KHR)	206,660,262	115,242,638	59,211,279
INTERNET BANKING			
Number of User	22,164	13,557	11,679
Number of Txn	2,318,789	1,466,822	886,990
Value of Txn (Million KHR)	26,158,705	19,799,864	11,285,948
E-COMMERCE			
Number of partners	73	59	51
Number of Txn	3,619,936	3,215,207	447,929
Value of Txn (Million KHR)	1,804,136	1,206,529	360,000
ATM & CRM Terminal			
Number of Terminal	1,114	901	757
Number of Txn	35,298,214	27,129,252	26,572,771
Value of Txn (Million KHR)	39,160,976	26,477,341	20,018,432



Key Performance	Actual Data		
	2022	2021	2020
TDM Terminal			
Number of Terminal	26	26	14
Number of Txn	1,487	4,120	1,907
Value of Txn (Million KHR)	111,134	343,158	180,292
VTM Terminal			
Number of Terminal	43	25	-
Number of Txn	43,089	34,092	-
Value of Txn (Million KHR)	16	70	-
CBD Terminal			
Number of Terminal	17	14	19
Number of Txn	75,020	94,713	121,198
Value of Txn (Million KHR)	571,098	555,257	830,408
POS Machine			
Number of Machine	4,358	4,462	4,287
Number of Txn	2,159,175	2,033,283	2,457,626
Value of Txn (Million KHR)	591,603	479,613	657,506
QR Merchant			
Number of merchants	239,751	125,309	63,714
Number of Txn	16,459,377	3,194,443	1,842,913
Value of Txn (Million KHR)	7,777,491	638,240	186,691
ACLEDA E-shop			
N° of E-Shop	4	1	-
Number of Txn	18	286	-
Value of Txn (KHR)	0.39	7	-
ACLEDA Virtual Cards			
Number of Virtual Cards	8,898	3,684	-
Number of Txn	34,907	2,491	-
Value of Txn (Million KHR)	3,018	161	-



Key Performance	Actual Data		
	2022	2021	2020
i-bank Payband			
N° of Issued i-bank Payband	4,960	-	-
Number of Txn	18,742	-	-
Value of Txn (Million KHR)	31,762	-	-
NETWORK OPERATIONS AND STAFFS			
ACLEDA Bank			
Number of Branch Operation	264	262	263
Number of Self Service Banking	125	73	37
Number of Staff	12,083	12,081	12,013
SUBSIDIARIES (LOCAL & OVERSEAS)			
Number of branch Office	56	57	56
Number of Staff	1,499	1,593	1,691

B. REVENUE STRUCTURE

Source of Revenue (in KHR million)	2022		2021		2020	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Interest Income	2,741,369	90.18%	2,334,217	90.12%	2,100,040	88.93%
Fee and commission Income	193,949	6.38%	174,665	6.74%	186,625	7.90%
Other Income, net	104,720	3.44%	81,204	3.14%	74,818	3.17%
TOTAL REVENUE	3,040,038	100%	2,590,086	100%	2,361,483	100%

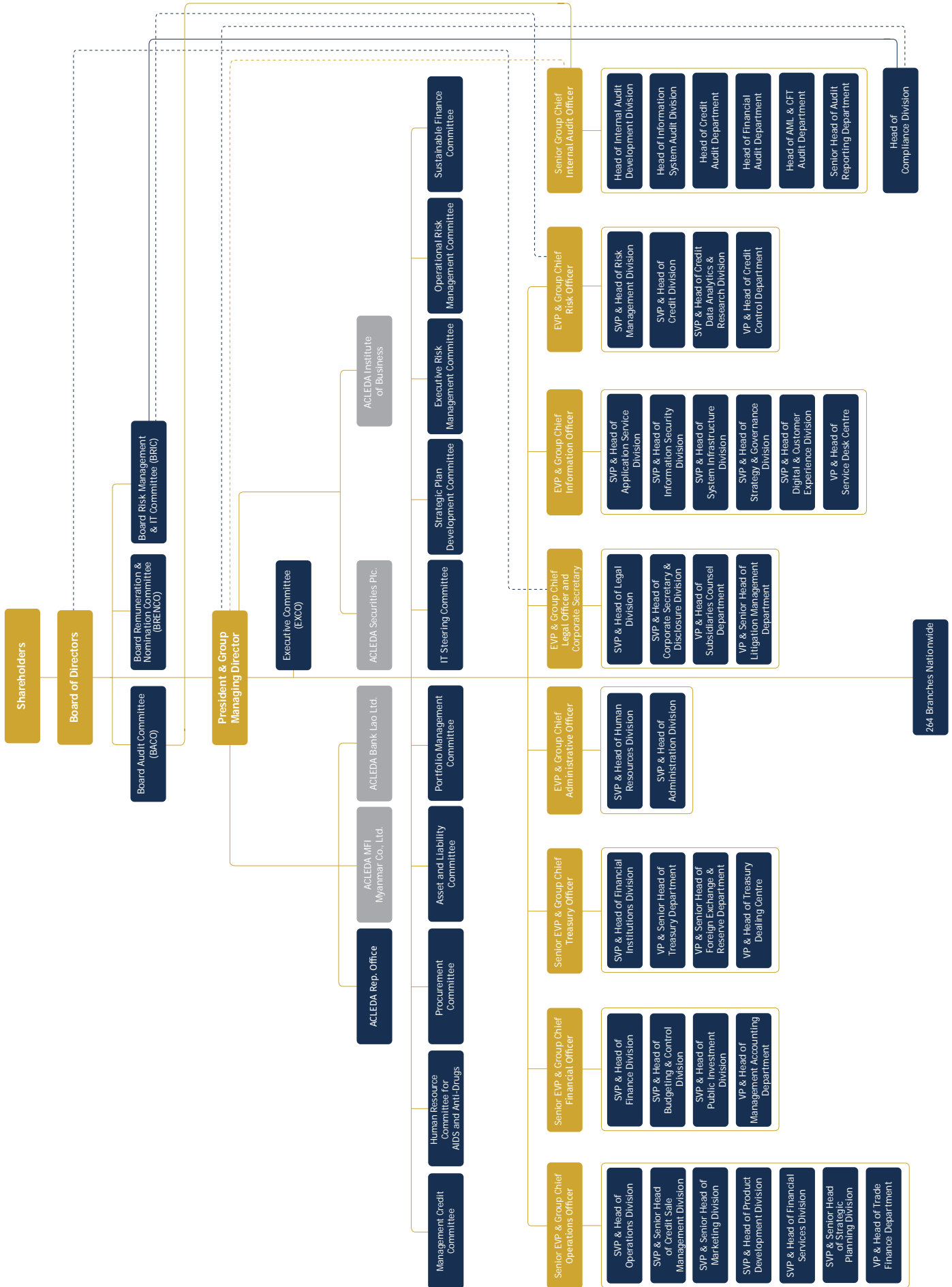


PART 3

INFORMATION ON CORPORATE GOVERNANCE



A. ORGANIZATION STRUCTURE





B. BOARD OF DIRECTORS

Board Composition

No	Name	Position	Date of term being Director	Expired Date of being Director
1	Mr. Chhay Soeun	Chairman	18 August 2014	18 August 2023
2	Dr. In Channy	Executive Director	18 August 2014	18 August 2023
3	Mr. Rath Yumeng	Executive Director	18 August 2014	11 January 2023
4	Drs. Pieter Kooi	Independent Director	12 January 2004	12 January 2025
5	Mr. Van Sou Ieng	Independent Director	02 September 2020	02 September 2023
6	Ms. Phurik Ratana	Independent Director	08 November 2021	08 November 2024
7	Mr. Stéphane MANGIAVACCA	Non-Executive Director	22 April 2020	21 August 2024
8	Mr. Kyosuke Hattori	Non-Executive Director	08 November 2021	06 December 2025
9	Dr. Albertus Bruggink	Non-Executive Director	12 May 2021	10 January 2025
10	Mr. Kay Lot	Non-Executive Director	12 May 2021	12 May 2024

Corporate Secretary Name: Mrs. Buth Bunseyha, Mr. Yin Virak, Mr. Sen Sokla, Mrs. Tep Sarchenda

C. EXECUTIVE MANAGEMENT

No	Name	Gender	Position
1	Dr. In Channy	M	President & Group Managing Director
2	Dr. So Phonnary	F	Senior Executive Vice President & Group Chief Operations Officer
3	Mrs. Mar Amara	F	Senior Executive Vice President & Group Chief Financial Officer
4	Mr. Rath Yumeng	M	Senior Executive Vice President & Group Chief Treasury Officer
5	Mr. Ly Thay	M	Executive Vice President & Group Chief Administrative Officer
6	Mrs. Buth Bunseyha	F	Executive Vice President & Group Chief Legal Officer and Corporate Secretary
7	Mr. Mach Theary	M	Executive Vice President & Group Chief Information Officer
8	Dr. Loeung Sopheap	M	Executive Vice President & Group Chief Risk Officer

Note: Detailed information of the corporate governance, please see the attached appendix.



PART 4

INFORMATION ON SECURITIES' TRADING AND SHAREHOLDERS OF ACLEDA BANK



A. INFORMATION ON SECURITIES

1. Information on Equity Securities (for equity listed entity)

Information	Description
Name of equity securities	ACLEDA Bank Plc.
Equity securities' symbol	ABC
Class of equity securities	Common Share
Par value per equity securities	KHR 4,000
IPO Price	KHR 16,200
The total number of outstanding shares	433,163,019 Shares
Market capitalization (Million Riel)	4,686,824
Permitted Securities Market	Cambodia Securities Exchange, Listing date: 25 May 2020

2. Information on Debt Securities (for debt listed entity): N/A

B. SECURITIES' PRICE AND TRADING VOLUME

Common Share (2022)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Trading Price	Maximum	10,500	15,200	13,900	13,340	12,180	11,400	10,900	10,440	10,320	10,440	10,900	10,820
	Average	10,334	12,754	13,608	12,349	11,412	11,073	10,592	10,363	10,285	10,295	10,568	10,647
	Minimum	10,180	10,280	13,020	11,020	11,100	10,560	10,320	9,360	10,180	10,160	10,300	10,440
Trading Volume	Maximum	87,747	633,167	362,911	15,342,879	470,595	360,697	163,982	198,525	121,352	146,475	116,814	144,830
	Average	31,134	198,297	104,083	1,072,235	148,358	129,019	87,870	78,506	53,181	83,225	68,703	55,707
	Minimum	7,784	14,507	44,166	33,556	29,172	36,565	42,826	38,740	10,875	21,037	26,022	31,478



C. CONTROLLING SHAREHOLDER (30% OR MORE): N/A

D. SUBSTANTIAL SHAREHOLDER (5% OR MORE)

Name	National	Number of Shares	Percentage
ACLEDA Financial Trust	Cambodian	117,569,958	27.1422%
Sumitomo Mitsui Banking Corporation	Japanese	78,259,310	18.0669%
COFIBRED	French	52,530,223	12.1271%
ORIX Corporation	Japanese	52,530,223	12.1271%
Total		300,889,714	69.4633%

E. INFORMATION ON DIVIDEND DISTRIBUTION IN THE LAST 3 (THREE) YEARS (FOR EQUITY LISTED ENTITY)

Detail of dividend distribution	2021	2020	2019
Profit attributable to owners of the Bank (in KHR million)	679,002	576,865	489,724
Total Cash dividend (in KHR million)	237,651	172,948	133,395
Total share dividend (in KHR million)	-	-	-
Other dividend	-	-	-
Dividend payout ratio (%)	35%	30%	27%
Dividend yield (%)	*5.22%	2.33%	-
Dividend per share (KHR)	549	399	311

* Closing price on 31 December 2020 was KHR 17,100

* Closing price on 31 December 2021 was KHR 10,520

. Dividend yield = Dividend per share / Current Share Price (31/12/20XX)

. Dividend payout ratio = Dividend per share / Earning per share



PART 5

INTERNAL CONTROL AUDIT REPORT BY INTERNAL AUDITOR



I. INTRODUCTION

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the bank operations. To help the bank and subsidiaries to accomplish the objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes, the internal audit function is led by the Senior Group Chief Internal Officer, who is authorized to communicate and interact directly with the Board Audit Committee.

II. SCOPE OF INTERNAL AUDIT ENGAGEMENTS

The scope of Internal Audit activities consists of three core engagements to apply the systematic and disciplined approach to examine and evaluate internal control, risk management perspectives and the processes of the bank's operation.

- **Assurance Review:** To Review the bank's policies, operating manuals, procedures and conduct the control testing to ensure the effectiveness of compliance control in monitoring of compliance with regulatory requirements and adequate risk management processes to mitigate risks.
- **Information Security Audit:** To carry out audit techniques to ensure the reliability, effectiveness and integrity of the management information systems including relevance, accuracy, completeness, availability, confidentiality and comprehensiveness of data and follow standard executives audit base on National Bank of Cambodia (NBC)'s Technology Risk Management Guideline.
- **Investigate Assessment:** To conduct comprehensive examination on the red flags of common internal/external fraud schemes including misappropriation, bribery and corruption to ensure the effective and strong control on the conflict of interest and adequacy of procedures to safeguard the bank's assets.

III. SUMMARY OF PERFORMING INTERNAL AUDIT ENGAGEMENT IN 2022

The activities of internal audit consisted of defining the scope of assessment, submitting the audit plan to the Board Audit Committee for approval, performing and controlling engagements, communicating the results, providing a written report, monitoring corrective action taken by management.

An annual internal audit plan of the year 2022 was established based on the comprehensive risk assessment method to align with the bank strategy to define the audit objective and scope of each engagement. The Board Audit Committee approved the annual internal audit plan, including the budget to support the internal audit activities, human resources and professional knowledge development.

The 2022 internal audit plan approved by the Board Audit Committee was successfully performed including 55 Assurance Review engagements, 38 Investigate Assessment engagements and 18 Information Security Audit engagements to cover the entire bank locations at both Head Office and branch levels. The engagements also to cover the following audit areas, namely Risk Management Audit, Human Resource Audit, Office Management Audit, Credit Audit, Digital Banking Audit, Forensic Audit, Information Security Audit, Financial Audit, Market Risk Audit, Liquidity Risk Management Audit, Audit at the Counter, and AML/CFT Audit.

Where material issues have been identified through internal audit reviews, recommendations have been communicated to management and internal audit have ensured that management have set up the appropriate corrective actions with proper timelines for improvement such as updating/developing policy, operating manual and procedures, strengthening and training management and staff.

The monthly consolidation of internal audit reports is submitted to the Board Audit Committee and copied to senior managements. The content of the audit reports includes management's actions to be taken and those actions are the subjects of follow up audits to monitor the correction of audit findings.



IV. CONCLUSION

The internal audit engagement plan in 2022 was completely achieved and strictly applied the risk based approach to all the audit areas and audit locations to provide the recommendation on effective control on risk management, internal control process and procedure and compliance control.

To respond to the internal audit recommendation, the bank management set up corrective action plan to enhance control environment for the day to day bank operation.

Based on the internal audit results of 2022 engagements, the bank's framework of governance, risk management and control are adequately designed for the system to perform in accordance with the regulations, internal policies, and procedures.

Read and Approved

Date: 02 February 2023

Ms. Phurik Ratana
Chair of Board Audit Committee

Ms. Kim Sotheavy
Senior Group Chief Internal Audit Officer



PART 6

FINANCIAL STATEMENT AUDITED BY THE INDEPENDENT AUDITOR

**PLEASE REFER TO THE ANNEX
FOR FINANCIAL STATEMENTS AUDITED
BY INDEPENDENT AUDITOR**



PART 7

INFORMATION ON RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST



The Listed entity shall disclose material transactions information, with related parties in the last 2 (two) years, specifying name, relation between the listed entity and related parties, size of transaction and the type of interest which arise from that relationship as follows:

A. Material Transactions with shareholder who hold at least 5% or more shares of outstanding equity securities.

ACLEDA Bank has 4 shareholders who hold at least 5% or more shares of outstanding equity securities including: (1) AFT, (2) SMBC, (3) COFIBRED and (4) ORIX Corporation.

As at 31 December 2022, ACLEDA Bank has material transactions with shareholders who hold at least 5% or more of the securities currently circulating in market as below:

Description	2022		2021	
	USD	KHR '000	USD	KHR '000
Balances with related parties	725,388	2,986,422	639,918	2,607,026
SMBC	725,388	2,986,422	639,918	2,607,026
Account Payable	(488,930)	(2,012,924)	(26,106)	(106,356)
AFT	(51,705)	(212,869)	(26,062)	(106,177)
ASA, Plc.	-	-	(44)	(179)
SMBC	(437,225)	(1,800,055)	-	-
Deposits	10,167,623	41,860,103	13,263,564	54,035,760
AFT	9,955,699	40,987,612	13,078,765	53,282,889
Current Accounts	6,261,922	25,780,333	11,052,703	45,028,712
Saving accounts	727,329	2,994,413	-	-
Fixed deposits	2,966,448	12,212,866	2,026,062	8,254,177
ASA, Plc.	175,276	721,611	142,331	579,856
Saving accounts	175,276	721,611	22,287	90,797
Fixed deposits	-	-	120,044	489,059
SMBC	36,648	150,880	42,468	173,015
Current Accounts	36,648	150,880	42,468	173,015
Loan from shareholders	48,847,528	201,105,273	-	-
SMBC	48,847,528	201,105,273	-	-
Fee and commission income	45,474	185,853	28,207	114,720
AFT	40,401	165,119	26,525	107,878
ASA, Plc.	5,073	20,734	1,682	6,842
Interest expenses	1,880,545	7,685,787	32,903	133,816
ACLEDA Financial Trust	272,138	1,112,228	26,062	105,994
ASA, Plc.	908	3,711	6,841	27,822
Sumitomo Mitsui Banking Corporation	1,607,499	6,569,848	-	-



B. Material Transactions with Director and Senior Officer

As of 31 December 2022, ACLEDA Bank has material transactions with directors and senior officer as below:

Description	2022		2021	
	USD	KHR '000	USD	KHR '000
Loans and advances	11,527,554	47,458,938	11,715,219	47,727,802
Interest income	904,154	3,695,277	1,064,057	4,327,520
Deposit	4,265,015	17,559,067	3,944,815	16,071,176
Interest expense	49,034	200,402	143,482	583,541
Interest payable	(46,115)	(189,856)	(21,216)	(86,434)
Fee and remuneration expense	10,065,156	41,136,292	7,826,546	31,830,562

C. Transactions with Director and Shareholder related to buy/Sell asset and service

As of 31 December 2022, ACLEDA Bank has no transaction with the director and shareholder related to buy/sell asset and service.

D. Material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares

As of 31 December 2022, ACLEDA Bank has material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares as below:

Description	2022		2021	
	USD	KHR '000	USD	KHR '000
Loans and advances	2,644,299	10,886,581	2,188,943	8,917,754
Deposit	1,465,293	6,032,611	967,656	3,942,231
Interest payable	(10,705)	(44,072)	(5,757)	(23,454)



E. Material transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity

As at 31 December 2022, ACLEDA Bank has material transactions with subsidiaries as below:

Description	2022		2021	
	USD	KHR '000	USD	KHR '000
Balances with related parties	-	-	1,005,356	4,095,820
ABL	-	-	1,005,356	4,095,820
Interest income	6,217	25,409	206,508	839,868
ABL	6,217	25,409	39,303	159,845
AIB	-	-	167,205	680,023
Account receivable	259,910	1,070,049	46,319	188,703
ABL	-	-	5,356	21,820
AMM	259,910	1,070,049	40,963	166,883
Account payable	(28,709)	(118,195)	(37,318)	(152,033)
ACS	(14,056)	(57,869)	(3,272)	(13,330)
AIB	(14,653)	(60,326)	(34,046)	(138,703)
Deposits	7,987,484	32,884,470	6,362,655	25,921,456
ABL	4,208,900	17,328,041	2,522,557	10,276,897
Current accounts	4,208,900	17,328,041	2,522,557	10,276,897
ACS	2,528,261	10,408,850	1,984,821	8,086,161
Saving accounts	258,388	1,063,783	164,269	669,232
Fixed deposits	2,269,873	9,345,067	1,820,552	7,416,929
AIB	1,250,323	5,147,579	1,855,277	7,558,398
Current accounts	65,670	270,363	33,231	135,383
Fixed deposits	1,184,653	4,877,216	1,822,046	7,423,015
Fee and commission income	988	4,037	8,521	34,655
ABL	13	53	14	57
Bank service fee	13	53	14	57
ACS	603	2,464	643	2,615
Bank service fee	603	2,464	643	2,615
AIB	372	1,520	7,864	31,983
Bank service fee	372	1,520	7,864	31,983
Interest expense	222,766	910,444	197,499	803,229
ACS	153,143	625,895	129,234	525,595
AIB	69,623	284,549	68,265	277,634
Fee and commission expense	3,147,747	12,864,842	2,541,176	10,334,963
AIB	3,147,747	12,864,842	2,541,176	10,334,963
Other commitments	(64,114)	(262,034)	(241,116)	(980,619)
AIB	(64,114)	(262,034)	(241,116)	(980,619)



F. Material transactions with former director or person who involved with former director

As of 31 December 2022, ACLEDA Bank has no material transaction with former director or person who involved with former director.

G. Material transactions with director who is holding any position in a non-profit organization or in any other company other than the listed entity

As of 31 December 2022, ACLEDA Bank has no material transaction with director who is holding any position in a non-profit organization or in any other company other than the listed entity.

H. Material transactions with director who get benefit either finance or non-financial from the listed entity

As of 31 December 2022, ACLEDA Bank has 2 executive directors who get benefit either finance or non-financial from the bank and other directors are non-executive director and independent director who get benefit either finance or non-financial from the bank as below:

Description	2022		2021	
	USD	KHR '000	USD	KHR '000
Loans and advances	62,348	256,687	551,583	2,247,149
Deposit	2,723,345	11,212,011	2,843,270	11,583,482
Interest payable	(12,683)	(52,218)	(13,850)	(56,425)
Fee and remuneration expense	503,073	2,056,059	407,587	1,657,656



PART 8

MANAGEMENT'S DISCUSSION AND ANALYSIS



The discussion and analysis focused on the operational and financial results based on Financial Statements as of 31 December 2022 audited by Independent Auditors. The Audited Financial Statements had been prepared in accordance with CIFRS. Only the key components of the Audited Financial Statements and key factors that affect ACLEDA Bank's profitability were discussed and analysed.

A. OVERVIEW OF OPERATION

1. Revenue Analysis

The Group had three main sources of revenue including Interest Income, Fee & Commission Income and Other Incomes.

- Interest Income includes the interest income from loans and advances to customers, deposits and placements with banks and financial investments.
- Fee & Commission Income mainly includes commission fees, Commission fee collected for assurance agency, ATM fee, early loan redemption fees, Deposit fee charged, Fee income from guarantee, training income, account servicing fees, investment management fees, sales commission placement fees and syndication fees and others.
- Other Income, net includes foreign exchange gains, net, gain on disposals of property and equipment and lease, dividend on financial investments, recovery from loans and advances written off and other income.

2. Revenue by segment analysis

Source of Revenue (in KHR million)	2022		2021		2020	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Interest Income	2,741,369	90.18%	2,334,217	90.12%	2,100,040	88.93%
Fee and commission Income	193,949	6.38%	174,665	6.74%	186,625	7.90%
Other Income, net	104,720	3.44%	81,204	3.14%	74,818	3.17%
Total revenue	3,040,038	100%	2,590,086	100%	2,361,483	100%

The total revenue of KHR 3.04 trillion in 2022 was mainly from interest income which accounted for 90.18% of its total revenue and total revenue increased by KHR 449.95 billion or 17.37% compared to 2021.

3. Gross profit margin analysis

The statement of Profit/ (Loss) and Other Comprehensive Income of the Group prepared in the format (the gross profit margin) was not presented. The net interest income resulted from the total interest income less total interest expense was illustrated in the next point of the Profit/ (Loss) before Tax Analysis as below.

4. Profit/ (Loss) before tax analysis

Statement of Profit or loss (in KHR million)	2022	2021	Variance	
			Amount	Percentage
Interest Income	2,741,369	2,334,217	407,152	17.44%
Interest expense	(902,501)	(701,204)	(201,297)	28.71%
Net interest income	1,838,868	1,633,013	205,855	12.61%
Fee and commission income	193,949	174,665	19,284	11.04%
Fee and commission expense	(18,654)	(10,845)	(7,809)	72.01%
Net fee and commission income	175,295	163,820	11,475	7.00%
Allowances for impairment losses on loans and advances, deposits and placements with other banks and other receivables	(84,115)	(55,089)	(29,026)	52.69%
Allowance for impairment losses on off-balance sheet commitments	11	567	(556)	98.06%
Net impairment losses	(84,105)	(54,521)	(29,584)	54.26%
Net income after allowance for impairment	1,930,059	1,742,311	187,748	10.78%
Other incomes, net	104,720	81,204	23,516	28.96%
General and administrative expenses	(1,101,683)	(990,578)	(111,105)	11.22%
Profit before income tax	933,095	832,937	100,158	12.02%

In 2022, the profit before income tax increased by KHR 100.16 billion or 12.02% comparing to 2021 due to increase in net interest income by KHR 205.86 billion or 12.61%, increase in net fee and commission income by KHR 11.48 billion or 7% and increase in other income, net by KHR 23.52 billion or 28.96% offset by increase in net impairment losses by KHR 29.58 billion or 54.26% and increase in general and administrative expenses by KHR 111.11 billion or 11.22%.



5. Profit/ (Loss) after tax analysis

Statement of Profit or loss (in KHR million)	2022	2021	Variance	
			Amount	Percentage
Profit before income tax	933,095	832,937	100,158	12.02%
Income tax expense	(190,018)	(154,906)	(35,112)	22.67%
Profit for the period	743,077	678,031	65,046	9.59%

In 2022, the profit for the period was KHR 65.05 billion or 9.59% more than 2021. This increase was mainly due to an increase in net interest income of 12.61% equivalent to KHR 205.86 billion compared to 2021.

6. Total comprehensive income (loss) analysis

Total comprehensive income (in KHR million)	2022	2021	Variance	
			Amount	Percentage
Net Profit for the period	743,077	678,031	65,046	9.59%
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Re-measurement of employee benefit obligations	(12,774)	(16,846)	4,072	24.17%
Exchange differences	54,055	32,292	21,763	67.39%
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences – foreign subsidiaries	(75,533)	(55,733)	(19,800)	(35.53%)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	41,429	(2,059)	43,488	2,112.09%
Other comprehensive Income/(loss) for the year	7,177	(42,347)	49,524	116.95%
Total comprehensive income for the period	750,254	635,685	114,569	18.02%

7. Factors and trends analysis affecting financial conditions and results

ACLEDA Bank is confident of improving its performance this year amid better GDP growth forecasts after building a strong legacy of over 30 years, future-ready ACLEDA Bank continues to lay strong foundations to offer holistic banking solutions to meet customers' changing financial commitment in Cambodia and beyond.

After breaking down the geographical boundaries by combining digital and physical infrastructures, the home-grown bank is successfully catering to a diverse customer base – including individuals and corporate clients in urban, semi-urban and rural vicinities. With its hallmark of offering superior banking services, ACLEDA offers a comprehensive suite of financial services – loans, fund transfer, deposit, trade financing, internet banking, ACLEDA mobile, among others supported by its digital infrastructure and physical offices, the Bank is efficiently reaching out to assist farmers to work their farmland or provide working capital for SMEs. By narrowing the financing gap – more than half a million Cambodians today have access to ACLEDA Bank's services – it is in the forefront driving financial inclusion in the Kingdom.

For the next 30 years, ACLEDA Bank will be seen as the digital bank with sophisticated Data Lakehouse providing quality, security and trust. The Bank's efficient delivery ecosystem across the Kingdom comprising ATMs, self-service banking outlets, cash deposit, cash withdrawal machines, virtual teller machines (to open accounts and print cards) and term deposit machines (for fixed deposits) are serving as a powerful catalyst for the next wave of growth.

"The Bank's future looks promising" as business confidence on Cambodia's GDP growth is bolstered after the government efficiently curtailed the spread of the COVID-19 pandemic. The Cambodia's growth outlook is expected to continue to recover as COVID-19 related restrictions are lifted.

Recovery in manufacturing exports and expansion of agricultural commodity exports will augur well for ACLEDA Bank as bulk of borrowers are involved in the agri-related businesses. The Bank can do better in 2022 because the Bank has invested heavily in our digital infrastructure, built a large high security data centre to store. The construction of Disaster Recovery Data Centre will help data storage in a highly protected environment. With the digital infrastructure and upgraded products and services, the Bank is confident in facing future challenges.



B. SIGNIFICANT FACTORS AFFECTING PROFIT

1. Demand and supply conditions analysis

ACLEDA Bank's operations are better and stronger with higher profit growth due to ACLEDA Bank's success in the market, which brings profit due to two factors:

- The growth of loan portfolio due to high demand in the market for the Bank's loan products especially in the SME segment.
- The growth of the Bank's deposits and other transactional products and services.

Both factors are associated with the continuous development of the bank's digital platform which provides customers with innovative and modern financial products and services.

ACLEDA Bank Plc. has been diversifying hybrid infrastructure of choices with 320 offices, gradually transforming them to self-service centres with 125 banking self-service, 1,114 ACLEDA ATM, 26 Term Deposit Machine, 43 Virtual Teller Machine, 17 Cash Bag Deposit Machine and 4,358 POS terminals. It's interesting to note that the Bank issued 1.80 million ACLEDA ATM cards to its customers. Moreover, the Bank has provided i-bank PayBand more than 4 thousand to its customers. Meanwhile, the digitized ACLEDA mobile has proved very popular which number of registered users has reached 2.85 million users as at the end of December 2022, all enabling the rapid circulation of money in the economy.

Enriching customer experience and strengthening cyber security are at the heart of ACLEDA Bank's focus at present. To achieve solid progress in pursuing these objectives, the Bank will continue to enhance our robust information technology infrastructure by investing in advanced technologies, fortify the Bank's human resource capacities, and expand and improve business processes. Strategically, the Bank is developing a payment platform to enable licensed partners of all sizes, locally as well as internationally, to join forces in servicing its customers mutually and beyond borders. This will not only benefit to our valued customers directly but their own business partners as well, recognizing that they are an important link for extending the Bank's outreach and growth together.

ACLEDA mobile has been extensively improved and redesigned to be more modern, convenient and highly secure with many unique features. Now, users can make deposits (current, saving and fixed/term) through ACLEDA mobile immediately and get high interest rates.

KHOR payment service provides the better convenient service to the users with high efficiency, safety, and confidence for goods and service payment transactions among the banking and financial institutions and payment service providers that are members of Bakong App.

In order to support the banking and financial institutions (during the outbreak of COVID-19) to have more liquidity to meet its funding needs, the NBC has relaxed certain ratios such as solvency, capital buffer, reserve requirement, etc. and the MEF reduced the withholding tax on interest of borrowing as well as create additional liquidity in the market with lower cost. They open opportunity for price competition that may impact the revenue of the Bank for short term, however, it will help strong for long term.

2. Fluctuations in prices of raw materials analysis

None Applicable.

3. Tax Analysis

The Bank and its subsidiaries are under Law on Taxation of respective country jurisdictions. Therefore, the Bank and its subsidiaries have their obligation to pay taxes in according to the tax regulations of their jurisdictions.

Tax payment commitment to the tax departments not just a role model and awarding with Certificate of Tax Compliance Type awarded "Gold" for 2022-2023, but also a contributor to society and economic growth.

Tax revenue is the most important source of revenue for a country. The more the government collects taxes, the greater the contribution to the country's development. ACLEDA Bank Plc. was the third highest tax payer among all taxpayers in 2022. ACLEDA Bank Plc. is proud to be able to contribute to the economic development of our country.

4. Exceptional and extraordinary items analysis

The Bank did not experience any items, transactions or events of a material and unusual nature. However, economic conditions that impacted by COVID-19 community outbreak especially COVID-19 new variant in Cambodia may affect the repayment capacity of customer as result the Bank loan quality may be slightly impacted.



C. MATERIAL CHANGES IN SALES AND REVENUE

In order to support the business growth of customers, the Group has offered very competitive interest rate for all new loan applications and by making it easier for its customers, all loan applications can be made through ACLEDA mobile. As a result, gross loan outstanding in 2022 increased by 4.32 trillion riels, equivalent to 19.54% compared to the end of 2021.

D. IMPACT OF FOREIGN EXCHANGE, INTEREST RATES AND COMMODITY PRICES

For 2022, the KHR exchange rate against the US dollar has remained stable – at around KHR4,102, its price had just 0.1% down from the previous year. Looking ahead, the KHR's value is expected to continue improving and will be stable due to the rebounding of economic activities, and it has been under the talent and close monitoring/intervening from the National Bank of Cambodia (NBC).

For ACLEDA Bank Plc., the Bank has measured, monitored and managed on a daily basis – maintains small enough open currency position, follows the regulatory requirements of the NBC and its internal risk policies; so, there is no material impact to the Bank.

The interest rates of both local and international markets have continued increasing slightly, follows the increase of US Fed fund rate as the US inflation still be high cause from the would supply changes which are the issues of Russia's war in Ukraine.

The ACLEDA, on the other hand, has been operating its business almost entirely by matching both sides, asset and liability, on a fixed interest rates; therefore, the impact of interest rate fluctuations on the Bank's business is minimal and the fluctuations are monitored on a regular basis for taking appropriate and timely action to avoid the impacts on the bank's business.

In term commodity prices, the Bank does not provide such services, so there is no impact on the Bank.

E. IMPACT OF INFLATION

For 2022, the average inflation rate is forecast to be around 5.3% due to higher fuel and food prices, affected from the Russia's war in Ukraine; in general, there will be some impact to consumer expenditure, but the impact will be offset by the expected economic recovery, inflation is projected to slow to 2.5% by 2023. However, the Bank's operations are not directly involving to the level of inflation. Therefore, the impact is minimal and manageable.

F. ECONOMIC / FISCAL / MONETARY POLICY OF ROYAL GOVERNMENT

- **Economic:**

The National Bank of Cambodia has reported that Cambodia's economic growth in 2022 will continue to grow at a rate of 5.1%. Mainly the reopening of domestic economic activity supported this new growth and the growth of external demand, including the manufacturing sector achieved strong growth, in which garments for export, non-garments for export and manufacturing products for the domestic market. Tourism is growing well, with international visitors exceeding expectations. The construction and real estate sectors saw low growth, supported by growing domestic demand. Agriculture continues to grow at a slower pace due to faster and more heavy rains and rising production costs due to higher fuel and fertilizer prices. ⁽¹⁾

Refer to the release news around December, some well-known institutions still predict the Cambodia's GDP 2022. The Asian Development Bank (ADB) maintained its economic growth forecast for Cambodia at 5.3% in 2022, but lowered the 2023 forecast from its earlier prediction of 6.5% to 6.2% due to weaker global growth. The International Monetary Fund (IMF), despite the new pressures, the recovery is projected to continue, the real GDP growth is forecast to be 5% in 2022, after the strong export performance earlier in the year, and nearly 5½% in 2023, supported by the continued recovery of tourism and ongoing policy support, although dampened by external pressures and the impact of rising prices on real disposal income. Inflation is expected to peak this year, be lower in 2023, and decline further thereafter, assuming it remains mostly confined to imported goods. The World Bank forecasts economic growth of 4.8% in 2022 as the post-pandemic economic recovery expands thanks to a rebound in tourism, the World Bank's Cambodia Economic Update for December 2022 said Cambodia's garment industry, travel goods and footwear exports have been resilient. The services sector, especially travel and tourism, has done well since the introduction of the "Living with COVID-19" strategy in late 2021, and total international visitor arrivals have steadily increased, reaching 1.2 million in the first nine months of 2022. Business and consumer confidence have risen and both domestic and foreign investment have increased. Economic growth is projected to accelerate to 5.2% in 2023 as increased hiring supports rising domestic consumption and as inflation recedes. ^{(2),(3),(4)}



As a result Cambodia's economic growth in 2022 will continue to grow at mainly supported by the reopening of domestic economic activity and the growth of external demand, including The manufacturing sector achieved strong growth, with garments for export up 64.3%, non-garments for export 1.1 times and manufacturing for the domestic market up 88.5%. Tourism is booming, with international visitors reaching a record 2.2 million, despite 1/3 of the crisis, while domestic tourism has returned to normal. The construction and real estate sectors saw low growth of 0.8% and 0.5%, respectively, supported by growing domestic demand. Agriculture continued to grow at a slower pace of 0.7% due to faster and heavier rains and higher production costs due to higher fuel and fertilizer prices. The balance of payments was estimated to have improved, with a surplus of USD298.8 million due to inflows of financial accounts and a decrease in current and capital deficits. International reserves were high enough, though slightly lower, to about USD17.8 billion, equivalent to seven months of imports of goods and services for the next period, higher than the minimum for developing countries. ⁽¹⁾

- **Fiscal:**

The results of tax collection in December 2022 show that all types of tax revenue collected by the General Department of Taxation through the online revenue management system of the General Department of Taxation is KHR975.46 billion (approximately USD240.85 million) equivalent to 8.54% of the Financial Law Plan for Management in 2022, compared to the tax revenue in December 2022 saw an increase of KHR77.64 billion (approximately USD19.17 million) equal to 8.65%. As of December 2022 total tax revenue KHR13,993.20 billion (approximately USD3,455.11 million), equivalent to 122.54% of the financial law plan for the management of 2022 compared to tax revenue in the same period in 2021, an increase of KHR2,702.73 billion (approximately USD667.34 million), equivalent to 23.96%. In addition, for the first 12 months of 2022, revenue from major tax categories maintained growth compared to the same period in 2021, of which income tax was 23.73%, value added tax was 34.10%, value added tax Salary 22.45%, special tax 25.70% and stamp duty on transfer of ownership and possession of real estate 12.70%. ⁽⁵⁾

For 2023, the General Department of Taxation, HE Kong Vibol, has made a strong commitment and efforts to manage the collection of tax revenue in accordance with the plan of the Financial Law for 2023 management of KHR14,645.38 billion (approximately USD3,571.69 million) by continuing to strengthen the implementation of fiscal measures and policies with the following key measures: (1) Continue to push for the completion of the review of the draft of the new tax law, which will ensure the coherence of the cell and the current tax regulations. (2) Continue to participate in the anti-money laundering and terrorist financing and genocide financing framework with the National Coordinating Committee against anti-money laundering and terrorist financing and genocide financing and the Sub-Committee on the Implementation of the Joint Action Plan of the Joint Asia-Pacific Working Group on International Cooperation especially the preparation for the On-Site Visit of the ICRG-JG Working Group in early January 2023 in order to remove Cambodia from the list of ashes. (3) Continue to modernize the online tax filing management system (e-Filing) and information technology systems of the General Department of Taxation, adhering to the proactive spirit, making it easier to fulfill tax obligations, but difficult to evade through continuing to further develop some of the input functions received from users from everywhere to be more comprehensive and easy to use (4) Research and plan to visit the tax administrations of developed countries to understand and gain experience as a basis for preparing and updating the tax revenue management film of the General Department of Taxation especially on key topics such as management mechanisms, monitoring and verification of e-commerce tax payments, tax revenue collection, trust and gambling, and the use of Blockchain technology to collect tax revenue and so on. (5) Establish a digital administration system (E-Administration) and support infrastructure to allow fiscal administration to perform hierarchical tasks using digital formats, ensuring speed and efficiency in the performance of work. (6) Continue to implement measures to collect and tighten tax debt in accordance with the procedures in force for enterprises that owe tax debts and do not come to pay or settle properly. (7) Continue to push for the implementation of the Street Survey and the Property Survey. (8) Continue to cooperate with improve and promote the registration of enterprises in the information technology nursery (CamDX) to be more efficient and comprehensive. (9) Continue to strengthen and expand the implementation of the mechanism for printing invoices on property taxes and unused land taxes and distributing them to all taxpayers' homes. (10) Continue to modernize technology information systems and programs with a proactive spirit through the development and updating of new systems and programs and continue to invest and develop technology information systems and infrastructure to further support and strengthen the capacity of data analysis functions to further promote fiscal compliance. (11) Continue to strengthen the provision of consulting services and dissemination of tax laws and regulations in all forms especially the provision of telephone consultation services (Call Center-1277) and organize of "Tax Cambodia" (GDT Facebook Live) to explain and solve the difficulties and questions of the people. (12) Continue to implement in any necessary measures as set out in the circular on the Implementation of the Law on Finance for Management 2023 and continue to implement with attention to the revenue collection strategy 2019-2023. ⁽⁵⁾



- **Monetary:**

For 2022, the general currency (M2) continues to slow, rising at a rate of 9%, lower than last year's growth (16.4%) and the average for the last five years (18%). The slowdown was due to a slower growth in total deposits at 10.6% compared to a 2021 growth of 17.3%, while the currency in circulation slowed to -8.9% from 2021 8.2%. The decline in currency in circulation due to prudent monetary policy in order to reduce the pressure on the exchange rate. In response to demand and to stabilize the exchange rate, the National Bank of Cambodia has intervened by selling only USD9 million to banking and financial institutions, compared with USD591.2 million in sales. Meanwhile, the release of liquidity into the economy through liquidity operations with LPCO guarantees was carried out 24 times, equivalent to KHR1.5 trillion. LPCO transaction volume decreased by -65% compared to 2021 (KHR4.2 trillion, equivalent to approximately USD1 billion). Liquidity recovery from the banking system through the issuance of tradable securities (NCDs) totaled USD37.5 billion (up 3.7%) in this issuance of securities traded in riel increased by 0.6%, 27.3% and 34.2% to KHR4.9 trillion, KHR31 billion and KHR35.5 billion and US dollar rose 32.4%, 10.9% and 1.9% to 14.1 billion, 4.6 billion and 902 million US dollars, respectively. As a result, overall inflation in 2022 will increase by 5.3%, higher than in 2021 (2.9%) especially in the first half, which rose the highest in June at 7.8%, while the exchange rate continued to stabilize at an average rate of 4,102 riel per US dollar, compared to 4,099 riel per year last year. ⁽¹⁾

For 2023, the National Bank of Cambodia has set 5 monetary policies to implement such as (1) Managing monetary supply at an appropriate level, (2) Maintaining a stable exchange rate to contribute to the price stability and public trust, (3) Pushing the use of the riel through market mechanisms, (4) Creating the necessary monetary policy instruments and (5) Promoting the development of the interbank market in order to improve the effectiveness of monetary policy. ⁽¹⁾

Reference:

- (1) https://www.nbc.org.kh/download_files/publication/annual_rep_kh/Annual%20Report%202022%20Publish_KHM.pdf
- (2) <https://www.khmertimeskh.com/501155788/adb-retains-cambodias-growth-forecast-at-5-3-percent-in-2022-and-6-2-percent-in-2023-down-by-0-3-percent/>
- (3) <https://www.imf.org/en/News/Articles/2022/12/16/pr22439-imf-executive-board-concludes-2022-article-iv-consultation-with-cambodia>
- (4) <https://www.worldbank.org/en/news/press-release/2022/12/07/cambodia-s-economy-is-recovering-but-could-face-headwinds-world-bank-report-says>
- (5) <https://www.tax.gov.kh/u6rhf7ogbi6/gdtstream/03cb292f-b367-4dd2-9254-72b4452d7eb1>



SIGNATURE OF DIRECTORS

22 March 2023
Read and Approved

Mr. Chhay Soeun, Chairman

22 March 2023
Read and Approved

Dr. In Channy, Director

22 March 2023
Read and Approved

Mr. Stéphane MANGIAVACCA, Director

22 March 2023
Read and Approved

Mr. Kyosuke Hattori, Director

22 March 2023
Read and Approved

Dr. Albertus Bruggink, Director

22 March 2023
Read and Approved

Mr. Kay Lot, Director

22 March 2023
Read and Approved

Drs. Pieter Kooi, Director

22 March 2023
Read and Approved

Mr. Van Sou Ieng, Director

22 March 2023
Read and Approved

Ms. Phurik Ratana, Director



ANNUAL REPORT APPENDIX FOR ACLEDA BANK

**ANNUAL CORPORATE
GOVERNANCE REPORT**



PART 1

SHAREHOLDERS



A. SHAREHOLDERS STRUCTURE (BY 31 DECEMBER 2022)

1. Shareholder Information

Description	Nationality	Type of Shareholder	Number of Shareholders	Number of Shares	Percentage
Less than 5%	Cambodian	Individual	13,812	71,155,225	16.4269%
		Legal Person	7	6,513,279	1.5037%
	Non Cambodian	Individual	373	1,260,871	0.2911%
		Legal Person	8	34,504,361	7.9657%
From 5% to less than 30%	Cambodian	Individual	-	-	-
		Legal Person	2	136,409,527	31.4915%
	Non Cambodian	Individual	-	-	-
		Legal Person	3	183,319,756	42.3212%
From 30%	Cambodian	Individual	-	-	-
		Legal Person	-	-	-
	Non Cambodian	Individual	-	-	-
		Legal Person	-	-	-
Total			14,205	433,163,019	100.00%

2. Shareholders Who are Directors, Senior Officials and Employees

Shareholders	Number of Shareholders	Number of Shares	Percentage
Director	3	1,263,416	2.3209%
Senior Officials	7	1,801,351	3.3091%
Employees	7,817	51,372,292	94.3701%
Total	7,827	54,437,059	100.00%



B. SHAREHOLDERS' AND PROTECTION OF SHAREHOLDERS' RIGHTS

1. Rights of Shareholders

Any holder of each share shall be entitled to have:

- The rights to join General Meeting of Shareholders;
- The rights to vote directly or by proxy at any meeting of Shareholders;
- The right to receive any dividend or benefits distributed by the Bank;
- The right to receive the remaining property of the Bank on dissolution; and
- The right to obtain all kind of information including the Bank's business information, the Bank's accounting records and to check the shareholder names list at the Bank's Headquarters during working hours or at the General Meeting of Shareholders.

2. Protection of Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

The rights of Shareholders are protected by the MAOA of ACLEDA Bank. In accordance with Article 14 (14.1 point 1) of the MAOA of the Bank, "The ordinary share of the Bank provides the holder 1 (one) vote in General Meeting of Shareholders".

3. Protection of Minority Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

Each ordinary share has one vote. The rights of minority shareholders are protected by the MAOA of the Bank.

C. GENERAL SHAREHOLDER MEETING

1. Procedure of General Shareholder Meeting and Voting

The Bank has adopted a General Meeting Voting Policy, which is to provide clear rules and guidance to the Shareholders on how the voting process is to be conducted.

Quorum

The quorum for any shareholders' meetings shall be shareholders present in person or by proxy, holding at least 51% (fifty-one percent) of total voting shares.

Notice

The written notice will be provided to all shareholders addressed in different ways: hard copy and/or electronic version at least twenty (20) days, but no more than fifty (50) days, in advance of the scheduled meeting. The notice of the Shareholders meeting clearly specify the date and time and place at which the general meeting is held.

During the meeting and voting process

The Chairman will start the meeting with a welcome speech, determine whether a quorum is present, and announce the agenda. The Chairman would need to clarify the voting procedures to all shareholders presented at the Shareholders meeting before any resolution is put to the vote.

The Bank appoints their staff in advance to facilitate the voting process. The result will be announced after the counting of ballots and proxies by the manual/ system.

After the meeting

The Bank is subject to continuous disclosure and reporting obligations under Prakas 007/18 K.M.K/BB.K. dated October 30th, 2018 of SERC on Corporate Disclosure and in accordance with the Corporate Disclosure Policy of the Bank.



2. Information of General Shareholder Meeting

No	Date	Type of Meeting	Quorums	Agendas	Resolutions
01	02 May 2022	AGM	95.45%	Matters for Decision: <ul style="list-style-type: none">Approval of distribution of cash dividend	The shareholders passed the following resolutions: <ul style="list-style-type: none">The Shareholders Approved of distribution of cash dividend at 35 percent of the 2021 Profit for the Period Attributable to Owners of ACLEDA Bank of KHR679,002,240,000 equal to KHR237,650,775,325.67 at KHR548.6405 per share and transfer the remaining balance of the 2021 Profit for the Period Attributable to Owners of ACLEDA Bank to the Retained Earnings with subject to regulator's approval. The Shareholders voted in the favour of 99.93 percent.
				<ul style="list-style-type: none">Approval of revised Dividend Policy.	<ul style="list-style-type: none">Approval of revised Dividend Policy. The Shareholders voted in the favour of 99.93 percent.
				<ul style="list-style-type: none">Approval of reappointment of director mandate for the next 3-year term	<ul style="list-style-type: none">Approval of reappointment of Mr. Kyosuke Hattori as a director in ACLEDA Bank Plc. for the next 3-years term. The Shareholders voted in the favour of 99.92 percent.
				<ul style="list-style-type: none">Approval of nomination of external auditor for the ACLEDA Bank for the financial year 2023	<ul style="list-style-type: none">Approval of Grant Thornton ("GT") as the external auditor of ACLEDA Bank Plc. for the financial year 2023. The Shareholders voted in the favour of 99.91 percent.
				<ul style="list-style-type: none">Approval of annual increase in Chairman's salary	<ul style="list-style-type: none">Approval of increase in remuneration of Chairman of the Board of Directors as below:<ul style="list-style-type: none">To increase in remuneration of Mr. Chhay Soeun, Chairman of the Board, with grading "A+" retro-effective from 01 January 2022;To add 2021 inflation rate of 2.90 percent to his remuneration effective from 01 April 2022 to 31 March 2023; andTo adjust 2020 inflation rate by adding to his remuneration retro-effective from 01 April 2021 to 31 March 2022. <p>The Shareholders voted in the favour of 99.89 percent.</p>
				<ul style="list-style-type: none">Approval of adjustment of Board of Director fee in line with 2021 inflation rate	<ul style="list-style-type: none">Approval of adjustment of Board of Directors fees of ACLEDA Bank Plc. in line with 2021 inflation rate of 2.90 percent. The Shareholders voted in the favour of 99.89 percent.
				<ul style="list-style-type: none">Approval of setting a record date for determining of shareholders who are entitled to receive dividend	<ul style="list-style-type: none">Approval of a record date on 06 May 2022 for determination of shareholders entitled to receive dividend. The Shareholders voted in the favour of 99.91 percent.



D. DIVIDEND DISTRIBUTION

1. Dividend Policy

The Bank put in place a Dividend Policy to set the principles to guide the determination of dividends to the shareholders properly and effectively.

The Bank classifies dividends into the following categories:

- Cash dividend;
- Stock dividend; and
- Other forms determined by the decisions of the Board of Directors and Shareholders, and permitted by applicable laws, regulations, and international best practices.

2. Historical Information of Dividend Distribution of the last 3 years.

No	Detail of Dividend Distribution	2021	2020	2019
1	Announcement Date of Dividend Distribution	08 June 2022	Phase 1: 01 June 2021 Phase 2: 26 November 2021 Phase 3: 29 December 2021	20 February 2020
2	Record Date	06 May 2022	03 May 2021	31 December 2019
3	Dividend Payment Date	10 June 2022 (Cash)	Phase 1: 10 June 2021 (Cash) Phase 2: 06 December 2021 (Cash) Phase 3: 30 December 2021 (Cash)	20 February 2020 (Cash)



PART 2

BOARD OF DIRECTORS



A. BOARD OF DIRECTORS

1. Board Composition

No	Name	Position	Appointment Date	Ending Date
1	Mr. Chhay Soeun	Chairman	18 August 2014	18 August 2023
2	Dr. In Channy	Executive Director	18 August 2014	18 August 2023
3	Mr. Rath Yumeng	Executive Director	18 August 2014	11 January 2023
4	Drs. Pieter Kooi	Independent Director	12 January 2004	12 January 2025
5	Mr. Van Sou Ieng	Independent Director	02 September 2020	02 September 2023
6	Ms. Phurik Ratana	Independent Director	08 November 2021	08 November 2024
7	Mr. Stéphane MANGIAVACCA	Non-Executive Director	22 April 2020	21 August 2024
8	Mr. Kyosuke Hattori	Non-Executive Director	08 November 2021	06 December 2025
9	Dr. Albertus Bruggink	Non-Executive Director	12 May 2021	10 January 2025
10	Mr. Kay Lot	Non-Executive Director	12 May 2021	12 May 2024

2. Director Biography

Mr. Chhay Soeun, Chairman

Board Committees: Audit

Cambodian. Born on April 1954. Mr. Soeun became a member of the Board of Directors in August 2014. He joined ACLEDA in January 1993 and worked there until his retirement on April 2014. His last position at ACLEDA Bank Plc. was as Executive Vice President & Group Chief Financial Officer. From 1980 to 1992, he was an accountant and deputy chief accountant at the Kampot Provincial Department of Commerce.

At present, he is Chairman of the Board of Directors of ACLEDA Bank Plc., Cambodia, a Board member of ACLEDA Bank Lao Ltd. (ABL), and a Board member of ACLEDA MFI Myanmar Co., Ltd. (AMM).

He obtained his Executive Master of Business Administration in Finance and Accounting from Preston University, California, USA. He is also a Graduate of the Australian Institute of Company Directors (GAICD).

Dr. In Channy, Director

Cambodian. Born in June 1960. Dr. Channy is President & Group Managing Director of ACLEDA Bank Plc., a position he has held since it was established as a bank in 2000. He became a member of the Board of Directors of ACLEDA Bank Plc. in August 2014. He was one of the founders of the Association of Cambodian Local Economic Development Agencies (ACLEDA) since January 1993. As President of the Executive Committee he leads the Executive Management Team which is responsible for overall strategic planning and running the day-to-day business of ACLEDA Bank Plc. and its Group as well as implementation of its business plan. He is directly accountable to the Board of Directors.

His other responsibilities within the Group include Chairman of ACLEDA Bank Lao Ltd. and ACLEDA MFI Myanmar Co. Ltd., Shareholder Representative for ACLEDA Bank Lao Ltd., ACLEDA Securities Plc., the ACLEDA Institute of Business, and ACLEDA MFI Myanmar Co., Ltd. He is also the Chairman of ACLEDA Financial Trust.

Outside ACLEDA Bank, he was the Chairman of the Association of Banks in Cambodia for two consecutive terms from 2019 to March 2022. He is currently a council member of the Association of Banks in Cambodia and he co-chairs a working group on Banking and Financial Services.

He completed an Executive Course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA in 1998. He holds a Doctorate of Business Administration and is also a Graduate of the Australian Institute of Company Directors (GAICD).



Mr. Rath Yumeng, Director

Cambodian. Born in 1962. Mr. Yumeng joined ACLEDA Bank in January 1999. From January 1999 to August 2008 he held various positions in the Bank including as Chief Accountant/Deputy Head of Finance (January 1999-May 2007), Head of Finance Division (June 2007-August 2008), Head of Treasury Division (September 2008-May 2015) and Executive Vice President and Group Chief Treasury Officer (June 2015 till January 2023).

He is responsible for overseeing the Bank's treasury management and control functions, which includes being responsible for the Financial Institution Division, Foreign Exchange and Reserve Department, Treasury Department, and Treasury Dealing Centre. He also provides technical support to the Bank's subsidiaries in terms of fund management.

From 2001 until September 2014, he was the Shareholder Representative of ASA, Plc., one of the local shareholders of the Bank. In August 2014, he became a member of the Board of Directors of the Bank till January 2023.

He holds a Master's Degree in Finance and Banking from Western University, Phnom Penh, Cambodia, and is also a Graduate of the Australian Institute of Company Directors (GAICD).

Drs. Pieter Kooi, Director

Board Committees: Risk Management and IT (Chair), Remuneration and Nomination, Audit

Dutch. Born in 1958. Drs. Kooi joined the Board in October 2000. Starting in 1993, he advised ACLEDA as a microfinance consultant over a period of seven years in its course from a development program into a commercial bank. From 1999, he worked as a short-term microfinance consultant on projects in 15 countries located mainly in Africa and Asia. From September 2002 until December 2005, he was Director of the Microfinance Unit of UNCDF in New York. From March 2006 till May 2011, Drs. Kooi supported ACLEDA Bank Plc. as a part-time consultant in the establishment of ACLEDA Bank Lao Ltd., ACLEDA Training Center Ltd. (currently ACLEDA Institute of Business) and ACLEDA Securities Plc. At present Drs. Kooi serves on several boards within the ACLEDA Bank Group.

He obtained his Master's Degree with distinction in Corporate Finance and Sociology from Erasmus University in Rotterdam, the Netherlands. He is also a Graduate of the Australian Institute of Company Directors (GAICD).

Mr. Van Sou Ieng, Director

Board Committees: Remuneration and Nomination (Chair)

Cambodian. Born in 1953. Mr. Van Sou Ieng joined the Board in September 2020.

Outside ACLEDA Bank, he is the Honorary President of Cambodia Federation of Employers and Business Associations (CAMFEBA), Honorary Chairman of Garment Manufacturers Association in Cambodia (GMAC), Member of ASEAN Business Advisory Council (ABAC), Honorary Member of ASEAN Federation of Textile Industries (AFTEX), Honorary President of Cambodia Federation of Equestrian (CFE), Vice Chairman of National Training Board (NTB), Co-chair of the Government-Private Sector Working Group, member of the Labor Advisory Committee (LAC), Vice Chairman of Labor Dispute Resolution Advisory Committee, Member of Committee of the Review of Cambodia's Implementation of the UN Convention on Anti-Corruption Law, and Member of the Inception Committee of the National Commercial Arbitration (NCA).

He is also Vice Chairman of Asia Insurance Cambodia Co., Ltd., Vice Chairman of Asia Properties Cambodia Ltd, Chairman of PPS Garment Factory, President of PPS Industrial Estate Holding Co., Ltd., President of the Cambodian Country Club (CCC), President of Golden Sorya Mall Co. and the President of a Boutique Hotel named La Plantation Resort and SPA.

He graduated from Academie de Creteil at Fontainebleau, majoring in Mathematics and Physical Sciences, Paris in 1972. He is also graduated with a Diploma from the Institut Supérieur de Gestion, 1976, Paris, France.



Ms. Phurik Ratana, Director

Board Committees: Audit (Chair)

Cambodian (and French). Born in 1972, Ms. Ratana Phurik-Callebaut joined the Board in November 2021 and is also the chairwoman of the Board of ACLEDA Institute of Business since November 2022. She is a CFA Charterholder. She also obtained a Post-Graduate Diploma (DEA) and was a PHD candidate in Industrial Economics, a Master of Science in Foreign Trade and a Master in Economics and Finance at University of Paris 1 Panthéon-Sorbonne.

Ratana has 25 years' experience in international trade, investment, private sector development, and finance. She has a strong background as a consultant/economist combined with experience in high-level management positions. She is currently a Private Sector and Investment senior consultant for various international organizations and is on the advisory board of Khmer Enterprise, Impact Hub and SmallWorld. She was an Independent Director for a commercial bank in Cambodia from 2014 to 2021. She terminated her position as Independent Director of I-Finance Leasing (as it was sold to Kookmin at the end of 2022) and she started her position as a chairwoman of the board of AIB. In addition, she is the founder and chairperson of the Cambodia Community of Investment Professionals (CFA Community in Cambodia) to build local skills in finance while promoting Cambodia as an investment destination. Her previous positions in Cambodia include being the Executive Director of EuroCham Cambodia from 2014 to 2018, business consultant of DFDL, partner at the private equity firm Cambodia Emerald in 2008 and director of the CCFC (French Cambodian Chamber of Commerce). She worked also in Switzerland as portfolio manager for a Private Bank and as economist at UNCTAD.

Mr. Stéphane MANGIAVACCA, Director

Board Committees: Remuneration and Nomination

French. Born in 1975. Mr. Mangiavacca joined the Board in March 2020. He started his career with the French Ministry of Finance, working in China. He then joined the Internal Audit of BPCE Group where he became Senior Manager of Quantitative Audit. He now works for BRED Banque Populaire as an Executive Board member, Head of International and then become a Board member of several French and international banks of BRED Group. He was Chief Risk & Compliance Officer prior to that, until January 2020. He graduated from ECOLE NATIONALE SUPERIEURE DES MINES DE SAINT-ETIENNE, Engineering Diploma with honors and studied at University of New Brunswick in Canada.

Mr. Kyosuke Hattori, Director

Board Committees: Risk Management and IT

Japanese. Born in 1975. Mr. Kyosuke Hattori joined the Board in November 2021. He began his career with Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation (SMBC)) after graduating from Sophia University. In April 2001, Mr. Hattori was appointed to an Assistant Vice President, Shin-Yokohama Corporate Business Office, SMBC. In October 2002, Mr. Hattori was assigned as an Assistant Vice President, Corporate Finance Services Department, Tokyo. In December 2003, he was transferred to work at Singapore branch. In July 2005, he was promoted to a Vice President, Singapore Branch. In July 2009, He was nominated as a Vice President, Public Relations Department, Tokyo. In October 2012, he was further promoted to a Senior Vice President, Corporate Planning Department, Tokyo. He was changed his duty station to work at Emerging Markets Business Division, and Planning Department, International Banking Unit in April 2014 and 2016 respectively. In April 2017, he was elevated to a Senior Vice President and Group Head, Planning Department, International Banking Unit. In April 2020, he was changed the duty station to work at Business Development Department, Tokyo. He was then transferred to work in Singapore in June 2021 as Joint General Manager of Planning Department, Asia Pacific Division. He graduated from Sophia University with a Bachelor of Arts in Law in March 1998.



Dr. Albertus Bruggink, Director

Board Committees: Remuneration and Nomination, and Risk Management and IT

Nederlandse, Born in 1963. Dr. Albertus Bruggink joined the Board in May 2021. He obtained his PhD, Business Administration and Msc, Business Administration from Twente University of Technology.

Outside ACLEDA Bank, he is currently an independent consultant based in the Netherlands and he is a corporate advisor to ORIX Corporation in Tokyo. Furthermore, he joined the Board of Foundation Westerbork Fund (Netherlands) in January 2022. He has worked for 30 years at Rabobank in different roles in finance, risk management and treasury/capital markets, both domestically and internationally. During his career, he served on a number of boards of directors, predominantly in the Netherlands, and has served as the chairman of the audit committees of such Boards on a number of occasions. Mr. Bruggink received an MSc in Business Administration from University of Twente in 1986 and a PhD in Financial Engineering from University of Twente in 1989. He is currently a part-time professor in Financial Engineering and Risk Management at University of Twente.

Furthermore, he acts as a member of supervisory boards of Medisch Spectrum Twente (Netherlands), Ormat Technologies (USA), TFG and XAC Bank (Mongolia), and Gravis Capital Management (UK).

Mr. Kay Lot, Director

Board Committees: Risk Management and IT

Cambodian, Born in 1970. Mr. Kay Lot joined the Board in May 2021. He is an entrepreneur with senior management experience in finance, banking, media, and telecommunications. Prior to joining ACLEDA Bank, he also served as independent director, and chair of the audit committee, in one of the largest Microfinance Deposit-Taking Institutions in Cambodia.

Currently he is an active investor in technology start-ups and a shareholder in digital media and construction companies. He also serves as an Independent Director for BSP Finance Cambodia and Digital Divide Data, a social impact company based in New York.

He obtained IFRS Certification from The Association of Chartered Certified Accountants (ACCA), and currently pursuing Executive MBA with Essec Business School.



3. Director, Shareholder of Co-owner of Other Company

No	Name	Company	Director, Shareholder or Co-owner
1	Mr. Chhay Soeun	N/A	N/A
2	Dr. In Channy	AFT Association of Banks in Cambodia (ABC)	Chairperson council member
3	Mr. Rath Yumeng	N/A	N/A
4	Drs. Pieter Kooi	Alter Modus MFI in Podgorica, Montenegro	N/A
5	Mr. Van Sou Ieng	GMAC CAMFEBA ABAC AFTEX CFE NTB Government-Private Sector Working Group LAC Labor Dispute Resolution Advisory Committee Committee of the Review of Cambodia's Implementation of the UN Convention on Anti-Corruption Law NCA Asia Properties Cambodia Ltd PPS Garment Factory PPS Industrial Estate Holding Co., Ltd Boutique Hotel La Plantation Resort and SPA CCC Co. Ltd GSM Co Ltd Asia Insurance Co Ltd	Honorary Chairman Honorary President Member Honorary Member Honorary President Vice Chairman Co-chair Member Vice Chairman Member Member Vice Chairman Chairman President President President President Vice Chairman
6	Mr. Stéphane MANGIAVACCA	BRED Banque Populaire BRED group	Executive Board member, Head of International Member
7	Mr. Kyosuke Hattori	N/A	N/A
8	Dr. ALBERTUS BRUGGINK	ORIX Corporation Westerbork Fund University of Twente MST Netherlands Ormat Technologier, USA XAC / TFG, Mongolia Gravis Capital, UK	Advisor Board Professor Member Member Member Member
9	Mr. Kay Lot	BSP Financial Cambodia Plc. Digital Divide Data, New York. Quantum Publicity Co., Ltd, Cambodia	Independent Director Independent Director Director and Owner
10	Ms. PHURIK RATANA	Khmer Enterprise, Impact Hub and SmallWorld CFA Community in Cambodia	Advisor Founder and Chairperson



4. Board Roles, Duties, and Responsibilities and Performance

The Directors are appointed by the Shareholders for three-year terms to act on their behalf. The Board shall consist of ten Directors and that:

- The Board of Directors is responsible for determining the strategy of the Bank and for conducting or supervising the conduct of its business and affairs. Its members shall act in the best interests of the Bank.
- The powers of the Board of Directors are to be exercised collectively and no individual Director shall have any power to give directions to the officers or employees of the Bank, to sign any contracts, or to otherwise direct the operations of the Bank unless specifically empowered to do so by a resolution of the Board of Directors.
- Each Director shall have unlimited access to the books and records of the Bank during ordinary business hours.

The Board of Directors shall elect, by majority vote, one of its members to serve as Chairman who shall preside over meetings of the Board of Directors as well as the Annual General Meeting.

The Board of Directors assumes responsibility for corporate governance and for promoting the success of the Bank by directing and supervising its business operations and affairs. It appoints and may remove the President & GMD, Senior GCIAO/GCIAO, and Head of COD. It also ensures that the necessary human resources are in place, establishing with management the strategies and financial objectives to be implemented by management, and monitors the performance of management both directly and through the Board Committees.

The Board of Directors established three Committees: Audit, Remuneration and Nomination, Risk Management and IT, and may establish such other committees as it deems necessary or desirable to carry on the business and operations of the Bank. These Board Committees shall exist at the pleasure of the Board of Directors and all members of such Committees shall be approved by the Board. The Committees themselves will not exercise any of the powers of the Board, except in so far as the Board may formally delegate such powers, but may make recommendations to the Board for their collective action. Whilst membership on Board Committees is restricted to Directors themselves, they may invite members of management and others so as to provide operational information and explanation when considered necessary. All Board Committees are chaired by Independent Directors.

A complete list of existing Board Committees, their membership and their activities during 2022 appears on pages 69-71 of this report.



5. Board Meetings

No	Date	Type of Meeting	Name of Directors Attending the Meeting
01	07 February 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
02	10 February 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
03	16 February 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
04	17 February 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
05	01 March 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot



No	Date	Type of Meeting	Name of Directors Attending the Meeting
06	23 March 2022	Physical meeting	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca (joined via con-call) Mr. Kyosuke Hattori (joined via con-call) Dr. Albertus Bruggink Mr. Kay Lot
07	28 March 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
08	11 April 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
09	05 May 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
10	18 May 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot



No	Date	Type of Meeting	Name of Directors Attending the Meeting
11	27 May 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
12	06 June 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
13	10 June 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
14	22 June 2022	Physical meeting (Venue: Paris, France)	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
15	28 June 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot



No	Date	Type of Meeting	Name of Directors Attending the Meeting
16	07 July 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
17	04 August 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
18	15 August 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
19	28 August 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot



No	Date	Type of Meeting	Name of Directors Attending the Meeting
20	29 September 2022	Physical meeting	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
21	06 November 2022	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
22	19 December 2022	Physical meeting	Mr. Chhay Soeun Dr. In Channy (joined via Con-Call) Mr. Rath Yumeng Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca (joined via Con-Call) Mr. Kyosuke Hattori Dr. Albertus Bruggink (joined via Con-Call) Mr. Kay Lot



B. BOARD COMMITTEE

1. Board Committee Structure

On 26 June 2019, the Board revised Board Committees structure and composition with reference to Cambodian law and the requirements of the NBC, the best practice and any other factors specific to the Bank's situation. The latest composition of Board Committees has been revised on 16 December 2021.

1.1 Board Audit Committee (BACO)

Scope & Purpose

The BACO is established by the Board of Directors of ACLEDA Bank to monitor and review the integrity of the financial statements, the internal financial control system, the internal audit and the service provided by external auditors.

Members

- Ms. Phurik Ratana, Independent Director, Chair (Effective on 01 January 2022)
- Drs. Pieter Kooi, Independent Director, member
- Mr. Chhay Soeun, Non-Executive Director, member

Significant Issues and Activities in 2022

The BACO met 4 times in 2022 whereas 1 times in February, 1 time in May, 1 time in August, and 1 time in November. The main proceedings were

- Reviewed, approved and endorsed to the Board of Directors for final approval, the financial audited statements of 2021.
- Reviewed and approved the internal control report of the year 2021 for submission to the National Bank of Cambodia.
- Reviewed and approved the Internal Audit report of the year 2021 to disclose, as CSX require.
- Proposed the 2021 incentive of the Senior Group Chief Internal Audit Officer and recommend to Board for approval.
- Evaluated and graded the 2021 performance of the Senior Group Chief Internal Audit Officer and recommend to Board for approval.
- Reviewed the internal audit reports and analysed any unusual trends or incidents.
- Reviewed and approved the internal audit plan for fiscal year 2023.
- Reviewed and approved the criteria incentive 2023 for Senior Group Chief Internal Audit Officer and endorsed to the BRENCO for the Board final approval.
- Reviewed and approved TOR of BACO and recommended to the Board for final approval.
- Reviewed and approved to select the external auditor to conduct AML/CFT audit assessment for the year 2022.
- Discussed and approved to select the Bank's external auditors of the year 2023 and 2024 and endorse to the Board of Directors.
- Annually reviewed the policies: Audit Policy, Internal Control Policy, Corporate Disclosure Policy, Dividend Policy and General Policy Guidelines.
- Reviewed and approved the job description of Senior Group Chief Internal Audit Officer.
- Reviewed and approved 2022 interim financial statement for March, June and September and endorsed to the Board of Directors for final approval.



1.2 Board Remuneration and Nomination Committee (BRESCO)

Scope & Purpose

The Committee is established by the Board of Directors of ACLEDA Bank to provide an independent opinion on advising the Board in the matters of:

- a) remuneration of Directors, President & GMD, Senior GCIAO, and Head of COD of the Bank, and Directors of subsidiaries; and
- b) the selection of suitable candidates for the member of Board of Directors, the President & GMD, Senior GCIAO, and Head of COD of the Bank.

Members

- Mr. Van Sou Ieng, Independent Director, Chair
- Drs. Pieter Kooi, Independent Director, member
- Dr. Albertus Bruggink, Non-Executive Director, member
- Mr. Stéphane Mangiavacca, Non-Executive Director, member

The Committee, from time to time, may ask members of management and outside professional advisers to attend all or part of any meeting to provide additional information and explanation as they consider necessary.

Significant Issues and Activities in 2022

The BRESCO met 6 times in 2022 whereas 1 time in February, 1 time in March, 1 time in June, 1 time in September, and 2 times in December. The main proceedings were:

- Reviewed and endorsed to the Board for final approval of 2021 inflation rate for the payment to the Bank's employees from 01 April 2022 onward.
- Reviewed and endorsed to the Board for final approval of revision of 2022 incentive criteria of SGCIAO.
- Reviewed and endorsed to the Board for final approval of annual increase in salary of Dr. In Channy, President & GMD, for the year 2021 performance.
- Reviewed and endorsed to the Board for further approval of annual increase in salary of Chairman of the Board retro-effective from 01 January 2022.
- Reviewed and endorsed to the Board for final approval of 2021 annual report of BRESCO.
- Reviewed and endorsed to the Board for further approval of the increase in the Bank's Board of Directors fees.
- Reviewed and endorsed to the Board for further approval of re-appointment of Directors' mandate of the Bank and subsidiary.
- Reviewed and endorsed to the Board for approval of TOR of BRESCO.
- Updated and endorsed to the Board for approval of Appendix E of Corporate Governance Policy tied to Board fees and expenses.
- Reviewed the audit report in connection with the pension and retirement benefits plan.
- Reviewed and recommended to the Board the employees' pension and retirement benefits plan.
- Reviewed relevant laws and regulations.
- Reviewed succession plan of all senior positions of the Bank and subsidiaries.
- Discussed on retreat program proposal.
- Reviewed the impact of Prakas on Pension Fund implementation.
- Reviewed the actual level and composition of employment costs for the year to date.
- Reviewed management's proposals for employment costs in the next year BP.
- Organized the annual Board assessment.
- Reviewed and endorsed to the Board for approval of President & GMD, SGCIAO, and Head of COD's 2023 incentive criteria.
- Made annual self-appraisal of BRESCO.
- Reviewed annual self-appraisal format of the Board.
- Reviewed and discussed on Board retreat program.
- Annually reviewed of the Bank's policies
- Annually reviewed of TOR of BRESCO.



1.3 Board Risk and IT Committees (BRIC)

Scope & Purpose

The Committee is established by the Board of Directors of ACLEDA Bank Plc. ("the Bank") to assist the Board of Directors in the effective discharge of its responsibilities for risk management, compliance, and information technology and to regularly review management's ability to assess and manage the Bank's risks.

Members

- Drs. Pieter Kooi, Independent Director, Chair
- Mr. Kay Lot, Non-Executive Director, Member
- Mr. Kyosuke Hattori, Non-Executive Director, member
- Dr. Albertus Bruggink, Non-Executive Director, member

The Committee, from time to time, may ask members of management and outside professional advisers to attend all or part of any meeting to provide additional information and explanation as they consider necessary.

Significant Issues and Activities in 2022

The BRIC met 12 times in 2022 whereas 2 times in February, 2 times in March, 1 time in May, 2 times in June, 2 times in August, 1 time in September, 1 time in November and 1 time in December. The main proceedings were:

- Reviewed and discussed the Group and the Bank's overall risk profile as presented by the EVP & Group CRO to ensure that the key risk indicators fully complied with the regulatory requirements, internal targets, and risk appetite statement - key risk indicators' level (RAS-KRIs).
- Assessed and discussed the potential future risks for ACLEDA Bank and its subsidiaries.
- Discussed and further refined the risk analysis process and undertook a series of stress test scenarios and reverse stress tests allowing for simultaneous occurrence of risks including potential effects of COVID-19 pandemic and restructured facilities.
- Reviewed the internal capital adequacy assessment process (ICAAP) report which was aimed for assessing its overall capital adequacy in relation to the risk profile and determining a strategy for maintaining appropriate capital levels.
- Assessed the composition of the credit portfolio and, particularly, its quality and compliance with internal policies.
- Monitored and discussed the restructuring of facility, refinancing of facility, reclassification of facility, and write-off of facility.
- Analysed the impact of possible risk scenarios on the balance sheet, income statement and prudential ratios.
- Reviewed the potential risks in light of the high standards as set by the Board of Directors on the Environmental, Social, and Governance (ESG) issues.
- Reviewed and analysed cyber security and other main IT issues for the Bank as a Digital Bank.
- Reviewed and analysed the development of the banking industry in Cambodia to assess competitive and business risks.
- Reviewed and discussed the development of the market of digital financial services, small and medium business credit and real estate & construction credit.
- Discussed strategies to optimally manage these potential risk events in the long-term interest of ACLEDA Bank and its customers.
- Reviewed the liquidity stress testing results and the contingency funding plan for 2023.
- Reviewed and approved management's funding proposals to support funding needs.
- Reviewed the compliance division report and received analyses of any suspicious transactions.
- Reviewed and approved the incentive scheme targets for the Compliance Division and endorsed to the Board for final approval.
- Reviewed and approved the Compliance Division budget plan for fiscal year 2023.
- Reviewed the terms of reference of Board Risk Management and IT Committee (BRIC).
- Reviewed and endorsed the following policies: Risk Management Policy, Liquidity Risk Management Framework, Trade of ACLEDA Bank Shares Policy, Credit Policy, Environmental, Social and Governance (ESG) Policy, IFRS9 Impairment Policy, Credit Scoring Policy, Compliance Policy, Anti-Money Laundering and Combating the Financing of Terrorism Policy, KYC/Customer Due Diligence Policy, Whistleblower's Protection Policy, Related Party Transactions Policy, Conflict of Interest Policy, Insider Trading Policy, Code of Conduct Policy, Information Technology (IT) Governance Policy, and Information Security Policy.
- Conducted an annual self-assessment of its performance relative to the Board Risk Management and IT Committee's purpose, duties, and responsibilities in order to ensure the effective discharge of its responsibility.



2. Changes of Committee Member

No	Committee	Name	Reason
1	BACO	Ms. Phurik Ratana	Ms. Phurik Ratana has been appointed as the Chairwoman of BACO, effective 01 January 2022.
2	BRENCO	N/A	N/A
3	BRIC	Dr. Albertus Bruggink	Dr. Albertus Bruggink is a new director appointed as a member of BRIC

C. REMUNERATION AND COMPENSATION

1. Brief Policies of Remuneration or Compensation for Directors and Senior Officers

Director

- The Shareholders of ACLEDA Bank and its subsidiaries determine the remuneration and benefits of directors from time to time through the Shareholders' Agreement, based on the proposal of the Board of Directors.
- The Shareholders of ACLEDA Bank and its subsidiaries nominate the Directors of the Board as stipulated in their respective MAOA

Senior Officers

- The Board of ACLEDA Bank shall appoint a suitably qualified person as its President & GMD, Senior GCIAO/GCIAO, and Head of COD of the Bank.
- The Board of ACLEDA Bank approve the remuneration of the President & GMD, Senior GCIAO/GCIAO, and Head of COD of the Bank.
- The Boards of ACLEDA Bank and its subsidiaries shall approve the overall annual budget for the remuneration of the Directors and employees.
- The Boards of ACLEDA Bank and its subsidiaries will evaluate its own performance on an annual basis.

2. Remuneration and Compensation Receivers

No	Remuneration and Compensation Receiver	Remuneration and Compensation Amount	Other
1	Directors	\$462,241.78	
2	Executive Directors and Senior Officer	\$4,158,428	
3	Top 5 Employees Receiving Remuneration and Compensation Receivers	\$2,831,904	

D. ANNUAL PERFORMANCE EVALUATION OF BOARD OF DIRECTORS, DIRECTORS, COMMITTEE AND CEO

No	Description	Evaluation Process	Marking Criteria
1	Board of Directors	The Board makes self-assessment of their performances	<ul style="list-style-type: none"> Authorities, roles, and responsibilities stipulated in their Board charter, MAOA, and applicable law Participation in the Board meetings
2	Directors	The Directors make self-assessment of their performances	<ul style="list-style-type: none"> Authorities, roles, and responsibilities stipulated in their Board charter, MAOA, and applicable law Participation in the Board meetings
3	Committees	The Board committees make self-assessment of their performances	<ul style="list-style-type: none"> Authorities, roles, and responsibilities stipulated in their Terms of References Participation in the Board meetings
4	President & GMD	The performance of President & GMD is evaluated by BRENCO and is recommended to the Board for final approval.	Performance criterion (Both quantitative and qualitative) set by BRENCO and recommend to the Board for final approval.



E. TRAINING FOR DIRECTORS AND SENIOR OFFICERS

Training courses for directors and senior officers in 2022 as below:

Local Training

No	Name	Position	Topic	Venue	Training Type	Conducted Training by	Date of Training
1	Dr. In Channy	President & Group Managing Director	Securities and Exchange Regulator Agent	Phnom Penh	Training	SERC	26 July to 05 August 2022
2	Dr. So Phonmary	Senior EVP & Group Chief Operations Officer	Communicating as a leader	Phnom Penh	Workshop	USAID / Development Engineering / UC BERKELEY	15 June 2022
3	Mr. Ly Thay	EVP & Group Chief Administrative Officer	Fitforbanking	Phnom Penh	E-Learning	IBF	01 December 2021 to 01 December 2022
4	Mr. Rath Yumeng	Senior EVP & Group Chief Treasury Officer	Green and Sustainable Finance	Phnom Penh	Workshop	UNDP Cambodia	24 to 28 August 2022
5	Mrs. Buth Bunseyha	EVP & Group Chief Legal Officer and Corporate Secretary	VDB Loi's Renewable Energy	Phnom Penh	Seminar	VDB / Loi	29 November 2022

Overseas Training

No	Name	Position	Topic	Venue	Training Type	Conducted Training by	Date of Training
1	Mrs. Mar Amara	Senior EVP & Group Chief Financial Officer	Organizational Leadership	Online	Training	Harvard Business School (USA)	22 June to 10 August 2022
2	Dr. So Phonmary	Senior EVP & Group Chief Operations Officer	Big Data Project	Online	Training	BTPN and SMBC (Indonesia)	23 to 25 August 2022
3	Mr. Mach Theary	EVP & Group Chief Information Officer	Big Data Project	Online	Training	BTPN and SMBC (Indonesia)	23 to 25 August 2022
			Big Data & AI Project	Singapore	Study Tour	Amazon Web Service	5 to 6 September 2022
4	Mrs. Buth Bunseyha	EVP & Group Chief Legal Officer and Corporate Secretary	The Company Directors Course	Australia	Training	Australian Institute of Company Directors	14 to 18 November 2022



PART 3

**CODE OF BUSINESS
CONDUCTS PRACTICES**



A. CODE OF BUSINESS CONDUCTS PRACTICES FOR DIRECTORS AND SENIOR OFFICERS POLICIES

- **Law Enforcement**

ACLEDA Bank conducts its business in compliance with applicable laws and regulations and in accordance with the highest ethical principles. ACLEDA Bank Group requires all directors and employees to comply with all local laws/regulations applicable to the Bank wherever it does business. Further, each of us must have an understanding of the Bank policies, laws, rules and regulations that apply to our specific roles. Hence, ACLEDA Bank put in place a Compliance Policy to ensure that, at all times, the Bank complies with the spirit of the legal environment and the Bank's policies.

- **Build Trust and Credibility**

Trust and credibility we earn from our stakeholders including but not limit to employees, customers and shareholders are part of our success in business. We gain credibility by adhering to our commitments, and reaching company goals solely through honorable conduct.

- **Code of Conduct Policy**

The Bank set up its Code of Conduct Policy to set ethical standards for all staff members of the Bank with the following important principles:

1. **Honesty, Fairness and Integrity:** All staff shall act honestly and with integrity in all of their dealings, and staff members will not discriminate on the grounds of people's race, religion, gender, marital status, or disability.
2. **Personal Transactions:** Shall not use the name of ACLEDA Bank to further any personal or other business transaction.
3. **Confidentiality of Information:** Ensure the confidential information relating to customers, staff and ACLEDA Bank's operations, and respect the privacy of others.
4. **Ensuring the Integrity of Records and Internal Controls.**
5. **Abiding by the Law:** Staff members shall observe and abide by the law, rules and regulations of the Kingdom of Cambodia and internal policies of ACLEDA Bank at all times.

- **Avoid Conflicts of Interest (Conflict of Interest Policy)**

The Bank created its conflict of interest policy to enable all staff members of ACLEDA Bank easily identify, prevent, and manage conflict of interest which may arise in the course of the Bank's business.

- **Corporate Disclosure Policy**

The Bank put in place the Corporate Disclosure Policy to ensure that Corporate Information is disclosed to the relevant authorities, investors, customers, creditors, employees and the general public in a timely, accurate, complete, understandable, convenient and affordable manner.

- **Insider Trading Policy**

The Insider Trading Policy of the Bank is designed:

- To protect the interests of investors and the reputation of the Bank
- To prevent misuse of Material Non-public information (MNI)
- Ensure compliance to the regulatory requirements.

Under this policy, Insiders (directors and employees of the Bank or its subsidiaries, certain consultants, contractors, and agents) who receive or have access to MNI are prohibited from purchase/ sale/ engage in any transactions, directly or indirectly, involving the Securities listed on the CSX/ other permitted securities markets. (Securities: refers to securities issued by the Bank or other listed companies if Insiders have MNI about these through their work with the Bank.)



• Liquidity Risk Management Framework

The Bank has set up this framework in order to:

- Ensure that the Bank maintains at all times a stable and diversified funding base, which enables the Bank to meet its daily liquidity needs and covers both expected and unexpected funding requirements at a reasonable cost.
- Manage the Bank's liquidity and funding in a way that creates long-term value for the shareholders.
- Reduce the severity of potential liquidity problems, lower their impact on the Bank and protect all stakeholders.

• Whistle Blower's Protection Policy

The Bank has adopted a Whistle Blower's Protection Policy:

- To protect each whistle blower who expresses a concern in good faith, without malice and with no expectations of personal gain.
- To encourage all employees to inform the relevant level of management of any activity or matter which is detrimental to the best interests of the Bank and the general public.

• Environmental, Social and Community ("ESG") Policy

The Bank has adopted the ESG policy:

- To ensure that the Bank will at all times strive to provide financial services particularly to projects and initiatives that are sustainable with respect to nature and the environment.
- To provide a framework of guidelines within which the Bank can operate in a sustainable manner so that our impact on the environment, society and governance in which we operate is managed in a responsible way.
- To comply with the environmental laws and guidelines of Cambodia.

• Fighting against corruption

The Bank prohibits offering or receiving bribes or corrupt payments in any form. Such prohibition has been raised and mentioned some part in Collective Labor agreement, Internal Regulation, Code of Conduct, Detail in Misconduct and Operating Manual of Gift Commission and Persuasion of the Bank. All employees shall comply with laws and regulation in force. ACLEDA Bank Group is strongly committed to conducting our business with honesty, integrity and in accordance with all applicable laws including anti-corruption law. Any employee who violates the laws and terms of relevant policy will be subject to disciplinary action.

• Policy on Anti-Money Laundering and Combating the Financing of Terrorism (AML & CFT)

In our day to day business activities, we must apply the principles and procedures set out in the AML & CFT Policy. All levels of the Bank management and staff are obligated to report all types of suspicious transactions and shall be required to keep confidentiality of any information obtained on suspected customer's transaction and record has been made. Head of COD obliges to independently submit the information of suspicious transactions to the Cambodian Financial Intelligence Unit within 24 hours after receive reporting and there is a reasonable ground of suspicion. Head of COD shall record his/her opinion if such reasonable grounds do not exist.

• Related working policy/internal rules

We respect all applicable law, including local laws and regulations that apply to our business. The Bank has a clear collective labor agreement which is made pursuant to the Chapter V of the Labour Laws of the Kingdom of Cambodia.

The collective labor agreement of the Bank set forth the terms and detail conditions of employment, productivity of employees, and monitor the relationship between Employer and Employees as well as Employer and Shop Stewards.

• Conflict Resolution

The best approach to resolve a conflict in the workplace is to prevent it from happening in the first place. The collective labor agreement of the Bank also stipulated the grievance procedures for presenting and settling workplace disputes. Raising and recognizing the problems to debate to clear all unreasonable doubtful and misunderstandings that is a priority work shall be taken action by ACLEDA Bank and the Shop Stewards.

• Fair Dealing

The Bank committed to conducting our business in a transparent, fair and honest manner and also committed to deliver fair dealing outcomes for our customers by ensuring that all products and services we offer comply with the laws and regulations and are suitable for our customers.



B. PUBLISHING OF CODE OF BUSINESS CONDUCTS PRACTICES

The Boards approved the Code of Conduct Policy and it had been implemented since 2014.

C. MECHANISMS AND PROCEDURES FOR ASSESSING CODE OF BUSINESS CONDUCTS PRACTICES

In order for employees to understand the code of business conduct and the scope of implement, the Bank has set up the procedure as follows:

New Recruit

All new selected recruits and nominated to work in ACLEDA Bank or subsidiaries, must be prepared code of conduct when sign works contract. She/he must read all points of code of conduct content and clarify understanding and claim the implement by stamping a right thumbprint as a proof.

Existing Employees

- All changed position staffs, nominated and promoted employees, the latest direct management have to prepare new code of conduct to employee for rereading all points of content and stamp right thumbprint as a proof.
- All employees come to test at Human Resources Division have to write code of conduct of new position.
- Employees who is earlier or meet the deadline of working appraisal, have to do as below:
- Direct management has to give code of conduct to employees for reading deeply the meaning and content stated in the letter attached with performance appraisal.
- After reading the meaning of code of conduct, employees have to stamp right thumbprint as a proof.

D. RELATED PARTIES TRANSACTIONS


1. Related Parties Transactions Policies

No	Related Parties	Policies
1	Holding Company	None
2	Joint Venture	None
3	Subsidiary	Operating Manual on Related Party Transaction
4	Majority Shareholders and Controlling Shareholders	Operating Manual on Related Party Transaction
5	Directors and Their Family	Operating Manual on Related Party Transaction
6	Employees and Their Family	Operating Manual on Related Party Transaction
7	Other	None



2. Important Transactions with Related Parties

No	Name	Type of Transactions	Transaction Size		Transaction Summary
			USD	KHR'000	
1	Shareholder who hold at least 5% or more shares of outstanding equity securities	Balance with related parties	725,388	2,986,422	Deposit with shareholders
		Deposit from related parties	10,167,623	41,860,103	Deposit from shareholders
		Borrowing from related parties	48,847,528	201,105,273	Borrowing from shareholders
		Account Payable	(488,930)	(2,012,924)	Account payable to shareholders
		Interest Income	-	-	Interest income from shareholders
		Fee and commission income	45,474	185,853	Fee and commission income from Shareholders
		Interest expense	1,880,545	7,685,787	Interest expense to shareholders
2	Director and Senior Officer	Loans and advances	11,527,554	47,458,938	Loans and advance to director and senior officer
		Deposit from related parties	4,265,015	17,559,067	Deposit from director and senior officer
		Interest Income	904,154	3,695,277	Interest income from director and senior officer
		Interest Expense	49,034	200,402	Interest expense to director and senior officer
		Fee and Commission Expense	10,065,156	41,136,292	Fee and commission expense to director and senior officer
		Interest Payable	(46,115)	(189,856)	Interest payable to director and senior officer
3	Immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares	Loans and advances	2,644,299	10,886,581	Loans and advance to the immediate family members of the director, Senior Officer and shareholder
		Deposit	1,465,293	6,032,611	Deposit from the immediate family members of the director, Senior Officer and shareholder
		Interest Payable	(10,705)	(44,072)	Interest payable to the immediate family members of the director, Senior Officer and shareholder
4	Subsidiary	Loans and advances	-	-	Loans and advance to subsidiary
		Balance with related parties	-	-	Deposit with subsidiary
		Deposit	7,987,484	32,884,470	Deposit from subsidiary
		Account Receivable	259,910	1,070,049	Account receivable from subsidiary
		Interest Income	6,217	25,409	Interest income from subsidiary
		Fee and Commission Income	988	4,037	Fee and commission income from Subsidiary
		Interest Expense	222,766	910,444	Interest expense to subsidiary
		Fee and Commission Expense	3,147,747	12,864,842	Fee and commission expense to Subsidiary
		Account Payable	(28,709)	(118,195)	Account payable to subsidiary
		Other commitment	(64,114)	(262,034)	ECL on financial guarantee on AIB's Borrowing



PART 4

RISK MANAGEMENT, INTERNAL CONTROL AND AUDITING



A. BRIEF RISK MANAGEMENT SYSTEM OR RISK MANAGEMENT POLICIES

ACLEDA Bank is constantly pursuing efficient risk management system to enhance its effectiveness of risk oversight and control function where the safety and soundness of the Bank rely on. The Bank's risk management approach consists of the identification, assessment and mitigation of key risk and controls is undertaken across all business areas of the Bank. In addition, the Bank supports strong risk governance applied consistently to a strong emphasis on the concept of "Three Lines Model". The governance structure encompasses accountability, responsibility, independence, reporting, communication and transparency, both internally and with our relevant external stakeholders. The responsibility for risk management is resides at all levels of the Bank. This is a functional approach to risk management built on formal control processes which rely on individual responsibility and independent oversight. Every manager is accountable for managing risk in his or her business area. They must understand and control the key risks inherent in the business undertaken effectively.

B. BRIEF INTERNAL CONTROL SYSTEM

ACLEDA Bank has established an adequate internal control system by issuing internal control policy, operating manual and other guidelines for effective risk management and daily activities. The bank sets up appropriate internal control structure as the Board has the responsibility to establish the general framework for an appropriate Internal Control system to comply with the present Prakas and regulations.

Senior Management has responsibility for implementing strategies approved by the Board to set appropriate internal control operating manuals and procedures and monitor effective daily operation.

Compliance officer has responsibility to perform independently to support management in managing compliance risk and monitor the effectiveness of compliance including corrective action of any compliance breaches.

An effective internal control system and complying with control policies and procedures have been monitored and evaluated by internal audit and the financial reports were examined independently by an external audit.

C. AUDITING

1. Internal Audit

1.1 Roles and Responsibilities of Internal Auditors

The Role of internal audit is to periodically monitor and comprehensively review the effectiveness of internal control function and implementation of internal control policy, operating manual and other guidelines for effective risk management and daily activities. Internal audit plan has been set, performed and reported to the Board Audit Committee.

All audit issues and concerns shall be clearly documented and accompanied by recommendations to Board and management. Pending audit recommendations shall be periodically, and at least twice a year, reported to the Board Audit Committee's members.

Internal audit function has been placed under responsibility of Senior Group Chief Internal Audit officer who is a secretary and reports to the Board Audit Committee directly.

Senior Group Chief Internal Audit officer is appointed, evaluated and removed by the Board Audit Committee.

1.2 New Appointment and Remove/Resignation of head and/or Deputy of Internal Auditors

In the year of 2022, position of Senior Group Chief Internal Audit officer was no new appointment and resignation.

2. External Auditors

The appointment or removal of external audit shall be approved by the Board with the recommendation of the Board Audit committee. External Audit of ACLEDA Bank Plc. for 2022 By Grant Thornton (Cambodia) limited.

No	Name of Audit Firms	Appointment Date	Auditing Fees	Non-audit Fees
1	PRICEWATERHOUSE COOPERS	27 May 2022		US\$ 19,500.00
2	Grant Thornton (Cambodia) limited	26 January 2022		US\$ 6,000.00
		23 November 2022	US\$ 230,000.00	-

- PRICEWATERHOUSE COOPERS for provision for CIFRS Training.
- Grant Thornton (Cambodia) limited for letter of engagement for performance of agreed-upon procedures for ACLEDA Plc. As at 31 December 2021 and for audit of consolidated financial statements of ACLEDA Bank Plc. And Its subsidiaries for each of the four quarter of and as at 31 December 2023 and for the year ending.



PART 5

STAKEHOLDERS



A. IDENTIFY POLICIES AND ACTIVITIES RELATED TO THE FOLLOWING:

No	Contents	Policies	Actions
1	Customer Welfare	<p>1- Letter No: MKD 019/17 for Promulgation on the Procedures of Customer Retention and Cross-Selling & Up-Selling of ACLEDA Bank</p>	<p>1- Customer Retention</p> <ul style="list-style-type: none"> • There is a system to manage customers' data appropriately. • There are target group of customers to retain including: <ul style="list-style-type: none"> ▪ Potential customers (Top 20): Platinum category and served as first priority ▪ Potential customers (Top 21-100): Gold category served as a second priority ▪ Normal customer: Classic category served as standard • In order to be most effective in taking care customers, we engage customer by the following methods: special rate offered, wishing cards provided for special occasions, souvenirs and lunch / dinner reception and so on. • Have an effective and clear plan to visit customers including: <ul style="list-style-type: none"> ▪ Face to face and indirect contact (telephone and other electronic means) ▪ Analysis on customers' needs and transactions with high efficiency. • Assign responsible officers to follow up implement plan on customer retention at branches with professionalism. • Report the achievement of customer retention to management <p>2- Cross-Selling & Up-Selling</p> <ul style="list-style-type: none"> • Have an effective and clear plan on Cross-Selling & Up-Selling plan to be the basis for promoting sales with potential customers and regular customers effectively. • Assign responsible officer for sale acquisition and retention of all products <ul style="list-style-type: none"> ▪ Services with all types of customers, both inside and outside the office to be achieved in accordance with the business plan. • There is a system to store the results of Cross-Selling and Up-Selling which it's more conveniently for the responsible officers to daily monitor with high efficiency.
		<p>2- Decision Letter No. 131/19 dated on 24 January 2019 for the Customer Service's Operating Manual of ACLEDA Bank (CCR)</p>	<ul style="list-style-type: none"> • Be attentive to serve customer • Means and resolution of customer complaint/ problem. • Customer Service Model • Security protection (all both internal and external customer's information and bank transactions are kept secret which not leak to the third party).



No	Contents	Policies	Actions
2	Supplier and Subcontractors Selection	<ul style="list-style-type: none"> • Operating Manual on Procurement • Guideline on Procurement • Procedure on Printing and Equipment Producing 	<ul style="list-style-type: none"> • Business Plan Preparation (CapEx Plan) • Requirement Business Analysis Report by Project Management Office • PMC meeting and approval • Budgetary Approval • Procurement/Bidding Process <ul style="list-style-type: none"> ▪ Announcement for quotation ▪ Check list legal document of supplier ▪ Manufacturer Authorization letter ▪ On site visit if any ▪ Evaluation and Assessment Criteria for Selecting Supplier (Legal documents, Tax payment declaration receipt, Financial report, Human resource, Consultant personal/CVs, Approach & Methodology, Reputation, Service after sale, Account settlement and using ACLEDA Bank's Services) • Procurement Committee meeting and approval (Based on Price, Goods quality, Working experience if required and Assessment Criteria above) • Legal Process (Agreement/Contract) • Product delivery and payment
3	Management and Protection of Employee	<ol style="list-style-type: none"> 1- Internal Regulation and Collective Labour Agreement 2- Employee Welfare Operating Manual 3- Whistleblower's Protection 	<ol style="list-style-type: none"> 1- Working day, working hours, overtimes compensation, Leaves, job security, Employees' rights to self-defence, Anti-harassment, Employee Representative. 2- Protect employee health, well-being, work atmosphere, hygiene, health protection equipment, First-Ad, health Care Support and Daily Subsistence Allowance (DSA). 3- Employee could report any problems could be detrimental of the bank benefit and to his/her department or authorized person according to his/her general knowledge. The main issues shall include: <ul style="list-style-type: none"> ▪ Non-compliance provisions of law and regulatory framework. ▪ Non-adherence to internal policies and procedures of ACLEDA Bank. ▪ Exploitation, stealing, deception or other commission. ▪ Corruption, fraud or mismanagement, non-transparency, nepotism. ▪ Behaviour that causes danger to health and safety to other people. ▪ Improper or unethical behaviour. ▪ Abuse authority, force or any forms of interruption and other harassment. ▪ Criminal or other illegal activities, etc.



No	Contents	Policies	Actions
4	Environment Protection	HQ-1614/22 Decision of Promulgation of Environmental, Social and Governance Policy.	<ul style="list-style-type: none"> • The Bank will comply with the relevant environmental laws, regulations on environmental protection and natural resource management and other compulsory requirements applicable in each country in which we operate. • The Bank operates in a sustainable manner, minimizing the negative footprints on the environmental and society through improving the practices of relevant framework and guidelines. • The Bank will not lend to, or otherwise provide financial services to, clients who engage in activities harmful to the environment or which are listed in ACLEDA Bank's Exclusion List and/or other relevant policies. • The Bank works with regulatory agencies and advisers as necessary in the implementation of effective environmental policies, and, where no regulations exist, we will set our own guidelines according to internationally accepted best practice. • The Bank gives priority to the resource use efficiency and manage all generated waste and pollution from its operation activities. • The Bank gives priority to the renewable energy and energy efficiency sources by financing services. • The Bank will commit to minimizing energy uses and associated greenhouse gas emissions from the facilities and materials through efficient uses. • The Bank continues to introduce energy efficient systems into our buildings and to manage sensibly our energy requirements wherever we operate.
5	Community Interaction	HQ-1614/22 Decision of Promulgation of Environmental, Social and Governance Policy.	<ul style="list-style-type: none"> • ACLEDA Bank will honour the community and society in which we operate and actively work to promote an inclusive culture embracing not just shareholders and staff, customers and business partners but respect for the individual within our community. • ACLEDA Bank believes that the Bank can achieve this, by ensuring that our activities conform to the needs of the community and society in a sustainable manner by: <ul style="list-style-type: none"> ▪ Providing appropriate products and services carefully selected and developed for the particular needs of Cambodian society; ▪ Increasing outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending online banking services to mobilize savings; ▪ Participate in programs to educate the public in financial matters so that they can manage their resources more effectively, improve their business skills and be better equipped to qualify for bank finance; ▪ Provide internships and other forms of training to students to promote financial inclusion to a broader audience; ▪ Maintain our focus on providing financial services to the lower segment of society to provide them with the wherewithal to improve the quality of their lives; ▪ Promote career opportunities for women, within the reasonable constraints of the job requirements, so as to ensure an appropriate gender balance; ▪ Work with community groups, authorities and stakeholders to develop new products and services specifically tailored to their needs, and; ▪ Selectively participate in charitable programs, where the aim is to 'help the people help themselves' or facilitate access to education, whether through direct financial support or 'pro-bono' community work.



No	Contents	Policies	Actions
6	Creditors' Rights Protection	<ul style="list-style-type: none"> • Code of Conduct Policy • Corporate Disclosure Policy 	<ul style="list-style-type: none"> • All staff members of the Bank shall pursue the highest standard of ethical conduct in the best interest of all stakeholders of the Bank. • The Bank ensures that Corporate Information is disclosed to all stakeholders including creditors.
7	Anti Corruption Program	<ul style="list-style-type: none"> • Collective Labor Agreement • Internal Regulation • Details of Misconducts 	Notice and train all employees related to Anti-corruption

B. CORPORATE SOCIAL RESPONSIBILITIES OF ACLEDA BANK

No	Beneficiaries	Amount	Purposes
1	Cambodian Red Cross	KHR 800,000,000	Donation to the Cambodian Red Cross on their 159th anniversary of World Red Cross Day on May 8 2022.
2	National Committee for Disaster Management	KHR 40,000,000	Donation to the National Committee for Disaster Management to support rescue equipment on the water.



PART 6

DISCLOSURE AND TRANSPARENCY



A. IDENTIFY THE FOLLOWING INFORMATION IN THE ANNUAL REPORT:

No	Information	Yes/No
1	Visions/ Missions/ Objectives	Yes
2	Financial Indicator	Yes
3	Non-financial Indicator	Yes
4	Main Risk Factors	Yes
5	Dividend Policy	Yes
6	Biography of Directors	Yes
7	Training of Directors	Yes
8	Number of Board Meetings	Yes
9	Attendance of Directors in Board Meetings	Yes
10	Remuneration or Compensation for Directors and Senior Officers	Yes

B. MECHANISM OF DISCLOSURE INCLUDING MEANS, PROCEDURES AND RESPONSIBLE PERSON IN CHARGE OF DISCLOSURE

The Bank has adopted a Corporate Disclosure Policy, which is outlined toward the determination of material information and to ensure that Corporate Information (timely disclosure, periodic report, special disclosure, requested disclosure and other related documents required by laws and regulations of the relevant regulators/ authorities) is disclosed to the relevant authorities, investors, customers, creditors, employees and the general public in a timely, accurate, complete, understandable, convenient and affordable manner. It shall be sent to the CSX and/or the SERC directly or through e-Disclosure system or e-mail or other electronic systems. The Corporate Information shall be submitted at the same time in Khmer and English. When it is deemed necessary in an urgent case, disclosure of information can be made verbally, by phone or electronic system and shall be immediately confirmed in writing. Beside Corporate Information to be disclosed to investors pursuant to this policy, the Bank may submit the document to the CSX and/or the SERC for internal use by stating that "NOT for Public Release". Nevertheless, the CSX or the SERC may review the document and request the Bank to release the information to the public if they consider it necessary in the interest of the investors.

After the Corporate Information releasing on CSX's website (www.csx.com.kh), the Bank releases such information through the Bank's website immediately (www.acledabank.com.kh/kh/khm/investor-relation).

In compliance with Prakas 007/18 K.M.K/BB.K. of the SERC, dated October 30th, 2018 on Corporate Disclosure, the Bank appointed and SERC also recognized the following Public Relation Officer, Disclosure Officer and Assistants of Disclosure Officer:



Public Relation Officer

No	Name	Position
1	Mrs. Mar Amara	Senior EVP & Group Chief Financial Officer

Disclosure Officer

No	Name	Position
1	Mrs. Buth Bunseyha	EVP & Group Chief of Legal Officer and Corporate Secretary

Assistant of Disclosure Officer

No	Name	Position
1	Mr. Song Phannou	VP & Deputy Head of Legal Division
2	Mrs. Leang Chandara	ASVP of Corporate Secretary & Disclosure Division
3	Mr. Sor Sophea	Corporate Disclosure Specialist

C. INVESTOR RELATIONS

1. Demonstrate Mechanisms and Procedures for Investor Relations

We acknowledge the importance of maintaining communication with our shareholders and investors through channels like Periodic Report including annual reports and quarterly reports. Timely Disclosure including press releases and announcements etc. Our quarterly and annual reports contain details of financial and other information about the Bank's activities. We welcome enquiries about the Bank's activities and will handle them in a timely manner.

ACLEDA Bank has a wide range of networks to communicate with its customers as well as investors, including homepage, emails, phone calls, face-to-face meetings and invitations shareholders to shareholders' general meeting.

2. Briefly Describe Investor Relations for the Last Year

ACLEDA Bank is the first commercial bank listed its shares on the Cambodia Securities Exchange on 25 May 2020, attracting a lot of interest from the public, local and foreign investors. During 2022, ACLEDA Bank has received and answered questions from the public, investors and invited shareholders to attend the General Shareholders' Meeting which was held on 02 May 2022.



ANNUAL REPORT APPENDIX FOR ACLEDA BANK

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT



Environmental and social sustainability (ESS) mission statement

ACLEDA Bank is committed to achieving strong, sustainable financial returns, while respecting the environment and community within which we live. We subscribe to the concept of triple bottom line ('people, planet, profit') reporting and are constantly developing indicators for measuring and reporting on our performance and impacts on the society and the environment.

The key elements of ACLEDA Bank's ESS mission are:

1. To provide a framework of guidelines within which ACLEDA Bank can operate in a sustainable manner so that our impact on the environment, society and the community in which we operate is managed in a responsible way.
2. To continue to introduce energy efficient systems into our buildings and to manage sensibly our energy requirements wherever we operate.
3. To honour the society in which we live and actively work to promote an inclusive culture embracing not just shareholders and staff, customers, and business partners but respect for the individual within our community.
4. To recognize that supporting the community is not just morally sound but good business as well — our 'good health' and prosperity are mutually interdependent.

Environment

ACLEDA Bank fully subscribes to international conventions, which prohibit the provision of credit to, or otherwise support, any activities that might harm the environment, be morally repugnant or jeopardize human rights. In particular the Bank has in place policies which forbid involvement with exploitative forms of forced or child labour, trade in weapons and munitions, gambling, casinos, brothels, regulated wildlife or wildlife products (CITES rules) and production or trade in radioactive materials or significant volumes of hazardous chemicals. Strict monitoring processes are in place, which require customer contact staff to certify that any business we write conforms to these principles.

The Bank employs five full time Environmental Officers who regularly undertake training and refresher courses to coordinate ACLEDA's environmental activities and monitor performance.

In addition, ACLEDA Bank supports renewable energy by providing loans to customers related to biogas and solar energy.

Environmental Performance Indicators

In order to establish baselines for the measurement of our efforts to reduce our environmental impact, during 2005 we introduced a tracking system for resource usage. The results are given under their respective headings below and will be used to benchmark our future performance.

Paper Usage

In 2022, paper usage increased by 3.93% per co-worker compared to 2021. Moreover, the Bank is continuing increased use of electronic data by using our system developed by the Bank's IT Division to send/receive internal information.

Waste paper decreased by 12.62% per co-worker compared to 2021.

	2022	2021	2020	2019	2018
Materials					
Paper in kg/FTE	10.58	10.18	10.61	10.60	10.64
Waste					
Waste paper in kg/FTE	1.80	2.06	1.23	1.03	1.79

Energy Consumption

Electricity consumption per co-worker increased by 9.21% in 2022 compared to 2021. Gasoline increased by 10.86% in 2022 and diesel and lubricant consumption increased by 4.88% and 3.92% per co-worker compared to 2021.



	2022	2021	2020	2019	2018
Energy					
Electricity in kWh/FTE	2,198.96	2,013.46	1,922.84	1,679.09	1,646.15
Gasoline in l/FTE	38.98	35.16	36.27	36.65	38.23
Diesel in l/FTE	42.11	40.15	46.11	43.70	44.97
Lubricant in l/FTE	1.06	1.02	1.25	1.12	1.13
Emission of CO₂ (Equivalents - in thousands of kg)					
Electricity	14,628	13,352	12,664	11,067	11,142
Gasoline	1,123	1,010	1,035	1,046	1,121
Diesel	1,399	1,329	1,516	1,438	1,519

Water

Water consumption per co-worker decreased by 15.73% in 2022 compared to 2021.

	2022	2021	2020	2019	2018
Water					
Water in m ³ /FTE	18.70	22.19	20.42	28.21	15.54

Business Travel

In 2022, the total distance travelled by car and motorcycle increased by 56.36% and 16.08% compared to 2021.

	2022	2021	2020	2019	2018
Business Travel					
By car in km/FTE	574.28	367.29	565.59	514.54	481.82
By motorcycle in km/FTE	1,979.70	1,705.52	1,845.04	1,838.73	1,894.90

Social Sustainability

ACLEDA Bank's corporate culture is built on respect for the society in which we operate and an inclusive perspective on our stakeholders embracing not just shareholders and staff, customers and business partners but the community at large. In addition to the environmental programs mentioned above the Bank observes a policy of equality in all dealings with the public in general and customers and staff alike. Above all, ACLEDA Bank has practiced from the very beginning 'zero tolerance' of corruption both internally and externally and transgressions are dealt with summarily.

The following are key principles in ACLEDA's corporate social responsibility policy:

Staff

- ACLEDA is an 'equal opportunity' employer. Apart from those jobs which involve a higher physical risk (e.g. guards and messengers) appointment to all positions at every level is based entirely on merit regardless of gender or physical disability.
- ACLEDA Bank aims to be the most progressive employer in Cambodia providing medical, provident fund and other benefits such as personal and housing loan schemes and an employee share ownership program for all staff who have completed probation. It provides comprehensive training both for new recruits as well as experienced staff and encourages those who wish to further develop themselves through external programs.
- The Board Risk Management and IT Committee under the chairmanship of the Board of Directors has been specifically tasked with the responsibility of setting and monitoring the Bank's moral and ethical standards and respect for human rights.
- In consultation with its staff the Bank has drawn up social policies covering i) Code of Conduct, ii) Human Resources Management, iii) Health & Safety, iv) External Relations, v) Freedom of Association and the Right to Collective Bargaining. These are now published on Lotus Notes so that every member of the staff has free (and paperless) access to the most up-to-date versions.



- The staff is represented by a self elected Staff Representative Committee, which excludes management, and a Staff Sports Committee, to promote healthy recreation and good fellowship. At its headquarters, the Bank provides a clinic under the care of a full time doctor and two full time nurses. Healthy and safe work practices are part of the training provided to all employees under the doctor's supervision. A Health and Safety Policy under the direct responsibility of the Executive Vice President & Group Chief Administrative Officer is in place, which includes a policy supervised by a dedicated committee for the support of our staff who are suffering from HIV/AIDS.

	2022	2021	2020	2019	2018
Employment					
Number of staff	12,083	12,081	12,013	11,948	12,177
Male	7,396	7,331	7,252	7,132	7,270
Female	4,687	4,750	4,761	4,816	4,907
Number of staff (FTE)	12,095	12,057	11,975	11,984	12,307
Training and Education					
Training – career development and refresher programs	7,819	5,911	7,293	5,077	3,801
Training of new recruits – induction program	729	778	988	947	549
Internships for local students	396	415	237	645	610
Internships for international students	-	-	5	4	-

Community

ACLEDA recognizes that playing our part as good citizens in the community in which we abide is vital to our mutual interests and prosperity. Major initiatives we are taking are:

- Developing and offering appropriate products and services carefully selected and developed for the particular needs of Cambodian society. In 2006 the Bank launched a housing loan scheme, with interest rates fixed for up to 15 years to enable Cambodians, especially in the lower wealth segment, to purchase their own homes.
- Expanding outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending online banking services to mobilize savings. The expansion of our 24 hours a day/7 days a week ATM network to all provinces in 2010 has enabled our customers to access their funds at their own convenience, irrespective of the normal opening hours of the Bank or national holidays. In April 2017 we launched 'ACLEDA mobile (formerly ACLEDA Unity ToanChet)' – a real bank in your hand. In 2014 and 2015 we launched 'ACLEDA Internet Banking' and 'ACLEDA E-Commerce Payment Gateway' which enable our customers' access to financial services and online payments anywhere anytime.
- At the end of 2022, we conducted an annual survey on our small-sized and medium-sized enterprise loan customers' living standards that get loans at least twice from ACLEDA Bank to test the impact of our credit services. This involved 2,272 respondents (female: 54.23%) randomly selected from our 361,668 active borrowers of whom 70.16% were traders, 15.40% were farmers/workers and 14.44% were private companies/NGOs/civil servants. The responses indicated that across all sectors there were 81.78% who considered that their wealth had increased as a result of credit provided by ACLEDA Bank, 6.78% who did not detect any noticeable change while only 11.44% had the perception that they were worse off than before.

	2022	2021	2020	2019	2018
Income Situation					
Growth	81.78%	80.15%	78.31%	92.40%	90.90%
Stability	6.78%	5.37%	6.08%	3.57%	6.23%
Reduction	11.44%	14.47%	15.61%	4.03%	2.87%

- Incorporated into our policies are strictures against overselling or encouraging customers to over commit themselves or buy inappropriate products or services. As a matter of principle, ACLEDA does not impose mandatory savings requirements on its customers.
- Transparency and 'truth in advertising' are strictly enforced when developing, advertising and selling our products and services and full and detailed information is provided through brochures, our website and other promotional materials.
- ACLEDA practices equality in its lending irrespective of gender or race: 54.80% of our borrowing customers are female.
- Customer confidentiality is inculcated in all our staff during induction training and transgressions are treated as a serious offence.



- Recognizing the particular problem of disability in Cambodia, ACLEDA takes into account the special needs of the disabled when constructing new, or renovating old offices.
- As a commercial organization ACLEDA does not receive subsidies but may on occasion, and where appropriate, receive financial support to provide non-commercial services such as workshops for external trainees.
- ACLEDA does not ally itself to any particular political parties or creeds but seeks to cooperate and work in harmony with the elected government of the day. To this end the Bank regularly participates in meetings with senior officials through industry associations, business forums, chambers of commerce and other group activities. Individual meetings with officials are conducted with transparency and important matters are minuted. ACLEDA has strict rules governing 'undue entertainment' or other activities which might be open to question on the grounds of probity, including the provision of banking services at non-commercial rates ('policy lending').
- In 2022 ACLEDA Bank Plc. provided 396 internships for local students.
- In 2022, ACLEDA Bank Plc. took part in important social and humanitarian activities through the following donations:

Education

- o Donation to the **ACLEDA-Jardines Education Foundation (AJF)** to support the construction of two concrete primary school buildings (Sambour Meas and Chouk Chey) in Oddor Meanchey and Preah Vihear provinces.

Charity

- o Donation to the **National Committee for Disaster Management** to support rescue equipment on the water.
- o Donation to the **Cambodian Red Cross** on their 159th anniversary of World Red Cross Day on May 8.

Health

- o Sponsor of the Bankers' Cycling 2022 event organized by The Association of Banks in Cambodia.
- o Sponsor of the cycling event on the Phnom Penh - Preah Sihanouk Province Expressway organized by **Cambodia Youth Movement**.
- o Sponsor of the Angkor Hospital for Children (AHC) to support their program "**Cycling for Environment and Children's Health - Year 8**".
- o Silver sponsor of the Thansur Sokha Hotel to support their program "**The 7th Bokor Cycling Tour and Half Marathon for Kantha Bopha Children's Hospital**".

Sponsored Events

- o Sponsor to the **General Department of Science, Technology & Innovation** to support their program "**Cambodia Tech Expo 2022**".
- o Diamond sponsor to the **National Bank of Cambodia** to support their program "ASEAN SAVINGS DAY".
- o Main sponsor to the **Association of Banks in Cambodia's** cycling to promote Khmer Riel and sustainability of banking sector on October 30, 2022 in Siem Reap province.
- o Diamond Sponsor of the "**Cambodia Stock Market Exhibition (My First Stock) 2022**" organized by **Cambodia Securities Exchange (CSX)**.
- o Sponsor of the "**Cambodian Young Entrepreneur Awards (CYEA)**" organized by Young Entrepreneurs Association of Cambodia (YEAC).
- o Sponsor of the "**Financial Technology (FinTech) Awareness Program**" organized by Rithipul Co., Ltd.
- o Sponsor of the "**Role of Banking Sector and Fintech in Digital Economy in Cambodia**" event organized by the **National Bank of Cambodia**.
- o Diamond sponsor to the **Association of Banks in Cambodia** to support their program "**Banks and Financial Institutions Conference and Exhibition**".
- o Gold sponsor of the **Global SME Finance Forum 2022** organized by the International Finance Corporation and co-hosted by the National Bank of Cambodia.
- o Platinum sponsor of the **Reverse Innovation (RI) 2022 (Cohort 2)** organized by **Ministry of Economy and Finance** and **Techo Startup Center**.
- o Donation to The Association of Banks in Cambodia to support their program "Media Award Handover Ceremony on the News Writing Competition", the contribution of the banking and financial sector to the Cambodia Livelihoods.
- o Premium sponsor to the **National Bank of Cambodia** to support the **42nd Anniversary of the Reintroduction of Riel**.
- o Diamond sponsor of the "**Siem Reap Entrepreneurship Forum**" event.
- o Sponsor of the **Cambodia Women Entrepreneurs Association (CWEA)** to support their program "**Cambodia Women Entrepreneur's Day**" under the title: "**MSMEs Access to Finance on Digital Era**".
- o Diamond sponsor to the **Association of Banks in Cambodia** to support their program "**Bankers' Annual Dinner 2022**".
- o Bronze sponsor of the "**CamTech Summit 2022**".

**ACLEDA BANK PLC.
AND ITS SUBSIDIARIES**

**Consolidated and Separate
Financial Statements
As at 31 December 2022 and 2021 and
For the years then ended
and
Independent Auditor's Report**

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 financial statements of ACLEDA Bank Plc. (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) and the separate financial statements of the Bank as at 31 December 2022 and for the year then ended (hereafter collectively referred to as “the 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 in the Cambodia Securities Exchange (“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 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 (KHR48,235,459 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 264 offices covering all provinces and cities in the Kingdom of Cambodia, 37 offices in the Lao People’s Democratic Republic (“PDR”), and 17 offices in the Republic of the Union of Myanmar. The Bank’s other subsidiaries, ACLEDA Securities Plc. (“ACS”) is in the securities sector and ACLEDA Institute of Business Co., Ltd. (“AIB”) is in the education sector.

On 21 November 2022, NBC approved on the Bank’s request for issuance of green bonds to qualified investors in the amount of KHR400 Billion (equivalent to US\$100 Million) on the CSX.

On 7 December 2022, the Securities and Exchange Regulator of Cambodia (“SERC”) approved on the Bank’s request for recognizing and using Cash Settle Agent, Registrar Agent, and Transferring Agent and ACS is recognized as Bonding Agent when the Bank issues the green bonds in the CSX.

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.

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 (“SECC”) (currently, the SERC).

AIB is 76.609% owned by the Bank. AIB provides training and education for Associate’s degree, Bachelor’s degree, and Master’s degree in Business Administration, Major 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 in Myanmar.

Financial performance

The audited financial performance of the Group and the Bank for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income and separate statement 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 from the proceeds, net of tax.

Reserves and provisions

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

Bad and doubtful loans

Before the 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 write-off of bad loans and advances or in making 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 financial statements of the Group and the Bank inadequate to any material extent.

Assets

Before the 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 values 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 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 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 year 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 year 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 twelve months after the end of the financial year which, in the opinion of the Directors, will or may have a material effect on the ability of the Group or 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 financial statements of the Group and the Bank, which would render any amount stated in the financial statements misleading in any material respect.

Items of an unusual nature

The results of the operations of the Group and the Bank for the financial year 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 year and the date of this report, any items, transactions or events of a material and unusual nature that are likely, in the opinion of the Directors, to substantially affect the results of the operations of the Group and the Bank for the financial year 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 the reporting date. In 2020, 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. The Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, future events may occur which can cause the assumptions used in arriving at the estimate to change. See Note 4(b) for further details.

The Board of Directors and the Executive Committee

The members of the Board of Directors during the year 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) (resigned on 11 January 2023)
- 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. Ratana Phurik Member (Independent Director)

The members of the Executive Committee during the year 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 (retired on 29 December 2022)
- Mr. Ly Thay EVP & Group Chief Administrative Officer
- Mrs. Buth Bunseyha EVP & Group Chief Legal Officer and Corporate Secretary
- Mr. Mach Theary EVP & Group Chief Information Officer
- Dr. Loeng Sopheap EVP & Group Chief Risk Officer
- Mr. Yin Virak EVP & Group Chief Treasury Officer (appointed on 1 January 2023)

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

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

In preparing these 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 financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the 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 financial statements; and,
- vi) safeguard the assets of the Group and the Bank and hence take 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 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 financial statements.

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



Dr. In Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 8 February 2023

Headquarters



Approval of the financial statements

The accompanying financial statements, together with the notes thereto set out in pages 13 to 201, present fairly, in all material respects, the financial position as at 31 December 2022, the financial performance and cash flows for the year then ended of the Group and the Bank 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: 8 February 2023



Independent auditor's report

Grant Thornton (Cambodia) Limited

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**To the Shareholders of
ACLEDA Bank Plc. and its subsidiaries**

Opinion

We have audited the consolidated financial statements of ACLEDA Bank Plc. and its subsidiaries (“the Group”) and the separate financial statements of ACLEDA Bank Plc. (“the Bank”), which comprise the consolidated and separate statements of financial position of the Group and the Bank as at 31 December 2022, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information as set out in pages 13 to 201 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2022, and their financial performance and their cash flows for the year 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 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 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 financial statements of the current year. These matters were addressed in the context of our audit of the 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 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 70.64% and 70.04% 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; - 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"> Continuing effects of COVID-19 pandemic in relation to the significant judgements 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 is 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 financial statements and our auditor's report, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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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 financial statements of the current year 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 (CAMBODIA) LIMITED
 Certified Public Accountants
 Registered Auditors




Ronald C. Almera
 Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
 8 February 2023

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ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 AND 2021

	Notes	2022 US\$	2021 US\$ (Note 42)	2022 KHR'000 (Note 5)	2021 KHR'000 (Notes 5 & 42)
ASSETS					
Cash on hand	7	497,027,041	450,375,149	2,046,260,328	1,834,828,357
Deposits and placements with other banks, net	8	846,602,175	577,117,298	3,485,461,154	2,351,175,872
Financial investments, net	9	556,037,532	801,084,392	2,289,206,519	3,263,617,813
Loans and advances, net	10	6,379,406,093	5,393,953,503	26,264,014,885	21,974,966,571
Other assets	11	78,818,566	28,141,190	324,496,036	114,647,208
Statutory deposits	12	482,330,993	415,456,960	1,985,756,698	1,692,571,655
Property and equipment, net	14	140,220,709	139,431,244	577,288,659	568,042,888
Intangible assets, net	15	10,896,541	12,286,098	44,861,059	50,053,563
Right-of-use assets, net	16	28,785,805	28,337,884	118,511,159	115,448,539
Deferred tax assets	17	1,407,258	9,068,606	5,793,681	36,945,501
Derivative financial instruments	23	9,630,593	-	39,649,151	-
TOTAL ASSETS		9,031,163,306	7,855,252,324	37,181,299,329	32,002,297,967
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	417,826,399	483,740,992	1,720,191,285	1,970,760,801
Deposits from customers	19	5,971,164,302	5,232,278,693	24,583,283,431	21,316,303,395
Other liabilities	20	141,630,044	78,422,171	583,090,891	319,491,925
Borrowings	21	957,335,868	608,488,803	3,941,351,769	2,478,983,383
Subordinated debts	22	127,762,328	156,492,941	525,997,504	637,552,242
Derivative financial instruments	23	-	506,158	-	2,062,088
Lease liabilities	24	28,448,770	27,874,940	117,123,586	113,562,506
Employee benefits	25	33,374,198	26,096,817	137,401,573	106,318,432
Current income tax liabilities	32(a)	34,428,462	36,315,767	141,741,978	147,950,435
Deferred tax liabilities	17	2,545,115	-	10,478,238	-
TOTAL LIABILITIES		7,714,515,486	6,650,217,282	31,760,660,255	27,092,985,207
EQUITY					
Share capital	26	433,163,019	433,163,019	1,783,332,149	1,764,706,139
Share premium	26	11,706,215	11,706,215	48,194,487	47,691,120
Reserves	36 & 42	638,862,248	592,403,586	2,655,913,219	2,431,370,827
Retained earnings	42	226,856,479	161,769,465	908,250,779	641,130,182
Non-controlling interests		6,059,859	5,992,757	24,948,440	24,414,492
TOTAL EQUITY		1,316,647,820	1,205,035,042	5,420,639,074	4,909,312,760
TOTAL LIABILITIES AND EQUITY		9,031,163,306	7,855,252,324	37,181,299,329	32,002,297,967

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Notes	US\$	US\$	KHR'000	KHR'000
				(Note 5)	(Note 5)
Interest income	27	670,753,456	573,799,753	2,741,369,375	2,334,217,395
Interest expense	28	(220,822,466)	(172,370,812)	(902,501,419)	(701,204,463)
Net interest income		<u>449,930,990</u>	<u>401,428,941</u>	<u>1,838,867,956</u>	<u>1,633,012,932</u>
Fee and commission income	29	47,455,203	42,936,361	193,949,415	174,665,117
Fee and commission expense		(4,564,217)	(2,666,006)	(18,653,955)	(10,845,312)
Net fee and commission income		<u>42,890,986</u>	<u>40,270,355</u>	<u>175,295,460</u>	<u>163,819,805</u>
Allowance for impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(20,581,207)	(13,541,974)	(84,115,393)	(55,088,750)
Reversal of impairment losses on off-balance sheet commitments	10	2,588	139,449	10,577	567,279
Net impairment losses		<u>(20,578,619)</u>	<u>(13,402,525)</u>	<u>(84,104,816)</u>	<u>(54,521,471)</u>
Income after impairment losses		472,243,357	428,296,771	1,930,058,600	1,742,311,266
Other income, net	30	25,622,725	19,961,617	104,720,077	81,203,858
General and administrative expenses	31	(269,557,936)	(243,504,971)	(1,101,683,284)	(990,578,222)
Profit before income tax		228,308,146	204,753,417	933,095,393	832,936,902
Income tax expense	32(b)	(46,493,371)	(38,079,069)	(190,018,407)	(154,905,653)
Profit for the year (carried forward to next page)		<u>181,814,775</u>	<u>166,674,348</u>	<u>743,076,986</u>	<u>678,031,249</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	2022	2021	2022	2021
Notes	US\$	US\$ (Note 42)	KHR'000 (Note 5)	KHR'000 (Notes 5 & 42)
Profit for the year (brought forward from previous page)	181,814,775	166,674,348	743,076,986	678,031,249
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of employee benefit obligations	(3,125,546)	(4,141,215)	(12,774,107)	(16,846,462)
Exchange differences	-	-	54,054,920	32,291,594
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences - foreign subsidiaries	(18,481,195)	(13,700,284)	(75,532,644)	(55,732,755)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	10,136,751	(506,158)	41,428,901	(2,059,051)
Other comprehensive loss for the year	(11,469,990)	(18,347,657)	7,177,070	(42,346,674)
Total comprehensive income for the year	170,344,785	148,326,691	750,254,056	635,684,575
Profit for the year attributable to:				
Owners of the Bank	181,738,358	166,913,038	742,764,670	679,002,240
Non-controlling interests	76,417	(238,690)	312,316	(970,991)
	181,814,775	166,674,348	743,076,986	678,031,249
Total other comprehensive income attributable to:				
Owners of the Bank	170,277,683	148,585,523	749,720,108	636,739,057
Non-controlling interests	67,102	(258,832)	533,948	(1,054,482)
	170,344,785	148,326,691	750,254,056	635,684,575
The earnings per share attributable to shareholders of the Bank during the year are as follows:				
Basic earnings per share	0.42	0.39	1.71	1.57
Diluted earnings per share	0.42	0.39	1.71	1.57

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	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, as reclassified (Note 42)	433,163,019	1,764,706,139	11,706,215	47,691,120	592,403,586	2,431,370,827	161,769,465	641,130,182	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 year	-	-	-	-	-	-	181,738,358	742,764,670	181,738,358	742,764,670	76,417	312,316	181,814,775	743,076,986
<i>Other comprehensive income:</i>														
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	10,136,751	41,428,901	-	-	10,136,751	41,428,901	-	-	10,136,751	41,428,901
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(3,120,802)	(12,754,718)	(3,120,802)	(12,754,718)	(4,744)	(19,389)	(3,125,546)	(12,774,107)
Currency translation differences - foreign subsidiaries	-	-	-	-	(18,476,624)	(75,513,962)	-	-	(18,476,624)	(75,513,962)	(4,571)	(18,682)	(18,481,195)	(75,532,644)
Exchange differences	-	-	-	-	-	12,314,612	-	-	-	12,314,612	-	259,703	-	12,574,315
Total comprehensive income for the year	-	-	-	-	(8,339,873)	(21,770,449)	178,617,556	730,009,952	170,277,683	708,239,503	67,102	533,948	170,344,785	708,773,451
Transaction with owners:														
ABL increase in capital	-	-	-	-	-	-	(312,446)	(1,276,967)	(312,446)	(1,276,967)	-	-	(312,446)	(1,276,967)
Dividends paid	-	-	-	-	-	-	(58,419,561)	(237,650,775)	(58,419,561)	(237,650,775)	-	-	(58,419,561)	(237,650,775)
Transfer from retained earnings to regulatory reserves	-	-	-	-	54,798,535	223,961,613	(54,798,535)	(223,961,613)	-	-	-	-	-	-
Exchange differences	-	18,626,010	-	503,367	-	22,351,228	-	-	-	41,480,605	-	-	-	41,480,605
Total transactions with owners	-	18,626,010	-	503,367	54,798,535	246,312,841	(113,530,542)	(462,889,355)	(58,732,007)	(197,447,137)	-	-	(58,732,007)	(197,447,137)
As at 31 December 2022	433,163,019	1,783,332,149	11,706,215	48,194,487	638,862,248	2,655,913,219	226,856,479	908,250,779	1,310,587,961	5,395,690,634	6,059,859	24,948,440	1,316,647,820	5,420,639,074

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	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 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 year	-	-	-	-	-	-	166,913,038	679,002,240	166,913,038	679,002,240	(238,690)	(970,991)	166,674,348	678,031,249
<i>Other comprehensive income:</i>														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(4,124,109)	(16,776,875)	(4,124,109)	(16,776,875)	(17,106)	(69,587)	(4,141,215)	(16,846,462)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	-	-	(506,158)	(2,059,051)	(506,158)	(2,059,051)	-	-	(506,158)	(2,059,051)
Currency translation differences - foreign subsidiaries	-	-	-	(13,697,248)	(55,720,405)	-	-	-	(13,697,248)	(55,720,405)	(3,036)	(12,350)	(13,700,284)	(55,732,755)
Exchange differences	-	-	-	-	-	5,081,893	-	-	-	5,081,893	-	(1,554)	-	5,080,339
Total comprehensive income for the year	-	-	-	(13,697,248)	(50,638,512)	162,282,771	660,166,314	148,585,523	609,527,802	(258,832)	(1,054,482)	148,326,691	608,473,320	
Transaction with owners:														
Increase in share capital of AIB invested by AFT	-	-	-	-	-	-	-	-	-	-	6,971,681	28,360,798	6,971,681	28,360,798
Dividends paid	-	-	-	-	-	-	(42,493,293)	(172,862,716)	(42,493,293)	(172,862,716)	-	-	(42,493,293)	(172,862,716)
Transfers from retained earnings to general reserves	-	-	-	-	-	-	(423,863)	(1,724,275)	(423,863)	(1,724,275)	-	-	(423,863)	(1,724,275)
Transfer from retained earnings to regulatory reserves	-	-	-	-	100,484,437	408,770,690	(100,484,437)	(408,770,690)	-	-	-	-	-	-
Transfers from retained earnings to NCI	-	-	-	-	-	-	720,092	2,929,334	720,092	2,929,334	(720,092)	(2,929,334)	-	-
Reserve NCI	-	-	-	-	3,028,319	12,319,202	-	-	3,028,319	12,319,202	-	-	3,028,319	12,319,202
Exchange differences	-	12,561,727	-	339,480	-	14,272,538	-	-	-	27,173,745	-	37,510	-	27,211,255
Total transactions with owners	-	12,561,727	-	339,480	103,512,756	435,362,430	(142,681,501)	(580,428,347)	(39,168,745)	(132,164,710)	6,251,589	25,468,974	(32,917,156)	(106,695,736)
As at 31 December 2021	<u>433,163,019</u>	<u>1,764,706,139</u>	<u>11,706,215</u>	<u>47,691,120</u>	<u>592,909,744</u>	<u>2,433,432,915</u>	<u>161,263,307</u>	<u>639,068,094</u>	<u>1,199,042,285</u>	<u>4,884,898,268</u>	<u>5,992,757</u>	<u>24,414,492</u>	<u>1,205,035,042</u>	<u>4,909,312,760</u>

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Notes	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Cash flows from operating activities				
Profit for the year before income tax	228,308,146	204,753,417	933,095,393	832,936,902
<i>Adjustments for:</i>				
Depreciation of property and equipment	14 21,991,373	20,413,591	89,878,741	83,042,488
Net impairment losses	10 20,578,619	13,402,525	84,104,816	54,521,471
Depreciation of right-of-use assets	16 11,777,321	11,192,219	48,133,911	45,529,947
Seniority indemnity benefits	25(c) 9,260,343	8,080,729	37,847,022	32,872,406
Amortisation of intangible assets	15 3,096,546	3,889,960	12,655,584	15,824,357
Retirement benefits	25(a) 2,887,044	2,029,831	11,799,349	8,257,353
Career development	25(b) 1,774,997	1,574,658	7,254,413	6,405,709
Adjustment in property and equipment	482,341	578,943	1,971,328	2,355,140
Provident fund	71,537	-	292,372	-
Adjustment in intangible assets	(50,152)	(256,829)	(204,971)	(1,044,780)
Dividend income	30 (117,333)	(116,614)	(479,540)	(474,386)
Gain on disposals of property and equipment, intangible assets and lease	30 (804,700)	(248,023)	(3,288,809)	(1,008,958)
Unrealised exchange gains	(2,816,294)	(2,899,018)	(11,510,194)	(11,793,205)
Currency translation reserves	(18,481,195)	(13,700,284)	(75,532,644)	(55,732,755)
Net interest income	(449,930,990)	(401,428,941)	(1,838,867,956)	(1,633,012,932)
Operating loss before changes in working capital	(171,972,397)	(152,733,836)	(702,851,185)	(621,321,243)
<i>Changes in:</i>				
Deposits from customers	738,885,609	937,992,645	3,019,825,484	3,815,754,080
Other liabilities	53,258,432	3,045,340	217,667,212	12,388,443
Deposits and placements with other banks	(2,239,167)	(43,809,170)	(9,151,476)	(178,215,704)
Other assets	(50,870,783)	(4,701,607)	(207,908,890)	(19,126,137)
Deposits and placements from other banks and financial institutions	(65,914,593)	166,731,533	(269,392,942)	678,263,876
Statutory deposits	(66,874,033)	(18,090,571)	(273,314,173)	(73,592,443)
Loans and advances	(1,001,868,648)	(933,325,127)	(4,094,637,164)	(3,796,766,617)
Cash flows used in operations	(567,595,580)	(44,890,793)	(2,319,763,134)	(182,615,745)
Interest received	667,746,225	572,458,203	2,729,078,822	2,328,759,970
Career development benefits paid	25(b) (13,882)	(5,279)	(56,736)	(21,475)
Retirement benefits paid	25(a) (253,266)	(110,370)	(1,035,098)	(448,985)
Seniority benefits paid	25(c) (9,369,932)	(7,780,075)	(38,294,912)	(31,649,345)
Income tax paid	32(a) (38,459,561)	(30,148,370)	(157,184,226)	(122,643,569)
Interest paid	(152,518,962)	(115,543,134)	(623,344,998)	(470,029,469)
Net cash (used in)/from operating activities (carried forward to next page)	(100,464,958)	373,980,182	(410,600,282)	1,521,351,382

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	Notes	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Net cash (used in)/from operating activities (brought forward from previous page)		(100,464,958)	373,980,182	(410,600,282)	1,521,351,382
Cash flows from investing activities					
Interest received from investing		3,007,229	843,467	12,290,545	3,431,224
Proceeds from disposals of property and equipment and intangible assets		1,715,852	786,609	7,012,687	3,199,925
Proceeds from matured investments		1,292,496	103,166	5,282,431	419,679
Dividends received		117,333	116,614	479,540	474,386
Payment of disposal of lease		-	(3,420)	-	(13,913)
Purchase of additional investments		-	(36,141)	-	(147,022)
Purchases of intangible assets	15	(1,946,425)	(1,796,727)	(7,955,039)	(7,309,085)
Purchases of property and equipment	14	(24,674,783)	(33,109,898)	(100,845,838)	(134,691,065)
Financial investments		(125,397,320)	(1,522,177)	(512,498,847)	(6,192,216)
Net cash used in investing activities		<u>(145,885,618)</u>	<u>(34,618,507)</u>	<u>(596,234,521)</u>	<u>(140,828,087)</u>
Cash flows from financing activities					
Proceeds from borrowings		518,708,879	205,040,224	2,119,963,188	834,103,631
Investments made by holders of non-controlling interest in AIB		-	10,000,000	-	40,680,000
Payment of tax on ABL's increase in capital		(312,446)	(423,863)	(1,276,967)	(1,724,275)
Payment of lease liabilities	24	(13,405,900)	(12,622,584)	(54,789,913)	(51,348,672)
Repayments of subordinated debts		(29,000,000)	(11,000,000)	(118,523,000)	(44,748,000)
Payments of dividends		(58,419,561)	(42,493,293)	(237,650,775)	(172,862,716)
Interest paid		(61,835,494)	(52,735,142)	(252,721,664)	(214,526,558)
Repayments of borrowings		(164,180,530)	(128,993,224)	(671,005,826)	(524,744,435)
Net cash from/(used in) financing activities		<u>191,554,948</u>	<u>(33,227,882)</u>	<u>783,995,043</u>	<u>(135,171,025)</u>
Net (decrease)/increase in cash and cash equivalents		(54,795,628)	306,133,793	(222,839,760)	1,245,352,270
Cash and cash equivalents at the beginning of the year		1,803,239,297	1,497,105,504	7,346,396,896	6,055,791,764
Exchange differences		-	-	74,785,449	45,252,862
Cash and cash equivalents at the end of the year	34	<u>1,748,443,669</u>	<u>1,803,239,297</u>	<u>7,198,342,585</u>	<u>7,346,396,896</u>

During the year ended 31 December 2022, the Group entered into new lease agreements and recognised right-of-use assets amounting to US\$13,800,949 (2021: US\$10,918,814). The pretermination of right-of-use assets and lease liabilities are amounting to US\$1,479,735 (2021: US\$846,280) and US\$1,491,043 (2021: US\$861,582), respectively, and the gain from pretermination is amounting to US\$7,424 (2021: US\$15,302), which is a non-cash transaction.

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022 AND 2021

	Notes	2022 US\$	2021 US\$ (Note 42)	2022 KHR'000 (Note 5)	2021 KHR'000 (Notes 5 & 42)
ASSETS					
Cash on hand	7	486,665,483	439,465,980	2,003,601,794	1,790,384,403
Deposits and placements with other banks, net	8	828,396,425	543,426,920	3,410,508,082	2,213,921,272
Financial investments, net	9	556,037,532	801,084,392	2,289,206,519	3,263,617,813
Loans and advances, net	10	6,246,269,485	5,232,058,920	25,715,891,470	21,315,408,040
Other assets	11	77,642,135	26,049,513	319,652,671	106,125,717
Statutory deposits	12	479,556,076	412,986,454	1,974,332,365	1,682,506,814
Investments in subsidiaries	13	91,117,716	91,117,716	375,131,637	371,213,575
Property and equipment, net	14	106,286,031	104,437,183	437,579,590	425,477,084
Intangible assets, net	15	10,318,424	11,415,853	42,480,952	46,508,185
Right-of-use assets, net	16	26,525,687	25,596,727	109,206,253	104,281,066
Deferred tax assets	17	-	7,523,717	-	30,651,623
Derivative financial instruments	23	9,630,593	-	39,649,151	-
TOTAL ASSETS		<u>8,918,445,587</u>	<u>7,695,163,375</u>	<u>36,717,240,484</u>	<u>31,350,095,592</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	390,611,644	455,606,835	1,608,148,138	1,856,142,246
Deposits from customers	19	5,889,433,410	5,126,926,990	24,246,797,349	20,887,100,557
Other liabilities	20	140,022,120	76,702,179	576,471,068	312,484,677
Borrowings	21	944,275,857	583,641,056	3,887,583,703	2,377,753,662
Subordinated debts	22	127,762,328	156,492,941	525,997,504	637,552,242
Derivative financial instruments	23	-	506,158	-	2,062,088
Lease liabilities	24	26,457,635	25,371,736	108,926,083	103,364,452
Employee benefits	25	32,626,027	25,331,807	134,321,353	103,201,782
Current income tax liabilities	32(a)	33,911,933	35,491,329	139,615,428	144,591,674
Deferred tax liabilities		2,258,353	-	9,297,639	-
TOTAL LIABILITIES		<u>7,587,359,307</u>	<u>6,486,071,031</u>	<u>31,237,158,265</u>	<u>26,424,253,380</u>
EQUITY					
Share capital	26	433,163,019	433,163,019	1,783,332,149	1,764,706,139
Share premium	26	11,706,215	11,706,215	48,194,487	47,691,120
Reserves	36 & 42	676,078,984	607,375,402	2,808,180,176	2,491,977,194
Retained earnings	42	210,138,062	156,847,708	840,375,407	621,467,759
TOTAL EQUITY		<u>1,331,086,280</u>	<u>1,209,092,344</u>	<u>5,480,082,219</u>	<u>4,925,842,212</u>
TOTAL LIABILITIES AND EQUITY		<u>8,918,445,587</u>	<u>7,695,163,375</u>	<u>36,717,240,484</u>	<u>31,350,095,592</u>

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

		2022	2021	2022	2021
	Notes	US\$	US\$	KHR'000	KHR'000
			(Note 42)	(Note 5)	(Notes 5 & 42)
Interest income	27	640,434,867	537,420,580	2,617,457,301	2,186,226,919
Interest expense	28	(214,047,601)	(163,163,890)	(874,812,545)	(663,750,705)
Net interest income		<u>426,387,266</u>	<u>374,256,690</u>	<u>1,742,644,756</u>	<u>1,522,476,214</u>
Fee and commission income	29	42,603,133	38,825,720	174,119,005	157,943,029
Fee and commission expense		(4,268,857)	(2,393,666)	(17,446,819)	(9,737,433)
Net fee and commission income		<u>38,334,276</u>	<u>36,432,054</u>	<u>156,672,186</u>	<u>148,205,596</u>
Allowances for impairment losses for loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(13,412,953)	(316,754)	(54,818,739)	(1,288,555)
Reversal of impairment losses on off-balance sheet commitments	10	66,794	380,569	272,987	1,548,155
Net impairment losses		<u>(13,346,159)</u>	<u>63,815</u>	<u>(54,545,752)</u>	<u>259,600</u>
Income after impairment losses		<u>451,375,383</u>	<u>410,752,559</u>	<u>1,844,771,190</u>	<u>1,670,941,410</u>
Other income, net	30	22,176,472	18,378,852	90,635,241	74,765,170
General and administrative expenses	31	(256,128,574)	(227,469,227)	(1,046,797,482)	(925,344,815)
Profit before income tax		<u>217,423,281</u>	<u>201,662,184</u>	<u>888,608,949</u>	<u>820,361,765</u>
Income tax expense	32(b)	(44,017,496)	(39,577,333)	(179,899,506)	(161,000,591)
Profit for the year		<u>173,405,785</u>	<u>162,084,851</u>	<u>708,709,443</u>	<u>659,361,174</u>
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of employee benefit obligations	25	(3,129,039)	(4,018,615)	(12,788,382)	(16,347,726)
Exchange differences		-	-	54,540,820	32,417,143
Items that are or may be reclassified subsequently to profit or loss–					
Remeasurement of the effective portion of derivatives arising from cash flow hedge		10,136,751	(506,158)	41,428,901	(2,059,051)
Other comprehensive income/(loss) during the year		<u>7,007,712</u>	<u>(4,524,773)</u>	<u>83,181,339</u>	<u>14,010,366</u>
Total comprehensive income for the year		<u>180,413,497</u>	<u>157,560,078</u>	<u>791,890,782</u>	<u>673,371,540</u>

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	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, as reclassified (Note 42)	433,163,019	1,764,706,139	11,706,215	47,691,120	607,375,402	2,491,977,194	156,847,708	621,467,759	1,209,092,344	4,925,842,212
Profit for the year	-	-	-	-	-	-	173,405,785	708,709,443	173,405,785	708,709,443
<i>Other comprehensive income:</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	10,136,751	41,428,901	-	-	10,136,751	41,428,901
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(3,129,039)	(12,788,382)	(3,129,039)	(12,788,382)
Exchange differences	-	-	-	-	-	11,852,753	-	-	-	11,852,753
Total comprehensive income for the year	-	-	-	-	10,136,751	53,281,654	170,276,746	695,921,061	180,413,497	749,202,715
Transaction with owners:										
Dividends paid	-	-	-	-	-	-	(58,419,561)	(237,650,775)	(58,419,561)	(237,650,775)
Transfer from retained earnings to regulatory reserves	-	-	-	-	58,566,831	239,362,638	(58,566,831)	(239,362,638)	-	-
Exchange differences	-	18,626,010	-	503,367	-	23,558,690	-	-	-	42,688,067
Total transactions with owners	-	18,626,010	-	503,367	58,566,831	262,921,328	(116,986,392)	(477,013,413)	(58,419,561)	(194,962,708)
As at 31 December 2022	<u>433,163,019</u>	<u>1,783,332,149</u>	<u>11,706,215</u>	<u>48,194,487</u>	<u>676,078,984</u>	<u>2,808,180,176</u>	<u>210,138,062</u>	<u>840,375,407</u>	<u>1,331,086,280</u>	<u>5,480,082,219</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	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 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 year	-	-	-	-	-	-	162,084,851	659,361,174	162,084,851	659,361,174
<i>Other comprehensive income:</i>										
Remeasurement of the effective portion of - derivatives arising from cash flow hedge	-	-	-	-	-	-	(506,158)	(2,059,051)	(506,158)	(2,059,051)
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(4,018,615)	(16,347,726)	(4,018,615)	(16,347,726)
Exchange differences	-	-	-	-	-	4,959,390	-	-	-	4,959,390
Total comprehensive income for the year	-	-	-	-	-	4,959,390	157,560,078	640,954,397	157,560,078	645,913,787
Transaction with owners:										
Dividends paid	-	-	-	-	-	-	(42,493,293)	(172,862,716)	(42,493,293)	(172,862,716)
Transfer from retained earnings to regulatory reserves	-	-	-	-	97,140,004	395,165,536	(97,140,004)	(395,165,536)	-	-
Exchange differences	-	12,561,727	-	339,480	-	14,556,546	-	-	-	27,457,753
Total transactions with owners	-	12,561,727	-	339,480	97,140,004	409,722,082	(139,633,297)	(568,028,252)	(42,493,293)	(145,404,963)
As at 31 December 2021	<u>433,163,019</u>	<u>1,764,706,139</u>	<u>11,706,215</u>	<u>47,691,120</u>	<u>607,881,560</u>	<u>2,494,039,282</u>	<u>156,341,550</u>	<u>619,405,671</u>	<u>1,209,092,344</u>	<u>4,925,842,212</u>

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	Notes	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the year before income tax		217,423,281	201,662,184	888,608,949	820,361,765
<i>Adjustments for:</i>					
Depreciation of property and equipment	14	20,328,111	18,155,229	83,080,990	73,855,472
Net impairment losses	10	13,346,159	(63,815)	54,545,752	(259,600)
Depreciation of right-of-use assets	16	11,113,156	10,387,679	45,419,469	42,257,078
Seniority indemnity benefits	25(c)	9,175,310	7,896,158	37,499,492	32,121,571
Amortisation of intangible assets	15	2,848,307	3,477,382	11,641,031	14,145,990
Retirement benefits	25(a)	2,803,698	1,958,715	11,458,714	7,968,053
Career development	25(b)	1,675,191	1,561,783	6,846,506	6,353,333
Adjustment in property and equipment Provident fund		482,341 70,410	578,943 -	1,971,328 287,766	2,355,140 -
Adjustment in intangible assets		(50,152)	(256,828)	(204,971)	(1,044,776)
Dividend income	30	(117,333)	(116,614)	(479,540)	(474,386)
Unrealised exchange gains		(438,153)	(1,109,336)	(1,790,731)	(4,512,779)
Gain on disposals of property and equipment, intangible assets and lease	30	(803,422)	(253,426)	(3,283,586)	(1,030,937)
Net interest income		<u>(426,387,266)</u>	<u>(374,256,690)</u>	<u>(1,742,644,756)</u>	<u>(1,522,476,214)</u>
Operating loss before changes in working capital					
		<u>(148,530,362)</u>	<u>(130,378,636)</u>	<u>(607,043,587)</u>	<u>(530,380,290)</u>
<i>Changes in:</i>					
Deposits from customers		762,506,420	946,658,253	3,116,363,739	3,851,005,773
Other liabilities		53,743,207	2,096,521	219,648,487	8,528,647
Deposits and placements with other banks		(2,645,888)	(33,077,852)	(10,813,744)	(134,560,702)
Other assets		(51,676,257)	(5,097,681)	(211,200,862)	(20,737,366)
Deposits and placements of other banks and financial institutions		(64,995,191)	158,842,281	(265,635,346)	646,170,399
Statutory deposits		(66,569,622)	(29,952,821)	(272,070,045)	(121,848,076)
Loans and advances		<u>(1,026,736,664)</u>	<u>(939,070,623)</u>	<u>(4,196,272,746)</u>	<u>(3,820,139,294)</u>
Cash flows used in operations					
		<u>(544,904,357)</u>	<u>(29,980,558)</u>	<u>(2,227,024,104)</u>	<u>(121,960,909)</u>
Interest received		637,427,638	536,072,996	2,605,166,757	2,180,744,948
Career development benefits paid	25(b)	(13,882)	(5,279)	(56,736)	(21,475)
Retirement benefits paid	25(a)	(253,266)	(110,370)	(1,035,098)	(448,985)
Seniority benefits paid	25(c)	(9,231,540)	(7,643,571)	(37,729,304)	(31,094,047)
Income tax paid	32(a)	(35,814,822)	(26,874,108)	(146,375,178)	(109,323,871)
Interest paid		<u>(147,407,788)</u>	<u>(108,910,322)</u>	<u>(602,455,630)</u>	<u>(443,047,190)</u>
Net cash (used in)/from operating activities (carried forward to next page)					
		<u>(100,198,017)</u>	<u>362,548,788</u>	<u>(409,509,293)</u>	<u>1,474,848,471</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	Notes	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Net cash from operating activities (brought forward from previous page)		(100,198,017)	362,548,788	(409,509,293)	1,474,848,471
Cash flows from investing activities					
Interest received from investing		3,007,229	843,466	12,290,545	3,431,220
Proceeds from matured investments		1,189,330	93,111	4,860,792	378,776
Proceeds from disposals of property and equipment		847,882	763,132	3,465,294	3,104,421
Dividend received		117,333	116,614	479,540	474,386
Additional investment in subsidiaries		-	(2,145)	-	(8,726)
Payment of disposal of lease		-	(3,420)	-	(13,913)
Purchase of additional investments		-	(36,141)	-	(147,022)
Purchases of intangible assets	15	(1,715,997)	(1,257,629)	(7,013,280)	(5,116,035)
Purchases of property and equipment	14	(22,605,798)	(32,212,541)	(92,389,896)	(131,040,617)
Financial investments		(125,294,154)	(1,512,122)	(512,077,207)	(6,151,312)
Net cash used in investing activities		(144,454,175)	(33,207,675)	(590,384,212)	(135,088,822)
Cash flows from financing activities					
Proceeds from borrowings		503,765,701	178,136,352	2,058,890,420	724,658,680
Payment of lease liabilities	24	(12,616,442)	(11,872,380)	(51,563,398)	(48,296,842)
Repayments of subordinated debts		(29,000,000)	(11,000,000)	(118,523,000)	(44,748,000)
Interest paid		(53,181,970)	(41,894,347)	(217,354,711)	(170,426,204)
Payments of dividends		(58,419,561)	(42,493,293)	(237,650,775)	(172,862,716)
Repayments of borrowings		(144,905,958)	(99,534,516)	(592,230,650)	(404,906,411)
Net cash from/(used in) financing activities		205,641,770	(28,658,184)	841,567,886	(116,581,493)
Net (decrease)/increase in cash and cash equivalents		(39,010,422)	300,682,929	(158,325,619)	1,223,178,156
Cash and cash equivalents at the beginning of the year		1,758,380,868	1,457,697,939	7,163,643,656	5,896,388,163
Exchange differences		-	-	73,330,089	44,077,337
Cash and cash equivalents at the end of the year	34	<u>1,719,370,446</u>	<u>1,758,380,868</u>	<u>7,078,648,126</u>	<u>7,163,643,656</u>

During the year ended 31 December 2022, the Bank entered into new lease agreements and recognised right-of-use assets amounting to US\$13,441,138 (2021: US\$10,571,905). The pretermination of right-of-use assets and lease liabilities are amounting to US\$1,454,035 (2021: US\$846,280) and US\$1,458,441 (2021: US\$861,428), respectively, and the gain from pretermination is amounting to US\$163 (2021: US\$15,148), which is a non-cash transaction.

The accompanying notes on pages 26 to 201 form an integral part of these financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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”).

On 21 November 2022, NBC approved on the Bank’s request for issuance of green bonds to qualified investors in amount of KHR400 Billion (equivalent to US\$100 Million) on the CSX.

On 7 December 2022, the Securities and Exchange Regulator of Cambodia (“SERC”) approved on the Bank’s request for recognizing and using Cash Settle Agent, Registrar Agent, and Transferring Agent and ACLEDA Securities Plc. (“ACS”), a wholly-owned subsidiary of the Bank, is recognized as Bonding Agent when the Bank issue green bonds in the 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 People’s Democratic Republic (“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 financial statements. Currently, the Group has 264 offices covering all provinces and cities in the Kingdom of Cambodia, 37 offices in the Lao PDR, and 17 offices in the Republic of the Union of Myanmar.

As at 31 December 2022, the Group and the Bank have 13,582 and 12,083 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 financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation and presentation

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

- Financial instruments at amortised cost;
- Financial instruments, including derivatives, which are valued at fair value;

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(a) Basis of preparation and presentation (continued)

- 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.

The preparation of 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 financial statements are disclosed in Note 4.

The Management presents the financial statements based on liquidity. Assets and liabilities over 12 months are considered non-current assets and non-current liabilities, respectively.

(b) Adoption of amended accounting standards

(i) Amended accounting standards effective during the year

The Group and the Bank adopted all accounting standards and interpretations as at 31 December 2022. The amended accounting standards were assessed to be applicable and have no material impact to the Group's and the Bank's financial statements follow:

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CIAS 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 CIAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*)
- Annual Improvements to CIFRSs (2018–2020 Cycle)

(ii) Amended accounting standards which are not yet effective

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

- Classification of Liabilities as Current or Non-current (Amendments to CIAS 1, *Presentation of Financial Statements*)
- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(b) Adoption of amended accounting standards (continued)

(ii) *Amended accounting standards which are not yet effective (continued)*

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CIAS 12, *Income Taxes*)
- Lease Liability in a Sale and Leaseback (Amendments to CIFRS 16)
- Non-current Liabilities with Covenants (Amendments to CIAS 1)

The Management does not expect that the adoption of the amendments to the accounting standards listed above will have a material impact on the 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 financial statements include the financial statements of the Bank and all its subsidiaries made up to the end of the financial year.

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 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 ("NCI") 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 NCI, the difference between any consideration paid and the relevant share in the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to NCI, the difference between any proceeds received and the relevant share in NCI are also recognised in equity.

(iii) *Non-controlling interests*

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

An entity has a choice on a combination-by-combination basis to measure any NCI in the acquiree at either the proportionate share of the acquiree's identifiable net assets or fair value. The Group has elected the former approach.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(iii) *Non-controlling interests (continued)*

NCI in subsidiaries are identified separately from the Group's equity therein. Subsequent to acquisition, the carrying amount of NCI is the amount of those interests at initial recognition plus the NCIs' share of subsequent changes in equity.

(iv) *Disposal of subsidiaries*

When the Bank ceases to have control, any retained interest in the entity is remeasured 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.

(v) *Investments in subsidiaries*

In the Bank's separate 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 statement 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 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 financial statements are presented in United States Dollars ("US\$" or "USD"), which is the Group's and the Bank's functional and presentation currency.

(ii) *Transactions and balances*

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group's companies

The results and 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 statement of financial position presented are translated at the closing rate at the end of the reporting period;
- b) income and expenses for each statement of profit or loss and other comprehensive income presented 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 statement 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 debts 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 become 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, FVTPL or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as 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 payments of principal and interest' ("SPPI").

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

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

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

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. 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, FVOCI, or 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 the 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 on 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 the financial assets.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 SPPI

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.

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 consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's 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 hold 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 have 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 with the interest rate in consideration for the time value of money, credit risk, and 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 from the borrower limit the Group's and the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Group and the Bank apply judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group and the Bank typically consider 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's 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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, either 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 transfer nor retain substantially all of the risks and rewards of ownership and do 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 other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as FVOCI is not recognised in profit or loss on derecognition of such securities. Any interests 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, cancelled, or expired.

(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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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.

(v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement 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's 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. 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;
- loans 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 loans and advances) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for loans 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 is the portion of ECL that results 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 is 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 is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: at 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: at the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: at 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: at 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 requires staging for 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 or terminate a commitment or guarantee.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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's 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 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 is 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 statement of financial position

Loss allowances for ECL are presented in the statement 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 statement 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 statement 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's 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 recognise 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 is neither credit-impaired nor has undergone a significant increase in credit risk ("SICR") 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 enter 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 recognised 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 recognised 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 recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group and the Bank have both legal right and intention to offset.

(ix) *Hedge accounting*

The Group and the Bank designate 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 do not apply fair value hedge accounting on portfolio hedges of interest rate risk.

At the inception of the hedge relationship, the Group and the Bank document 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 document 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 hedge and the quantity of the hedging instrument that the Group and the Bank actually use to hedge that quantity of hedged item.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 adjust the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

As at 31 December 2022 and 2021, the Group and the Bank only have cash flow hedges 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's and the 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 recognised in other comprehensive income 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 recognised hedged item. If the Group and the Bank no longer expect the transaction to occur, that amount is immediately reclassified to profit or loss.

The Group and the Bank discontinue 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 recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognised immediately in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits and placements with other banks 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 statement of financial position.

(g) Loans and advances

The 'Loans and advances' caption in the statement 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(h) Financial investments

The 'Financial investments' caption in the statement 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 FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income, 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 other comprehensive income is reclassified from equity to profit or loss.

The Group and the Bank elect to present in other comprehensive income the 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 other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

(i) Other assets

Other assets include prepayments and advances, stationery supplies, receivable from Western Union and VISA, income tax receivable, and others.

Prepayments and advances include all kinds of expenditure paid in advance, but for which the underlying asset will not be consumed until a future period and will be cleared subsequently to profit or loss in the relevant accounting period, while advances include all kinds of refundable deposits and advance payments for the purchase of goods or services which will be cleared upon receipt of the goods or services.

Stationery supplies include all items of ordinary and necessary administrative supplies for use in day-to-day operations.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(i) Other assets (continued)

Receivable from Western Union and VISA represents all the balances from fund transfers awaiting settlement by overseas partners as well as by the all kinds of card scheme partners.

Income tax receivable pertains to tax credit that can be offset against a tax liability.

Others include all other current assets, nature of which are not specified above, such as other receivables waiting for clearance, solution, and/or settlement with customers, suppliers, or partners as well as with the other banks.

(j) Share capital and share premium

Share capital and share premium are classified as equity.

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

Share premium includes any premiums received on the issue of share capital. Incremental costs directly attributable to the issuance of new share capital are shown in equity as a deduction from the proceeds, net of tax.

(k) Earnings per share

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

Diluted EPS is also computed by dividing net profit by the weighted average number of common stocks subscribed and issued during the year. 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(I) 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 the 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 statement of profit or loss and other comprehensive income during the financial year 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 15
Computer equipment	3 to 7
Motor vehicles	3 to 8

**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 reporting 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 profit or loss in the line item 'Other income, net'.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(m) Intangible assets

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 is five years except for license of core banking system which has useful life of ten years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use. 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 recognised in profit or loss when the asset is derecognised. Costs associated with maintaining computer software are recognised as expenses when incurred.

(n) Impairment of non-financial assets

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

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 statement of profit or loss and other comprehensive income.

(o) 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 differences of the net investment in foreign operations.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(p) Retained earnings

Retained earnings includes all current and prior period retained profits.

(q) Current and deferred income tax

The tax expense for the year comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is 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 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.

(r) 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 it is 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 year 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 summarised 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 ABL and AMM, are required to pay seniority indemnity to its employees, as follows:

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (excluding probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

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

Seniority benefits (continued)

- **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 of over 3 months, employees will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 days of the average base salary from each year that shall be compensated from 2008 to 2018 but shall not exceed 156 days. The payment will be made in June and December of the year.

The liability was recognised at the present value of defined benefit 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 years from 2008 to 2018. The Group and the Bank attribute benefit to periods in which the obligation to provide back pay seniority indemnity benefit arises. That obligation arises as employees render services in return for back pay seniority indemnity that the Group and the Bank expect 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-month fixed deposit interest rate.

Retirement benefits

The Bank and its subsidiaries, except AMM, 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 old and 60 years old for unskilled and skilled, respectively, eligible employees are entitled to the retirement benefits equivalent to 12 months of last salary; or,
- When employees, who have worked for the Group or the Bank for 15 years or more, reach the early retirement age of 55 years old and 57 years old for unskilled and skilled, respectively, eligible employees are entitled to the retirement benefits equivalent to 6 months of last salary.

No separate fund is maintained for the retirement benefits.

The liability is recognised in the statement of financial position at the present value of defined benefit 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 attribute 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Retirement benefits (continued)

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 statement of profit or loss and other comprehensive income.

Provident Fund

Provident fund is the Bank's and employee's obligation. For the first five years, contribution to the fund is set at 4% (from KHR400,000 to KHR1,200,000 equivalent US\$97 to US\$291, respectively), which is paid by both the Bank and by employees at 2% each. Contributions were made effective 1 October 2022 and these are paid every month to the National Social Security Fund (see Note 25).

Career development benefits

The Bank provides career development benefits to employees as they reach management position levels as set out 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

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 statement of financial position at the present value of employee benefit 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-year fixed deposit interest rate, as the period of benefit entitlement is three years.

(s) 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(s) Provisions (continued)

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.

(t) Interest

Effective interest rate

Interest income and interest 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 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 ECL.

The 'gross carrying amount' of a financial asset is the amortised cost of a financial asset before adjusting for any ECL 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 financial asset (when the asset is not credit-impaired) or to the amortised cost of the financial 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 the amortisation of the hedge adjustment begins.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(t) Interest (continued)

Calculation of interest income and interest expense (continued)

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 financial 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 statement 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;
- the effective portion of fair value changes in qualifying hedging derivatives designated as 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 as fair value hedges of interest rate risk.

Interest expense presented in the statement 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 interest expense on other financial assets and financial liabilities at FVTPL are presented in the statement of profit or loss and other comprehensive income.

(u) Fee and commission

Fee and commission income and expense are integral part of the effective interest rate calculation of a financial asset or financial liability.

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(u) Fee and commission (continued)

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, *Financial Instruments*, and partially in the scope of CIFRS 15, *Revenue from Contracts with Customers*. 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.

(v) Recognition of fee and other income

(i) Dividends

Income from dividends is 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 other comprehensive income.

(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 and consultancy services are recognised when the services are delivered.

(w) 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(w) Leases (continued)

As a lessee (continued)

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 and the Bank use incremental borrowing rate. Practically, the Group and the Bank use its incremental borrowing rate as the discount rate to measure its right-of-use assets and lease liabilities.

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.

Short-term leases and leases of low-value assets

A short-term lease is 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(w) Leases (continued)

Short-term leases and leases of low-value assets (continued)

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.

(x) 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 financial statements. Contingent assets should be disclosed where an inflow of economic benefits is probable.

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 financial statements but are disclosed unless the probability of settlement is remote.

(y) Events after the reporting period

The Group and the Bank identify events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The 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 financial statements when material.

(z) 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

2. Summary of significant accounting policies (continued)

(z) Segment reporting (continued)

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 the Management believes that information about the segment would be useful to users of the consolidated financial statements.

For Management purposes, the Group is currently organised into two main business segments: Lending and Other financial services. 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 December 2022 and 2021 are presented in Note 13.

The significant financial information on the financial statements of non-wholly owned subsidiary interests of the Bank that has material non-controlling interest as at 31 December 2022 and 2021 and for the years then ended are shown below and in the succeeding page. The summarised financial information represents amounts before intragroup eliminations.

ACLEDA Institute of Business Co., Ltd.

	2022 US\$	2021 US\$	2022 KHR'000	2021 KHR'000
<u>Financial position:</u>				
Current assets	1,538,723	2,016,518	6,334,923	8,215,294
Non-current assets	32,117,464	32,712,894	132,227,599	133,272,330
Total assets	33,656,187	34,729,412	138,562,522	141,487,624
Current liabilities	2,134,580	459,759	8,788,066	1,873,058
Non-current liabilities	5,600,054	8,647,414	23,055,422	35,229,565
Total liabilities	7,734,634	9,107,173	31,843,488	37,102,623
Equity	25,921,553	25,622,239	106,719,034	104,385,001
<u>Ownership and voting interest held by</u>				
non-controlling interests	23.391%	23.391%	23.391%	23.391%
<u>Equity attributable to:</u>				
Equity holders of the Parent	19,858,243	19,628,941	81,756,385	79,968,306
Non-controlling interests	6,063,310	5,993,298	24,962,649	24,416,695

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

3. Composition of the Group (continued)

ACLEDA Institute of Business Co., Ltd. (continued)

	2022 US\$	2021 US\$	2022 KHR'000	2021 KHR'000
Results of operations:				
Revenue	5,312,828	3,890,497	21,713,528	15,826,542
Costs and expenses	4,993,208	4,918,709	-	20,009,308
Profit/(loss) for the year	319,620	(1,028,212)	21,713,528	(4,182,766)
Total comprehensive income/(loss) for the year	299,314	(1,101,300)	1,223,296	(3,554,232)
Profit/(loss) attributable to:				
Equity holders of the Parent	244,858	(787,703)	1,000,735	(3,204,376)
Non-controlling interests	74,762	(240,509)	305,552	(978,391)
Total comprehensive income/(loss) for the year attributable to:				
Equity holders of the Parent	229,301	(843,695)	937,153	(3,432,151)
Non-controlling interests	70,013	(257,605)	286,143	(1,047,937)
Dividends paid to non-controlling interests	-	-	-	-
Cash flows:				
Net cash inflow/(outflow) from operating activities	2,222,815	(1,709,176)	9,084,645	(6,952,928)
Net cash outflow from investing activities	(54,479)	(74,941)	(222,656)	(304,860)
Net cash (outflow)/inflow from financing activities	(1,868,523)	1,988,094	(7,636,654)	8,087,566
Net cash inflow	299,813	203,977	1,225,335	829,778

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 year are outlined in the succeeding page.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

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

(a) Judgements (continued)

- 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 the 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 (as the incremental borrowing rate) and the retirement benefit obligation.

Functional currency

Based on the economic substance of underlying circumstances relevant to the Group and the Bank, the 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 operate.

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, the Management considers the economic substance of the underlying asset as a whole.

Retirement benefits

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

(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 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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)

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 CIAS 36, *Impairment of assets*, at the end of each reporting period, the Group and the Bank assess whether there is any indication that non-financial assets 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 Group and the Bank consider, as a minimum, the following indications:

- External sources of information
 - a) Market value of the assets has declined significantly during the year 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 Group and the Bank have taken place during the year, or will take place in the near future, in the technological, market, economic, or legal environment in which the Group and the Bank operate 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 year, 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.
- 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 Group and the Bank have taken place during the year, 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, and 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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)

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

As at 31 December 2022 and 2021, the Management believes that the recoverable amounts of its equity investments, exceed their carrying amounts. Accordingly, no impairment loss was recognised.

Coronavirus and impact on ECL

The ECL was estimated based on a range of forecasted economic conditions as at the reporting date. In 2020, the Novel Coronavirus (“COVID-19”) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity.

The calculation of the ECL in this current environment is subject to significant uncertainty. The Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, future events may occur which can cause the assumptions used in arriving at the estimate to change. This will have a corresponding impact on the ECL, the financial position and performance of the Group and the Bank.

Retirement benefits

The present value of the retirement benefit obligation depends on a number of factors that are determined by the 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 the reporting date. The Management periodically evaluates position taken in tax returns with respect to situations in which the 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 tax liabilities and balances in the period in which the determination is made.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

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

(b) Assumptions and estimation uncertainties (continued)

Estimating cost of right-of-use assets

Determining the cost of right-of-use assets includes the amount of lease liabilities recognised and the estimated costs to be incurred in dismantling and removing its underlying assets 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 or 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 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 recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognised operating expenses and decrease non-current assets.

5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in USD. The translations of USD 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 statement of profit or loss and other comprehensive income and statement of cash flows are translated into KHR using the average rate for the reporting period. Exchange differences arising from the translation are recognised as "Currency translation differences" in the other comprehensive income.

The Group and the Bank have used the following exchange rates:

			Closing rate	Average rate
31 December 2022	US\$1	=	KHR4,117	KHR4,087
31 December 2021	US\$1	=	KHR4,074	KHR4,068

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

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 are as follows:

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 loan, car loan, motor loan, overdraft loan, revolving loan, financial lease, trade finance loan, 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, bills payment, top-up and standing order. These services are leaning toward modernizing the digital banking services via mobile application, internet banking 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.

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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

6. Segment information (continued)

(b) Analysis of primary segment information

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

	2022						2021					
	Lending		Other financial services		Total		Lending		Other financial services		Total	
	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)	US\$	KHR'000 (Note 5)
Revenues												
From customers												
Interest income	670,753,456	2,741,369,375	-	-	670,753,456	2,741,369,375	573,799,753	2,334,217,395	-	-	573,799,753	2,334,217,395
Interest expense	220,822,466	902,501,419	-	-	220,822,466	902,501,419	172,370,812	701,204,463	-	-	172,370,812	701,204,463
Net interest income	449,930,990	1,838,867,956	-	-	449,930,990	1,838,867,956	401,428,941	1,633,012,932	-	-	401,428,941	1,633,012,932
Non-interest income	-	-	73,077,928	298,669,492	73,077,928	298,669,492	-	-	62,897,978	255,868,975	62,897,978	255,868,975
Total net revenues	449,930,990	1,838,867,956	73,077,928	298,669,492	523,008,918	2,137,537,448	401,428,941	1,633,012,932	62,897,978	255,868,975	464,326,919	1,888,881,907

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

6. Segment information (continued)

(c) Analysis of secondary segment information

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

	2022								2021							
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total	
	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)
Statements of profit or loss and other comprehensive income																
Total income	711,533,289	2,908,036,552	28,208,386	115,287,674	7,467,425	30,519,366	747,209,100	3,053,843,592	598,997,736	2,436,722,790	31,591,805	128,515,463	9,082,171	36,946,271	639,671,712	2,602,184,524
Total expense	537,377,514	2,196,261,900	21,134,270	86,375,761	6,899,084	28,196,558	565,410,868	2,310,834,219	437,838,332	1,781,126,335	23,814,859	96,878,846	10,824,558	44,034,302	472,477,749	1,922,039,483
Net profit	174,155,775	711,774,652	7,074,116	28,911,913	568,341	2,322,808	181,798,232	743,009,373	161,159,404	655,596,455	7,776,946	31,636,617	(1,742,387)	(7,088,031)	167,193,963	680,145,041
Other segment information																
Depreciation and amortisation	35,209,729	143,902,162	1,397,973	5,713,516	271,767	1,110,712	36,879,469	150,726,390	22,841,483	92,919,153	1,319,889	5,369,308	142,179	578,384	24,303,551	98,866,845
	2022								2021							
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total	
	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)
Statements of financial position																
Total assets	8,954,952,434	36,867,539,171	158,217,647	651,382,053	17,320,296	71,307,656	9,130,490,377	37,590,228,880	7,732,207,958	31,501,015,221	199,218,441	811,615,929	22,313,731	90,906,140	7,953,740,130	32,403,537,290
Total liabilities	7,595,402,710	31,270,272,957	124,579,961	512,895,699	2,926,736	12,049,373	7,722,909,407	31,795,218,029	6,495,379,974	26,462,178,014	156,407,139	637,202,684	5,968,473	24,315,559	6,657,755,586	27,123,696,257

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 financial statements.

	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Revenue				
Total segment revenues	747,209,100	639,671,712	3,053,843,592	2,602,184,524
Elimination of intersegment revenues	(3,377,716)	(2,973,981)	(13,804,725)	(12,098,154)
Group net revenues as reported in profit or loss	<u>743,831,384</u>	<u>636,697,731</u>	<u>3,040,038,867</u>	<u>2,590,086,370</u>
Profit or loss				
Total segment profit	181,798,232	167,193,963	743,009,373	680,145,041
Elimination of intersegment profit	16,543	(519,615)	67,613	(2,113,792)
Group net profit as reported in profit or loss	<u>181,814,775</u>	<u>166,674,348</u>	<u>743,076,986</u>	<u>678,031,249</u>
Assets				
Total segment assets	9,130,490,377	7,953,740,130	37,590,228,880	32,403,537,290
Unallocated assets	(99,327,071)	(98,487,806)	(408,929,551)	(401,239,323)
Total assets	<u>9,031,163,306</u>	<u>7,855,252,324</u>	<u>37,181,299,329</u>	<u>32,002,297,967</u>
Liabilities				
Total segment liabilities	7,722,909,407	6,657,755,586	31,795,218,029	27,123,696,257
Unallocated liabilities (elimination of intersegment liabilities)	(8,393,921)	(7,538,304)	(34,557,774)	(30,711,050)
Total liabilities	<u>7,714,515,486</u>	<u>6,650,217,282</u>	<u>31,760,660,255</u>	<u>27,092,985,207</u>
Other segment information				
Total segment depreciation and amortisation	36,879,469	24,303,551	150,726,390	98,866,845
Unallocated depreciation and amortisation	(14,229)	-	(58,154)	-
Total depreciation and amortisation	<u>36,865,240</u>	<u>24,303,551</u>	<u>150,668,236</u>	<u>98,866,845</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

7. Cash on hand

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
By currency:								
In USD	347,641,854	313,847,464	1,431,241,513	1,278,614,568	346,175,903	312,306,524	1,425,206,193	1,272,336,779
In KHR	113,035,256	104,996,359	465,366,149	427,755,167	113,025,660	104,994,430	465,326,642	427,747,308
In Thai Baht	25,283,928	19,019,091	104,093,932	77,483,777	23,581,457	17,152,508	97,084,858	69,879,318
In Euro	1,819,435	2,521,480	7,490,614	10,272,510	1,813,640	2,518,765	7,466,756	10,261,449
In other currencies	9,246,568	9,990,755	38,068,120	40,702,335	2,068,823	2,493,753	8,517,345	10,159,549
	<u>497,027,041</u>	<u>450,375,149</u>	<u>2,046,260,328</u>	<u>1,834,828,357</u>	<u>486,665,483</u>	<u>439,465,980</u>	<u>2,003,601,794</u>	<u>1,790,384,403</u>

8. Deposits and placements with other banks, net

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Balances with local banks:								
National Bank of Cambodia	493,778,912	290,477,441	2,032,887,781	1,183,405,095	493,778,912	290,477,440	2,032,887,781	1,183,405,091
Other banks	68,717,001	41,940,777	282,907,893	170,866,725	68,717,001	41,940,777	282,907,893	170,866,725
	<u>562,495,913</u>	<u>332,418,218</u>	<u>2,315,795,674</u>	<u>1,354,271,820</u>	<u>562,495,913</u>	<u>332,418,217</u>	<u>2,315,795,674</u>	<u>1,354,271,816</u>
Balances with overseas banks:								
Bank of Laos	15,024,630	30,631,426	61,856,402	124,792,430	-	-	-	-
Other banks	269,389,900	214,546,817	1,109,078,218	874,063,732	266,123,757	211,228,985	1,095,631,508	860,546,885
	<u>284,414,530</u>	<u>245,178,243</u>	<u>1,170,934,620</u>	<u>998,856,162</u>	<u>266,123,757</u>	<u>211,228,985</u>	<u>1,095,631,508</u>	<u>860,546,885</u>
Total balances with local and overseas banks	846,910,443	577,596,461	3,486,730,294	2,353,127,982	828,619,670	543,647,202	3,411,427,182	2,214,818,701
Allowance for impairment losses	(308,268)	(479,163)	(1,269,140)	(1,952,110)	(223,245)	(220,282)	(919,100)	(897,429)
	<u>846,602,175</u>	<u>577,117,298</u>	<u>3,485,461,154</u>	<u>2,351,175,872</u>	<u>828,396,425</u>	<u>543,426,920</u>	<u>3,410,508,082</u>	<u>2,213,921,272</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

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

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current	846,602,175	577,117,298	3,485,461,154	2,351,175,872	828,396,425	543,426,920	3,410,508,082	2,213,921,272
Non-current	-	-	-	-	-	-	-	-
	<u>846,602,175</u>	<u>577,117,298</u>	<u>3,485,461,154</u>	<u>2,351,175,872</u>	<u>828,396,425</u>	<u>543,426,920</u>	<u>3,410,508,082</u>	<u>2,213,921,272</u>

a) By account types

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Balances with local banks:								
Current accounts	494,834,864	291,173,942	2,037,235,135	1,186,242,640	494,834,864	291,173,941	2,037,235,135	1,186,242,636
Fixed deposits	67,661,049	41,244,276	278,560,539	168,029,180	67,661,049	41,244,276	278,560,539	168,029,180
	<u>562,495,913</u>	<u>332,418,218</u>	<u>2,315,795,674</u>	<u>1,354,271,820</u>	<u>562,495,913</u>	<u>332,418,217</u>	<u>2,315,795,674</u>	<u>1,354,271,816</u>
Balances with overseas banks:								
Current accounts	154,018,565	245,178,243	634,094,432	998,856,162	136,028,251	210,223,629	560,028,309	856,451,065
Fixed deposits	130,395,965	-	536,840,188	-	130,095,506	1,005,356	535,603,199	4,095,820
	<u>284,414,530</u>	<u>245,178,243</u>	<u>1,170,934,620</u>	<u>998,856,162</u>	<u>266,123,757</u>	<u>211,228,985</u>	<u>1,095,631,508</u>	<u>860,546,885</u>
Total balances with local and overseas banks	846,910,443	577,596,461	3,486,730,294	2,353,127,982	828,619,670	543,647,202	3,411,427,182	2,214,818,701
Allowance for impairment losses	(308,268)	(479,163)	(1,269,140)	(1,952,110)	(223,245)	(220,282)	(919,100)	(897,429)
	<u>846,602,175</u>	<u>577,117,298</u>	<u>3,485,461,154</u>	<u>2,351,175,872</u>	<u>828,396,425</u>	<u>543,426,920</u>	<u>3,410,508,082</u>	<u>2,213,921,272</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

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

b) By interest rate (per annum)

	The Group		The Bank	
	2022	2021	2022	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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
On demand	648,853,430	536,352,185	2,671,329,572	2,185,098,802	630,863,115	501,397,570	2,597,263,445	2,042,693,701
Within 1 month	102,998,141	10,003,430	424,043,346	40,753,974	102,697,683	11,008,787	422,806,361	44,849,797
Between 2 to 3 months	95,058,872	21,407,693	391,357,376	87,214,941	95,058,872	21,407,691	391,357,376	87,214,933
Between 4 to 6 months	-	9,833,153	-	40,060,265	-	9,833,154	-	40,060,270
Between 7 to 12 months	-	-	-	-	-	-	-	-
	<u>846,910,443</u>	<u>577,596,461</u>	<u>3,486,730,294</u>	<u>2,353,127,982</u>	<u>828,619,670</u>	<u>543,647,202</u>	<u>3,411,427,182</u>	<u>2,214,818,701</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

9. Financial investments, net

	Note	The Group				The Bank			
		2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Unlisted equity securities at FVOCI	(a)								
Credit Bureau Holding (Cambodia) Ltd.		153,529	153,529	632,079	625,477	153,529	153,529	632,079	625,477
SWIFT		36,141	36,141	148,792	147,238	36,141	36,141	148,792	147,238
Total financial investments at FVOCI		189,670	189,670	780,871	772,715	189,670	189,670	780,871	772,715
Unquoted financial investments at amortised cost									
Negotiable Certificate of Deposit with NBC	(b)	519,982,197	800,894,722	2,140,766,705	3,262,845,098	519,982,197	800,894,722	2,140,766,705	3,262,845,098
Debt securities	(c)	36,481,870	-	150,195,859	-	36,481,870	-	150,195,859	-
		556,464,067	800,894,722	2,290,962,564	3,262,845,098	556,464,067	800,894,722	2,290,962,564	3,262,845,098
ECL Allowance		(616,205)	-	(2,536,916)	-	(616,205)	-	(2,536,916)	-
Total financial investments at amortised cost		555,847,862	800,894,722	2,288,425,648	3,262,845,098	555,847,862	800,894,722	2,288,425,648	3,262,845,098
Total financial investments		556,037,532	801,084,392	2,289,206,519	3,263,617,813	556,037,532	801,084,392	2,289,206,519	3,263,617,813

- (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. As at 31 December 2022, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (2021: US\$153,529) and the Bank's investment in Society for Worldwide Interbank Financial Telecommunications ("SWIFT") is valued at cost amounting to US\$36,141 as the Management believes the cost of these investments approximates its fair value. Dividend income received from CBC during the year ended 31 December 2022 amounted to KHR475,200,000 (US\$117,333) (2021: KHR475,200,000 (US\$116,614)).
- (b) As at 31 December 2022, the Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$22,400,230 (2021: US\$15,793,882) with the NBC as collateral for settlement clearing facility. As at 31 December 2022, the other NCD amounting to US\$497,581,967 (2021: US\$785,100,840) with NBC is made for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to twelve months. As at 31 December 2022, the Bank is yet to utilise the overdraft on the settlement clearing facility.
- (c) On 12 January 2022, the Bank invested in a corporate debt security with a face value of US\$30,000,000 guaranteed by Overseas Cambodian Investment Corporation Ltd, a third party. The debt security earns an interest at the rate of 5.5% per annum and will mature on 11 January 2025. On 9 September 2022, the Bank bought 20,000 sheets of G-Bond from the Ministry of Economy and Finance ("MEF") with a face value of KHR1,000,000 per sheet. The investment in G-Bond earns an interest of 2% per annum with a tenure of 12 months and is guaranteed by the Cambodian Government. The G-Bond yield to maturity is at the rate of 2.20% per annum and will mature on 9 September 2023. These bond investments are valued at amortised cost and are held for the purpose of earning interest, and the cash flows are expected to be collected at a specific future period of time.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

9. Financial investments, net (continued)

Analysis of maturity of financial investments at amortised cost

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Within 1 month	499,182,241	785,100,840	2,055,133,286	3,198,500,823	499,182,241	785,100,840	2,055,133,286	3,198,500,823
Between 2 to 3 months	22,132,777	15,493,856	91,120,643	63,121,969	22,132,777	15,493,856	91,120,643	63,121,969
Between 4 to 6 months	300,698	300,026	1,237,974	1,222,306	300,698	300,026	1,237,974	1,222,306
Between 7 to 12 months	4,848,351	-	19,960,661	-	4,848,351	-	19,960,661	-
More than 12 months	30,000,000	-	123,510,000	-	30,000,000	-	123,510,000	-
	<u>556,464,067</u>	<u>800,894,722</u>	<u>2,290,962,564</u>	<u>3,262,845,098</u>	<u>556,464,067</u>	<u>800,894,722</u>	<u>2,290,962,564</u>	<u>3,262,845,098</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

10. Loans and advances, net

	The Group											
	2022			2021			2022			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	2,868,926,918	22,413,324	2,846,513,594	2,454,306,155	19,970,587	2,434,335,568	11,811,372,121	92,275,655	11,719,096,466	9,998,843,275	81,360,170	9,917,483,105
Medium Loan	2,507,150,225	14,113,589	2,493,036,636	2,126,969,233	10,213,429	2,116,755,804	10,321,937,476	58,105,646	10,263,831,830	8,665,272,655	41,609,511	8,623,663,144
Staff Loan	289,854,485	82,333	289,772,152	255,658,399	154,781	255,503,618	1,193,330,915	338,965	1,192,991,950	1,041,552,318	630,578	1,040,921,740
Personal & Others Loan	262,623,532	1,700,385	260,923,147	202,542,041	1,674,566	200,867,475	1,081,221,081	7,000,485	1,074,220,596	825,156,274	6,822,182	818,334,092
Overdraft Loan	161,555,205	310,254	161,244,951	95,974,116	298,253	95,675,863	665,122,779	1,277,316	663,845,463	390,998,549	1,215,083	389,783,466
Public Housing Loan	153,915,879	1,086,746	152,829,133	135,971,808	892,526	135,079,282	633,671,674	4,474,133	629,197,541	553,949,146	3,636,151	550,312,995
Credit Card Loan	63,294,403	1,101,478	62,192,925	40,281,078	734,956	39,546,122	260,583,057	4,534,785	256,048,272	164,105,112	2,994,211	161,110,901
Revolving Loan	41,060,604	72,286	40,988,318	49,650,393	83,174	49,567,219	169,046,507	297,601	168,748,906	202,275,701	338,851	201,936,850
Staff Housing Loan	29,013,820	29,394	28,984,426	24,562,089	10,206	24,551,883	119,449,897	121,015	119,328,882	100,065,951	41,579	100,024,372
Home Improvement Loan	23,246,999	1,312,237	21,934,762	31,451,028	575,005	30,876,023	95,707,895	5,402,480	90,305,415	128,131,488	2,342,570	125,788,918
Trade Loan	21,006,685	20,636	20,986,049	11,208,237	13,591	11,194,646	86,484,522	84,958	86,399,564	45,662,358	55,370	45,606,988
	<u>6,421,648,755</u>	<u>42,242,662</u>	<u>6,379,406,093</u>	<u>5,428,574,577</u>	<u>34,621,074</u>	<u>5,393,953,503</u>	<u>26,437,927,924</u>	<u>173,913,039</u>	<u>26,264,014,885</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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

10. Loans and advances, net (continued)

	The Bank											
	2022			2021			2022			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	2,748,136,582	9,619,193	2,738,517,389	2,310,778,323	8,630,325	2,302,147,998	11,314,078,308	39,602,218	11,274,476,090	9,414,110,888	35,159,944	9,378,950,944
Medium Loan	2,499,495,011	14,081,544	2,485,413,467	2,118,865,642	10,171,481	2,108,694,161	10,290,420,960	57,973,717	10,232,447,243	8,632,258,626	41,438,614	8,590,820,012
Staff Loan	285,038,052	71,760	284,966,292	248,772,294	117,594	248,654,700	1,173,501,660	295,436	1,173,206,224	1,013,498,326	479,078	1,013,019,248
Personal & Others Loan	258,973,137	1,652,271	257,320,866	196,387,702	1,479,914	194,907,788	1,066,192,406	6,802,399	1,059,390,007	800,083,498	6,029,170	794,054,328
Overdraft Loan	160,552,411	308,800	160,243,611	94,550,853	295,564	94,255,289	660,994,276	1,271,330	659,722,946	385,200,175	1,204,128	383,996,047
Public Housing Loan	151,376,678	1,083,712	150,292,966	134,359,341	891,230	133,468,111	623,217,783	4,461,642	618,756,141	547,379,955	3,630,871	543,749,084
Credit Card Loan	63,294,403	1,101,478	62,192,925	40,281,078	734,956	39,546,122	260,583,057	4,534,785	256,048,272	164,105,112	2,994,211	161,110,901
Revolving Loan	41,060,604	72,286	40,988,318	49,650,393	83,174	49,567,219	169,046,507	297,601	168,748,906	202,275,701	338,851	201,936,850
Staff Housing Loan	28,972,643	29,389	28,943,254	24,490,527	10,188	24,480,339	119,280,371	120,995	119,159,376	99,774,407	41,506	99,732,901
Trade Loan	21,006,685	20,636	20,986,049	11,208,237	13,591	11,194,646	86,484,522	84,958	86,399,564	45,662,358	55,370	45,606,988
Home Improvement Loan	16,520,247	115,899	16,404,348	25,303,035	160,488	25,142,547	68,013,857	477,156	67,536,701	103,084,565	653,828	102,430,737
	<u>6,274,426,453</u>	<u>28,156,968</u>	<u>6,246,269,485</u>	<u>5,254,647,425</u>	<u>22,588,505</u>	<u>5,232,058,920</u>	<u>25,831,813,707</u>	<u>115,922,237</u>	<u>25,715,891,470</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			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Within 1 year	1,591,146,359	1,350,060,046	6,550,749,560	5,500,144,627	1,536,853,536	1,282,886,924	6,327,226,008	5,226,481,328
Later than 1 year but not later than 3 years	2,193,502,533	1,898,303,942	9,030,649,928	7,733,690,260	2,136,109,587	1,836,584,170	8,794,363,170	7,482,243,909
Later than 3 years but not later than 5 years	1,583,979,594	1,326,203,036	6,521,243,988	5,402,951,169	1,557,305,827	1,294,000,254	6,411,428,090	5,271,757,035
Later than 5 years	1,053,020,269	854,007,553	4,335,284,448	3,479,226,771	1,044,157,503	841,176,077	4,298,796,439	3,426,951,339
	<u>6,421,648,755</u>	<u>5,428,574,577</u>	<u>26,437,927,924</u>	<u>22,116,012,827</u>	<u>6,274,426,453</u>	<u>5,254,647,425</u>	<u>25,831,813,707</u>	<u>21,407,433,611</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

10. Loans and advances, net (continued)

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

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Allowance for/(reversal of) impairment losses on:								
Loans and advances	20,045,313	13,797,947	81,925,194	56,130,048	12,763,402	429,538	52,164,024	1,747,360
Deposits and placements with other banks	(157,751)	(81,385)	(644,728)	(331,074)	1,937	78,820	7,917	320,640
Other receivables	77,440	(174,588)	316,497	(710,224)	31,409	(191,604)	128,369	(779,445)
Investment in debt securities	616,205	-	2,518,430	-	616,205	-	2,518,429	-
	20,581,207	13,541,974	84,115,393	55,088,750	13,412,953	316,754	54,818,739	1,288,555
Off-balance sheet commitments	(2,588)	(139,449)	(10,577)	(567,279)	(66,794)	(380,569)	(272,987)	(1,548,155)
	20,578,619	13,402,525	84,104,816	54,521,471	13,346,159	(63,815)	54,545,752	(259,600)

Movements in allowance for impairment losses during the year were as follows:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	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 impairment losses during the year	20,045,313	13,797,947	81,925,194	56,130,048	12,763,402	429,538	52,164,024	1,747,360
Written off during the year	(8,794,470)	(11,393,716)	(35,942,999)	(46,349,637)	(6,957,636)	(8,281,746)	(28,435,858)	(33,690,143)
Currency translation differences	(3,629,255)	(3,125,704)	(14,832,765)	(12,715,364)	(237,303)	(768,676)	(969,857)	(3,126,974)
Exchange differences	-	-	1,717,353	1,020,607	-	-	1,138,357	853,350
At the end of the year	42,242,662	34,621,074	173,913,039	141,046,256	28,156,968	22,588,505	115,922,237	92,025,571

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

11. Other assets

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Prepayments and advances	13,054,273	17,854,484	53,744,442	72,739,168	12,353,023	16,138,351	50,857,396	65,747,642
Stationery supplies	4,314,109	2,820,381	17,761,187	11,490,232	4,111,810	2,673,828	16,928,322	10,893,175
Receivable from Western Union and VISA	2,344,641	2,172,327	9,652,887	8,850,060	2,310,933	2,079,286	9,514,111	8,471,011
Income tax receivable	3,248,578	2,778,369	13,374,396	11,319,075	3,164,522	2,707,597	13,028,337	11,030,750
Others	55,856,965	2,515,629	229,963,124	10,248,673	55,701,847	2,450,451	229,324,505	9,983,139
	<u>78,818,566</u>	<u>28,141,190</u>	<u>324,496,036</u>	<u>114,647,208</u>	<u>77,642,135</u>	<u>26,049,513</u>	<u>319,652,671</u>	<u>106,125,717</u>

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current	65,079,070	17,995,402	267,930,531	73,313,268	64,194,634	16,269,441	264,289,309	66,281,705
Non-current	13,739,496	10,145,788	56,565,505	41,333,940	13,447,501	9,780,072	55,363,362	39,844,012
	<u>78,818,566</u>	<u>28,141,190</u>	<u>324,496,036</u>	<u>114,647,208</u>	<u>77,642,135</u>	<u>26,049,513</u>	<u>319,652,671</u>	<u>106,125,717</u>

12. Statutory deposits

		The Group				The Bank			
		2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
With the Central Bank	(a)	479,556,077	412,986,454	1,974,332,368	1,682,506,814	479,556,076	412,986,454	1,974,332,365	1,682,506,814
With Other Central Bank	(b)	2,532,021	2,225,047	10,424,330	9,064,841	-	-	-	-
Others	(c)	242,895	245,459	1,000,000	1,000,000	-	-	-	-
		<u>482,330,993</u>	<u>415,456,960</u>	<u>1,985,756,698</u>	<u>1,692,571,655</u>	<u>479,556,076</u>	<u>412,986,454</u>	<u>1,974,332,365</u>	<u>1,682,506,814</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 institutions, 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 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 for KHR and foreign currencies' reserves from 8% to 7% and 12.50% to 7%, respectively.

The reserve requirement amounted to US\$436,239,774 and US\$369,670,152 as at 31 December 2022 and 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 ceases its operations in Cambodia. As at 31 December 2022 and 2021, capital guarantee deposit amounted to US\$43,316,302 and US\$43,316,302, respectively. The capital guarantee deposit is earning at an interest rate of $\frac{1}{4}$ of the London Inter-bank Offered Rate ("LIBOR") on a 6 month basis. Pursuant to NBC's Prakas No. B5-021-288 issued on 29 December 2021, banks and financial institutions are required to use 'Secured Overnight Financing Rate' instead of LIBOR starting from 3 January 2022.

(b) With Other Central Bank

These are the statutory deposits of ABL maintained with the Bank of Lao PDR ("BOL") in compliance with BOL's regulations. These statutory deposits comprise of reserve requirement calculated at 5% of customers' deposits in local currency and 5% of foreign currency deposits and capital guarantee of the share capital. These statutory deposits do not bear interest.

(c) Others

In compliance with Prakas No. 009 on the licensing of securities firms and securities representatives issued by the SECC (currently, the SERC), ACS 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\$242,895) for operating as a securities broker in the Kingdom of Cambodia. This statutory deposit does not bear interest.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

13. Investments in subsidiaries

		The Bank			
		2022	2021	2022	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	203,336,843	201,213,092
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,275,170	8,188,740
ACLEDA Institute of Business Co., Ltd.	(c)	19,805,000	19,805,000	81,537,185	80,685,570
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,913,150	19,913,150	81,982,439	81,126,173
		<u>91,117,716</u>	<u>91,117,716</u>	<u>375,131,637</u>	<u>371,213,575</u>

Details of the Bank's subsidiaries are as follows:

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

(a) ACLEDA Bank Lao Ltd.

ABL was established in Lao PDR on 13 December 2007 under a preliminary license from the 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 in ABL is US\$5,477,399. In 2009, the Bank sold shares to International Finance Corporation ("IFC") amounting to US\$876,384 which decreased the Bank's investments in ABL to US\$4,601,015. In 2010, the Bank injected capital to ABL amounting to US\$5,966,969, thereby increasing its investments to US\$10,567,984.

In 2014, the Bank bought shares from FMO, StichtingTriodosDoen, Tridos Fair Share Fund, and IFC amounting to US\$28,875,098 and injected capital to ABL amounting to US\$9,946,484, increasing its investments in ABL to US\$49,389,566. As at 31 December 2022, the Bank's investments in ABL remains the same.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

13. Investments in subsidiaries (continued)

(a) ACLEDA Bank Lao Ltd. (continued)

Status of operations

The year-on-year inflation rate jumped this year to a new high of 38.46% in November, up from 36.75% recorded in October, 34.05% in September, 30.01% in August, 25.62% in July, 23.61% in June and 12.81% in May, according to the latest report from the Lao Statistics Bureau. The consumer price index has risen more than expected since early this year, which rose by a record 166.18%, up from 164.31% in October, according to figures posted on the BOL's website. The global economic downturn, conflict between major powers, and the depreciation of the Lao Kip ("LAK") are some of the main factors driving inflation in Laos. Skyrocketing prices of fuel and food have seen many countries record their highest inflation rate in 40 years. In addition, the hike in interest rates in the US is exacerbating the situation by creating a stronger dollar. Laos' economy grew by 4.4% over the whole of 2022. The depreciation of the LAK is one of Lao people's greatest concerns, with months of constantly rising prices adding to stress about what the future holds. According to a government report, the LAK has fallen in value by 19.44% against the USD and by 18.02% against the Thai Baht ("THB") over the past nine months.

The Governor of the BOL, on behalf of the government, informed National Assembly members in November 2022 that the BOL will attempt to reduce the inflation rate to 9% in 2023. Skyrocketing inflation is causing great hardship and people are desperately wondering how they can survive as prices across all categories hit record highs. The BOL Governor said that the BOL would immediately revise and improve measures to bring inflation under control and reduce the rate to 9% next year. At the same time, BOL will address other unresolved financial and monetary issues. The government is prioritising the stability of the LAK and the regulation of exchange rates, as well as the management of money supply and building up foreign currency reserves, while also encouraging commercial banks to attract more depositors. The BOL will encourage commercial banks to enlarge their capital or increase the number of depositors while continuing to issue loans to efficient investment entities, especially those that plan to produce goods for domestic supply in order to reduce imports. Micro, small and medium-sized enterprises ('MSMEs') will be given priority in accessing funding so they can boost their contribution to GDP.

Statutory deposits with the BOL include compulsory reserve and registered capital reserve. These balances earn no interest. Under regulations of the BOL, banks are required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5% for LAK and 5% for foreign currency (2021: 3% and 5%, respectively), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. Raising the reserve requirement means that the BOL can reduce money supply, which should then enable it to better control money supply and curb inflation, as well as to respond to the nation's economic woes.

As of December 2022, fluctuations in the exchange rates still impact ABL's performance if we consider the translation to USD amount, but in LAK, the loans outstanding are still over plan of around 3%. While in terms of loan default, it is 2.15% in December 2022, which decreased by 4.21% compare to September 2022 due to the increase in collection rate as well as the recovery of previously written-off accounts as the COVID-19 pandemic cases drastically decreased. So far, ABL still has the ability to pay its debts and its liquidity and cash flow levels are still in the good position.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

13. Investments in subsidiaries (continued)

(b) ACLEDA Securities Plc.

On 1 March 2010, ACS was established in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MOC”) under the Registration No. Co.0448KH/2010. On 20 October 2010, SERC (previously known as 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 SERC.

ACS is wholly-owned by the Bank.

(c) ACLEDA Institute of Business Co., Ltd.

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 (“MAA”) was endorsed by the MOC on 14 December 2018.

AIB is recognised as an 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. AIB provides training and education for Associate’s degree, Bachelor’s degree, and Master’s degree in Business Administration, Major 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 submitting relevant documents and by requesting approval from the Ministry of Education, Youth and Sport.

On 10 February 2021, NBC approved, on request of the Bank, an increase in the capital of AIB as invested by ACLEDA Financial Trust (“AFT”), amounting to US\$10,000,000, which represents 23.3910% of the total shares registered, equal to 6,047,046 shares at the price of US\$1.6537 per share through a 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 MAA relating to the capital increase and on 2 December 2022, AIB obtained the approval from MOC.

(d) ACLEDA MFI Myanmar Co., Ltd.

AMM was incorporated in the Republic of the Union of Myanmar under the Republic of the Union of Myanmar Companies Law on 6 September 2012 to provide services per 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 until year 2021 and from 1 April to 31 March for year 2022 onwards in accordance with the Letter N^o: NgaKaSa/AhMaKha (105/2021) issued on 13 September 2021, the inform letter on changing the fiscal year of Myanmar.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 in AMM is US\$9,411,765. In 2014, the Bank sold shares to IFC, COFIBRED S.A and Kredittanstalt Fur Wiederaufbau ("KfW") amounting to US\$3,659,371, which decreased its investments in AMM to US\$5,752,394.

The Bank acquired 3,600,000 ordinary shares (45% of the total shareholdings) 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 the 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 (equivalent to Myanmar Kyat ("MMK") of 6,099,390,000) and additional capital of US\$3,995,367 (equivalent MMK6,039,396,000), 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 MMK20,140,000,000 (2019: 99.99% of MMK8,000,000,000). On 5 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 AMM's request with Letter No. KaKa-1/6 (467/2021) dated 23 December 2021.

Status of operations

The Military Junta's Deputy Union Minister of Planning and Finance of Myanmar said that his government granted allocation of 170 billion MMK for establishing a MSMEs Development Fund from its supplementary budget for 2023. The Military Junta has already approved this fund and it would be used for development of MSMEs in the country and also for holding exhibitions, giving short-term and long-term soft loans with low interest rate for these MSMEs as a priority.

The Military Council established the Fund for Uplifting of National Economy with 400 billion MMK and now they added a new fund of MSMEs Development Fund in the country. The Military Council Chief said that the allocation of MSMEs Development Fund and COVID-19 Special Loans Fund was their attempt to uplift and bring recovery to the national economy, which declined during the COVID-19 pandemic.

In 2022, GDP contracted, though to a lesser degree than in 2021. International sanctions, electricity shortages amid higher energy prices, and political uncertainty weigh on the economy. Moreover, global supply disruptions, further sanctions and a potential banking crisis all cloud the outlook. That said, some recovery in the tourism industry will support the activity.

The Focus Economics Consensus Forecast panel has projected Myanmar's economy to shrink by 1.3% in 2022 and to grow by 3.9% in 2023.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

13. Investments in subsidiaries (continued)

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

Status of operations (continued)

Regarding the political issue, the Head of Myanmar's current government announced the holding of a general election in August 2023 and then the transferring of power to the winning party.

Myanmar is failing to stem money laundering and terrorist financing, thus it was blacklisted by Financial Action Task Force, which increased volatility in the value of the MMK.

Additionally, AMM still operates as usual by focusing on loan collection, loan recovery and loan disbursement as well as the voluntary saving mobilizing.

As at 31 December 2022, AMM's loans outstanding increased by 2.46% and 3.39% along with default value decreased by 4.53% and 23.19% compared to September 2022 and December 2021, respectively, due to new disbursed loans and increase in monthly collection rate as well as write-off collection rate. Month by month, the voluntary savings increase. Liquidity and cash flow were still in good position.

As at 31 December 2022, AMM is still able to support its daily operations smoothly and still has the gap to expand its future operations as the situation in Myanmar improves from the COVID-19 and national security situation is now controllable aligned with the government's actions to improve MSMEs development as mentioned above.

(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 permitted for 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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\$	Construction 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	-	-	87,159	1,721,413	4,502,344	11,198,300	3,995,819	3,169,748	24,674,783
Disposals/write-offs	-	-	(308)	(268,699)	(2,563,455)	(2,750,353)	(1,512,880)	(846,476)	(7,942,171)
Reclassifications	-	-	7,300	1,317,679	10,080,203	667,719	6,308	(12,079,209)	-
Currency translation differences	-	-	-	(229,006)	(511,242)	(2,338,258)	(346,702)	(79,223)	(3,504,431)
Adjustments	-	-	-	-	(3,232)	20	-	(473,143)	(476,355)
As at 31 December 2022	<u>14,542,280</u>	<u>1,759,381</u>	<u>99,042,570</u>	<u>9,653,057</u>	<u>83,813,313</u>	<u>90,372,687</u>	<u>21,880,815</u>	<u>2,647,259</u>	<u>323,711,362</u>
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 year	-	68,332	4,621,153	1,174,733	7,909,256	6,622,932	1,594,967	-	21,991,373
Disposals/write-offs	-	-	(308)	(257,693)	(2,548,068)	(2,747,525)	(1,510,984)	-	(7,064,578)
Currency translation differences	-	(32)	(13,564)	(199,296)	(498,528)	(1,912,183)	(344,817)	-	(2,968,420)
Adjustments	-	-	-	-	3,377	609	-	-	3,986
As at 31 December 2022	<u>-</u>	<u>896,603</u>	<u>31,315,844</u>	<u>5,206,404</u>	<u>61,047,802</u>	<u>69,885,318</u>	<u>15,138,682</u>	<u>-</u>	<u>183,490,653</u>
Carrying value	<u>14,542,280</u>	<u>862,778</u>	<u>67,726,726</u>	<u>4,446,653</u>	<u>22,765,511</u>	<u>20,487,369</u>	<u>6,742,133</u>	<u>2,647,259</u>	<u>140,220,709</u>
In KHR' 000 equivalent (Note 5)	<u>59,870,567</u>	<u>3,552,057</u>	<u>278,830,931</u>	<u>18,306,870</u>	<u>93,725,609</u>	<u>84,346,498</u>	<u>27,757,362</u>	<u>10,898,765</u>	<u>577,288,659</u>

As at 31 December 2022, the fully depreciated property and equipment with total historical cost of US\$122,558,800 (2021: US\$114,352,940) are still in active use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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\$	Construction 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	-	-	41,549	1,747,310	8,478,376	8,286,112	2,725,148	11,831,403	33,109,898
Disposals/write-offs	-	-	(9,170)	(468,885)	(1,370,749)	(1,716,373)	(1,945,262)	-	(5,510,439)
Reclassifications	-	7,447	109,680	786,782	559,089	2,141,236	56,850	(3,661,084)	-
Currency translation differences	-	-	-	(158,790)	(334,085)	(1,234,102)	(199,854)	-	(1,926,831)
Adjustments	-	-	-	-	358	671	139	(579,614)	(578,446)
As at 31 December 2021	<u>14,542,280</u>	<u>1,759,381</u>	<u>98,948,419</u>	<u>7,111,670</u>	<u>72,308,695</u>	<u>83,595,259</u>	<u>19,738,270</u>	<u>12,955,562</u>	<u>310,959,536</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 year	-	176,185	4,618,046	641,622	6,527,252	7,019,209	1,431,277	-	20,413,591
Disposals/write-offs	-	-	(4,999)	(457,702)	(1,342,769)	(1,715,019)	(1,945,262)	-	(5,465,751)
Currency translation differences	-	(72)	(29,657)	(138,567)	(362,741)	(1,008,385)	(199,536)	-	(1,738,958)
Adjustments	-	-	-	-	358	208	(69)	-	497
As at 31 December 2021	<u>-</u>	<u>828,303</u>	<u>26,708,563</u>	<u>4,488,660</u>	<u>56,181,765</u>	<u>67,921,485</u>	<u>15,399,516</u>	<u>-</u>	<u>171,528,292</u>
Carrying value	<u>14,542,280</u>	<u>931,078</u>	<u>72,239,856</u>	<u>2,623,010</u>	<u>16,126,930</u>	<u>15,673,774</u>	<u>4,338,754</u>	<u>12,955,562</u>	<u>139,431,244</u>
In KHR' 000 equivalent (Note 5)	<u>59,245,249</u>	<u>3,793,212</u>	<u>294,305,173</u>	<u>10,686,143</u>	<u>65,701,113</u>	<u>63,854,955</u>	<u>17,676,084</u>	<u>52,780,959</u>	<u>568,042,888</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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\$	Construction 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	-	-	87,159	1,689,964	4,364,894	10,236,619	3,915,969	2,311,193	22,605,798
Disposals/write-offs	-	-	(308)	(249,677)	(2,511,252)	(2,706,808)	(1,491,973)	-	(6,960,018)
Reclassifications	-	-	7,300	1,317,679	10,007,595	667,719	6,308	(12,006,601)	-
Adjustments	-	-	-	-	(3,232)	20	-	(473,143)	(476,355)
As at 31 December 2022	2,328,344	282,726	77,116,208	9,134,971	81,747,217	84,601,903	21,010,084	2,492,887	278,714,340
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 year	-	9,239	3,886,345	1,134,026	7,745,296	5,996,428	1,556,777	-	20,328,111
Disposals/write-offs	-	-	(308)	(240,971)	(2,501,717)	(2,706,339)	(1,491,973)	-	(6,941,308)
Currency translation differences	-	(32)	(13,564)	(3,279)	(26,584)	(21,871)	(4,882)	-	(70,212)
Adjustments	-	-	-	-	3,377	609	-	-	3,986
As at 31 December 2022	-	165,865	28,256,258	4,761,986	59,270,750	65,604,513	14,368,937	-	172,428,309
Carrying value	2,328,344	116,861	48,859,950	4,372,985	22,476,467	18,997,390	6,641,147	2,492,887	106,286,031
In KHR' 000 equivalent (Note 5)	9,585,792	481,117	201,156,414	18,003,579	92,535,615	78,212,255	27,341,602	10,263,216	437,579,590

As at 31 December 2022, the fully depreciated property and equipment with total historical cost of US\$115,146,949 (2021: US\$107,597,947) are still in active use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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\$	Construction 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	-	-	28,346	1,723,886	8,432,349	7,732,216	2,666,519	11,629,225	32,212,541
Disposals/write-offs	-	-	(9,170)	(451,769)	(1,271,630)	(1,705,001)	(1,944,598)	-	(5,382,168)
Reclassifications	-	-	109,680	786,782	554,889	2,123,310	56,850	(3,631,511)	-
Adjustments	-	-	-	-	358	671	139	(579,614)	(578,446)
As at 31 December 2021	<u>2,328,344</u>	<u>282,726</u>	<u>77,022,057</u>	<u>6,377,005</u>	<u>69,889,212</u>	<u>76,404,353</u>	<u>18,579,780</u>	<u>12,661,438</u>	<u>263,544,915</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 year	-	9,278	3,883,061	568,799	6,176,191	6,126,732	1,391,168	-	18,155,229
Disposals/write-offs	-	-	(4,999)	(444,682)	(1,267,367)	(1,704,867)	(1,944,598)	-	(5,366,513)
Currency translation differences	-	(72)	(29,657)	(4,614)	(47,187)	(45,938)	(10,579)	-	(138,047)
Adjustments	-	-	-	-	358	208	(69)	-	497
As at 31 December 2021	<u>-</u>	<u>156,658</u>	<u>24,383,785</u>	<u>3,872,210</u>	<u>54,050,378</u>	<u>62,335,686</u>	<u>14,309,015</u>	<u>-</u>	<u>159,107,732</u>
Carrying value	<u>2,328,344</u>	<u>126,068</u>	<u>52,638,272</u>	<u>2,504,795</u>	<u>15,838,834</u>	<u>14,068,667</u>	<u>4,270,765</u>	<u>12,661,438</u>	<u>104,437,183</u>
In KHR' 000 equivalent (Note 5)	<u>9,485,673</u>	<u>513,601</u>	<u>214,448,320</u>	<u>10,204,536</u>	<u>64,527,410</u>	<u>57,315,749</u>	<u>17,399,097</u>	<u>51,582,698</u>	<u>425,477,084</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	445,083	1,501,342	1,946,425	428,687	1,287,310	1,715,997
Disposals	(482,366)	(15,233)	(497,599)	(466,925)	-	(466,925)
Reclassifications	707,405	(707,405)	-	707,405	(707,405)	-
Currency translation differences	(1,217,710)	(5,007)	(1,222,717)	-	-	-
Adjustments	6,363	43,998	50,361	6,363	43,998	50,361
As at 31 December 2022	39,382,953	2,484,354	41,867,307	37,140,474	2,261,329	39,401,803
Less: Accumulated amortisation						
As at 1 January 2022	29,304,739	-	29,304,739	26,686,517	-	26,686,517
Charge for the year	3,096,546	-	3,096,546	2,848,307	-	2,848,307
Disposals	(456,616)	-	(456,616)	(441,175)	-	(441,175)
Currency translation differences	(974,112)	-	(974,112)	(10,479)	-	(10,479)
Adjustments	209	-	209	209	-	209
As at 31 December 2022	30,970,766	-	30,970,766	29,083,379	-	29,083,379
Carrying value	8,412,187	2,484,354	10,896,541	8,057,095	2,261,329	10,318,424
In KHR' 000 equivalent (Note 5)	34,632,974	10,228,085	44,861,059	33,171,060	9,309,892	42,480,952

As at 31 December 2022, the Group's and the Bank's fully amortised intangible assets with historical cost of US\$23,892,574 and US\$22,650,495, respectively, (2021: US\$21,814,222 and US\$19,931,716, respectively) are still used actively.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	1,522,959	273,768	1,796,727	921,312	336,317	1,257,629
Disposals	(1,002,068)	-	(1,002,068)	(965,000)	-	(965,000)
Transfers	670,712	(670,712)	-	670,712	(670,712)	-
Currency translation differences	(536,503)	-	(536,503)	-	-	-
Adjustments	-	230,698	230,698	-	230,698	230,698
As at 31 December 2021	39,924,178	1,666,659	41,590,837	36,464,944	1,637,426	38,102,370
Less: Accumulated amortisation						
As at 1 January 2021	26,411,308	-	26,411,308	23,694,485	-	23,694,485
Charge for the year	3,889,960	-	3,889,960	3,477,382	-	3,477,382
Disposals	(496,288)	-	(496,288)	(459,220)	-	(459,220)
Currency translation differences	(474,110)	-	(474,110)	-	-	-
Adjustments	(26,131)	-	(26,131)	(26,130)	-	(26,130)
As at 31 December 2021	29,304,739	-	29,304,739	26,686,517	-	26,686,517
Carrying value	10,619,439	1,666,659	12,286,098	9,778,427	1,637,426	11,415,853
<i>In KHR' 000 equivalent (Note 5)</i>	<i>43,263,594</i>	<i>6,789,969</i>	<i>50,053,563</i>	<i>39,837,312</i>	<i>6,670,874</i>	<i>46,508,185</i>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

16. Right-of-use assets, net

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Right-of-use assets	28,785,805	28,337,884	118,511,159	115,448,539	26,525,687	25,596,727	109,206,253	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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	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 year	13,800,949	10,918,814	56,404,479	44,417,735	13,441,138	10,571,905	54,933,931	43,006,510
Depreciation for the year	(11,777,321)	(11,192,219)	(48,133,911)	(45,529,947)	(11,113,156)	(10,387,679)	(45,419,469)	(42,257,078)
Lease termination during the year	(1,479,735)	(846,280)	(6,047,677)	(3,442,667)	(1,454,035)	(846,280)	(5,942,641)	(3,442,667)
Currency translation differences	(95,972)	(72,199)	(392,238)	(293,706)	55,013	76,609	224,838	311,645
Exchange differences	-	-	1,231,967	849,212	-	-	1,128,528	755,770
At the end of the year	28,785,805	28,337,884	118,511,159	115,448,539	26,525,687	25,596,727	109,206,253	104,281,066

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

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

As at 31 December 2022, the Group and the Bank have elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets amounted to US\$298,011 and US\$285,970, respectively (2021: US\$332,956 and US\$329,130, respectively). Payments made under such leases are expensed on a straight-line basis over the lease term. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

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

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Depreciation expense	11,777,321	11,192,219	48,133,911	45,529,947	11,113,156	10,387,679	45,419,469	42,257,078
Interest on lease liabilities	1,927,878	1,950,159	7,879,237	7,933,247	1,769,870	1,761,254	7,233,459	7,164,781
(Gain)/loss on pre-termination of leases	(7,424)	15,302	(30,342)	62,249	(163)	15,148	(666)	61,622
	<u>13,697,775</u>	<u>13,157,680</u>	<u>55,982,806</u>	<u>53,525,443</u>	<u>12,882,863</u>	<u>12,164,081</u>	<u>52,652,262</u>	<u>49,483,481</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

17. Deferred tax assets and deferred tax liabilities

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Deferred tax assets	43,244,262	37,444,766	178,036,627	152,549,977	39,642,675	34,320,094	163,208,893	139,820,064
Deferred tax liabilities	(44,382,119)	(28,376,160)	(182,721,184)	(115,604,476)	(41,901,028)	(26,796,377)	(172,506,532)	(109,168,441)
	(1,137,857)	9,068,606	(4,684,557)	36,945,501	(2,258,353)	7,523,717	(9,297,639)	30,651,623

The movements in net deferred tax assets/(deferred tax liabilities) during the years presented are as follows:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	9,068,606	11,195,845	36,945,501	45,287,193	7,523,717	12,685,947	30,651,623	51,314,656
Credited to profit or loss	(9,921,115)	(1,907,302)	(40,547,597)	(7,758,905)	(9,782,070)	(5,162,230)	(39,979,320)	(20,999,952)
Currency translation differences	(285,348)	(219,937)	(1,166,217)	(894,704)	-	-	-	-
Exchange differences	-	-	83,756	311,917	-	-	30,058	336,919
At the end of the year	(1,137,857)	9,068,606	(4,684,557)	36,945,501	(2,258,353)	7,523,717	(9,297,639)	30,651,623

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

17. Deferred tax assets and deferred tax liabilities (continued)

The components of and movements in deferred tax assets and deferred tax liabilities during the years presented are as follows:

Deferred tax assets of the Group:

	Unamortised loan fees	Unearned revenue	Provision for loan loss	Other provision	Staff bonus	Unrealised exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	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/(credited) to profit or loss	1,749,199	14,820	2,300,810	1,765,331	314,873	596,888	(836,468)	(12,029)	(93,928)	5,799,496
As at 31 December 2022	<u>10,011,636</u>	<u>44,281</u>	<u>13,597,553</u>	<u>9,554,050</u>	<u>2,117,163</u>	<u>1,683,243</u>	<u>473</u>	<u>362,157</u>	<u>5,873,706</u>	<u>43,244,262</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>41,217,905</u>	<u>182,305</u>	<u>55,981,126</u>	<u>39,334,024</u>	<u>8,716,360</u>	<u>6,929,911</u>	<u>1,947</u>	<u>1,491,000</u>	<u>24,182,049</u>	<u>178,036,627</u>
As at 1 January 2021	7,560,663	50,295	9,426,856	7,335,254	261,434	814,363	1,602,584	317,209	4,955,890	32,324,548
Charged/(credited) to profit or loss	701,774	(20,834)	1,869,887	453,465	1,540,856	271,992	(765,643)	56,977	1,011,744	5,120,218
As at 31 December 2021	<u>8,262,437</u>	<u>29,461</u>	<u>11,296,743</u>	<u>7,788,719</u>	<u>1,802,290</u>	<u>1,086,355</u>	<u>836,941</u>	<u>374,186</u>	<u>5,967,634</u>	<u>37,444,766</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>33,661,168</u>	<u>120,024</u>	<u>46,022,931</u>	<u>31,731,241</u>	<u>7,342,529</u>	<u>4,425,810</u>	<u>3,409,698</u>	<u>1,524,436</u>	<u>24,312,140</u>	<u>152,549,977</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

17. Deferred tax assets and deferred tax liabilities (continued)

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

Deferred tax assets of the Bank:

	Unamortised loan fees	Provision for loan loss	Other provision	Staff bonus	Unrealised exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	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	1,749,199	2,300,810	1,749,385	314,873	596,487	(834,781)	31,677	(585,069)	5,322,581
As at 31 December 2022	<u>10,011,636</u>	<u>13,597,553</u>	<u>9,392,387</u>	<u>2,117,163</u>	<u>1,682,562</u>	<u>-</u>	<u>359,397</u>	<u>2,481,977</u>	<u>39,642,675</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>41,217,905</u>	<u>55,981,126</u>	<u>38,668,457</u>	<u>8,716,360</u>	<u>6,927,108</u>	<u>-</u>	<u>1,479,637</u>	<u>10,218,300</u>	<u>163,208,893</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	701,774	1,869,887	422,759	1,540,856	271,789	(765,961)	57,551	(794,224)	3,304,431
As at 31 December 2021	<u>8,262,437</u>	<u>11,296,743</u>	<u>7,643,002</u>	<u>1,802,290</u>	<u>1,086,075</u>	<u>834,781</u>	<u>327,720</u>	<u>3,067,046</u>	<u>34,320,094</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>33,661,168</u>	<u>46,022,931</u>	<u>31,137,590</u>	<u>7,342,529</u>	<u>4,424,670</u>	<u>3,400,898</u>	<u>1,335,131</u>	<u>12,495,147</u>	<u>139,820,064</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

17. Deferred tax assets and deferred tax liabilities (continued)

Deferred tax liabilities of the Group and the Bank:

	The Group				The Bank		
	Accelerated depreciation	Unrealised exchange	Others	Total	Accelerated depreciation	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2022	348,749	765	28,026,646	28,376,160	-	26,796,377	26,796,377
Charged to profit or loss	1,379,611	2,478	14,623,870	16,005,959	1,263,461	13,841,190	15,104,651
As at 31 December 2022	<u>1,728,360</u>	<u>3,243</u>	<u>42,650,516</u>	<u>44,382,119</u>	<u>1,263,461</u>	<u>40,637,567</u>	<u>41,901,028</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>7,115,658</u>	<u>13,351</u>	<u>175,592,175</u>	<u>182,721,184</u>	<u>5,201,669</u>	<u>167,304,863</u>	<u>172,506,532</u>
As at 1 January 2021	295,901	41	20,832,761	21,128,703	-	18,329,716	18,329,716
Charged to profit or loss	52,848	724	7,193,885	7,247,457	-	8,466,661	8,466,661
As at 31 December 2021	<u>348,749</u>	<u>765</u>	<u>28,026,646</u>	<u>28,376,160</u>	<u>-</u>	<u>26,796,377</u>	<u>26,796,377</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,420,803</u>	<u>3,117</u>	<u>114,180,556</u>	<u>115,604,476</u>	<u>-</u>	<u>109,168,441</u>	<u>109,168,441</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

18. Deposits and placements of other banks and financial institutions

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current accounts	78,511,735	152,742,439	323,232,813	622,272,696	81,962,426	155,174,040	337,439,308	632,179,040
Savings deposits	33,733,059	34,450,553	138,879,004	140,351,553	33,033,099	33,348,124	135,997,269	135,860,257
Fixed deposits	305,581,605	296,548,000	1,258,079,468	1,208,136,552	275,616,119	267,084,671	1,134,711,561	1,088,102,949
	<u>417,826,399</u>	<u>483,740,992</u>	<u>1,720,191,285</u>	<u>1,970,760,801</u>	<u>390,611,644</u>	<u>455,606,835</u>	<u>1,608,148,138</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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Within 6 months	265,568,387	320,395,747	1,093,345,050	1,305,292,273	255,711,856	310,548,578	1,052,765,711	1,265,174,907
Later than 6 months but not later than 1 year	23,908,026	39,897,016	98,429,343	162,540,443	7,585,299	25,118,831	31,228,676	102,334,117
Later than 1 year but not later than 3 years	21,518,957	16,779,432	88,593,546	68,359,406	20,483,460	13,270,629	84,330,405	54,064,543
Later than 3 years	106,831,029	106,668,797	439,823,346	434,568,679	106,831,029	106,668,797	439,823,346	434,568,679
	<u>417,826,399</u>	<u>483,740,992</u>	<u>1,720,191,285</u>	<u>1,970,760,801</u>	<u>390,611,644</u>	<u>455,606,835</u>	<u>1,608,148,138</u>	<u>1,856,142,246</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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			
	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)
Related parties	36,648	42,469	150,880	173,019	4,245,548	2,565,025	17,478,921	10,449,912
Non-related parties	417,789,751	483,698,523	1,720,040,405	1,970,587,782	386,366,096	453,041,810	1,590,669,217	1,845,692,334
	<u>417,826,399</u>	<u>483,740,992</u>	<u>1,720,191,285</u>	<u>1,970,760,801</u>	<u>390,611,644</u>	<u>455,606,835</u>	<u>1,608,148,138</u>	<u>1,856,142,246</u>

c) By interest (per annum)

	The Group		The Bank	
	2022	2021	2022	2021
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.50%	0.00% - 0.20%
Savings deposits	0.00% - 1.90%	0.00% - 1.90%	0.00% - 0.75%	0.00% - 0.50%
Fixed deposits	1.00% - 8.20%	0.75% - 7.95%	1.00% - 8.20%	0.75% - 7.95%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

19. Deposits from customers

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current accounts	872,890,504	751,165,630	3,593,690,205	3,060,248,777	861,122,998	740,903,142	3,545,243,383	3,018,439,401
Savings deposits	2,097,146,116	2,047,118,594	8,633,950,560	8,339,961,152	2,073,911,840	2,017,014,668	8,538,295,045	8,217,317,757
Margin deposits	14,970,310	12,516,025	61,632,765	50,990,285	14,913,282	12,499,328	61,397,982	50,922,262
Fixed deposits	2,986,157,372	2,421,478,444	12,294,009,901	9,865,103,181	2,939,485,290	2,356,509,852	12,101,860,939	9,600,421,137
	<u>5,971,164,302</u>	<u>5,232,278,693</u>	<u>24,583,283,431</u>	<u>21,316,303,395</u>	<u>5,889,433,410</u>	<u>5,126,926,990</u>	<u>24,246,797,349</u>	<u>20,887,100,557</u>

The deposits from customers are analysed as follows:

a) By maturity

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Within 6 months	4,165,205,397	3,804,350,927	17,148,150,619	15,498,925,677	4,117,472,928	3,743,132,839	16,951,636,045	15,249,523,186
Later than 6 months but not later than 1 year	990,262,169	738,312,993	4,076,909,350	3,007,887,133	978,895,422	721,218,135	4,030,112,452	2,938,242,682
Later than 1 year but not later than 3 years	606,988,086	514,492,863	2,498,969,950	2,096,043,924	591,933,453	497,857,979	2,436,990,026	2,028,273,406
Later than 3 years	208,708,650	175,121,910	859,253,512	713,446,661	201,131,607	164,718,037	828,058,826	671,061,283
	<u>5,971,164,302</u>	<u>5,232,278,693</u>	<u>24,583,283,431</u>	<u>21,316,303,395</u>	<u>5,889,433,410</u>	<u>5,126,926,990</u>	<u>24,246,797,349</u>	<u>20,887,100,557</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

19. Deposits from customers (continued)

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

b) By relationship

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Related parties	17,059,211	18,769,211	70,232,772	76,465,766	19,639,867	21,973,665	80,857,332	89,520,711
Non-related parties	5,954,105,091	5,213,509,482	24,513,050,659	21,239,837,629	5,869,793,543	5,104,953,325	24,165,940,017	20,797,579,846
	<u>5,971,164,302</u>	<u>5,232,278,693</u>	<u>24,583,283,431</u>	<u>21,316,303,395</u>	<u>5,889,433,410</u>	<u>5,126,926,990</u>	<u>24,246,797,349</u>	<u>20,887,100,557</u>

c) By interest rate

	The Group		The Bank	
	2022	2021	2022	2021
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.50%	0.00% - 0.20%
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.75%	0.00% - 0.50%
Fixed deposits	0.25% - 9.00%	0.50% - 11.65%	0.25% - 9.00%	0.50% - 8.25%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 of each of the borrowing agreements. The Group and the Bank did not pledge any collaterals for these borrowings.

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current	256,186,945	163,186,135	1,054,721,653	664,820,314	250,657,658	149,290,262	1,031,957,578	608,208,527
Non-current	701,148,923	445,302,668	2,886,630,116	1,814,163,069	693,618,199	434,350,794	2,855,626,125	1,769,545,135
	<u>957,335,868</u>	<u>608,488,803</u>	<u>3,941,351,769</u>	<u>2,478,983,383</u>	<u>944,275,857</u>	<u>583,641,056</u>	<u>3,887,583,703</u>	<u>2,377,753,662</u>

The borrowings are analysed as follows:

a) By relationship

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Related parties	48,847,528	-	201,105,273	-	48,847,528	-	201,105,273	-
Non-related parties	908,488,340	608,488,803	3,740,246,496	2,478,983,383	895,428,329	583,641,056	3,686,478,430	2,377,753,662
	<u>957,335,868</u>	<u>608,488,803</u>	<u>3,941,351,769</u>	<u>2,478,983,383</u>	<u>944,275,857</u>	<u>583,641,056</u>	<u>3,887,583,703</u>	<u>2,377,753,662</u>

b) By interest rate

	The Group		The Bank	
	2022	2021	2022	2021
Annual interest rates	2.00% - 13.00%	2.00% - 14.50%	2.00% - 8.64%	2.00% - 7.69%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current	26,092,801	29,118,920	107,424,061	118,630,480	26,092,801	29,118,920	107,424,061	118,630,480
Non-current	101,669,527	127,374,021	418,573,443	518,921,762	101,669,527	127,374,021	418,573,443	518,921,762
	<u>127,762,328</u>	<u>156,492,941</u>	<u>525,997,504</u>	<u>637,552,242</u>	<u>127,762,328</u>	<u>156,492,941</u>	<u>525,997,504</u>	<u>637,552,242</u>

The subordinated debts are analysed as follows:

a) By relationship

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	127,762,328	156,492,941	525,997,504	637,552,242	127,762,328	156,492,941	525,997,504	637,552,242
	<u>127,762,328</u>	<u>156,492,941</u>	<u>525,997,504</u>	<u>637,552,242</u>	<u>127,762,328</u>	<u>156,492,941</u>	<u>525,997,504</u>	<u>637,552,242</u>

b) By interest rate

	The Group		The Bank	
	2022	2021	2022	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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

23. Derivative financial instruments

Under existing interest rate swap contracts, the Group and the Bank agree 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 the remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

Cash flow hedges

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Group Notional Principal Amount				Fair Value			
	2022	2021	2022	2022	2021	2021	2022	2022	2021	2021
			US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Less than 1 year	1.267%	0.300%	70,000,000	288,190,000	10,000,000	40,740,000	2,104,485	8,664,166	(1,525)	(6,213)
1 to 2 years	3.036%	1.750%	11,250,000	46,316,250	110,000,000	448,140,000	144,696	595,714	(1,818,813)	(7,409,844)
More than 2 to 5 years	0.572%	0.983%	108,000,000	444,636,000	148,750,000	606,007,500	7,381,413	30,389,275	1,314,180	5,353,969
			<u>189,250,000</u>	<u>779,142,250</u>	<u>268,750,000</u>	<u>1,094,887,500</u>	<u>9,630,594</u>	<u>39,649,155</u>	<u>(506,158)</u>	<u>(2,062,088)</u>

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Bank Notional Principal Amount				Fair Value			
	2022	2021	2022	2022	2021	2021	2022	2022	2021	2021
			US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Less than 1 year	1.267%	0.300%	70,000,000	288,190,000	10,000,000	40,740,000	2,104,485	8,664,166	(1,525)	(6,213)
1 to 2 years	3.036%	1.750%	11,250,000	46,316,250	110,000,000	448,140,000	144,696	595,714	(1,818,813)	(7,409,844)
More than 2 to 5 years	0.572%	0.983%	108,000,000	444,636,000	148,750,000	606,007,500	7,381,413	30,389,275	1,314,180	5,353,969
			<u>189,250,000</u>	<u>779,142,250</u>	<u>268,750,000</u>	<u>1,094,887,500</u>	<u>9,630,594</u>	<u>39,649,155</u>	<u>(506,158)</u>	<u>(2,062,088)</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

23. Derivative financial instruments (continued)

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

All interest rate swap contracts that exchange floating rate interest amounts for fixed-rate interest amounts are designated as cash flow hedges in order to reduce the Group's and the 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 the debt affect profit or loss.

24. Lease liabilities

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

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Undiscounted lease liabilities								
Less than 1 year	11,132,050	11,294,628	45,830,650	46,014,314	10,769,041	10,537,340	44,336,142	42,929,123
1 to 5 years	19,227,169	18,225,873	79,158,255	74,252,207	18,323,677	17,176,362	75,438,578	69,976,499
More than 5 years	3,401,022	3,894,237	14,002,008	15,865,122	374,011	746,529	1,539,803	3,041,359
Total undiscounted lease liabilities	33,760,241	33,414,738	138,990,913	136,131,643	29,466,729	28,460,231	121,314,523	115,946,981
Present value of lease liabilities								
Current	10,777,597	10,937,883	44,371,367	44,560,935	10,429,953	10,212,696	42,940,116	41,606,524
Non-current	17,671,173	16,937,057	72,752,219	69,001,571	16,027,682	15,159,040	65,985,967	61,757,928
Total present value of lease liabilities	28,448,770	27,874,940	117,123,586	113,562,506	26,457,635	25,371,736	108,926,083	103,364,452

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

24. Lease liabilities (continued)

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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	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 year	13,684,980	10,723,881	55,930,513	43,624,748	13,388,912	10,534,260	54,720,483	42,853,370
Payments for the year	(13,405,900)	(12,427,651)	(54,789,913)	(50,555,684)	(12,616,442)	(11,834,735)	(51,563,398)	(48,143,702)
Lease terminations during the year	(1,491,043)	(861,582)	(6,093,893)	(3,504,916)	(1,458,441)	(861,428)	(5,960,648)	(3,504,289)
Interest charged during the year	1,927,878	1,950,159	7,879,237	7,933,247	1,769,870	1,761,254	7,233,459	7,164,781
Adjustment	2,000	-	8,174	-	2,000	-	8,174	-
Currency translation differences	(144,085)	(127,769)	(588,875)	(519,764)	-	-	-	-
Exchange differences	-	-	1,215,837	825,461	-	-	1,123,561	744,995
At the end of the year	28,448,770	27,874,940	117,123,586	113,562,506	26,457,635	25,371,736	108,926,083	103,364,452

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

24. Lease liabilities (continued)

Amounts recognised in the statement of cash flows follow:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Total cash outflows for lease payments	13,405,900	12,427,651	54,789,913	50,555,684	12,616,442	11,834,735	51,563,398	48,143,702

25. Employee benefits

		The Group				The Bank			
		2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Retirement benefits	(a)	22,581,539	16,974,073	92,968,196	69,152,373	21,969,800	16,320,353	90,449,666	66,489,117
Career development benefits	(b)	4,598,006	2,864,399	18,929,991	11,669,562	4,507,750	2,851,527	18,558,407	11,617,121
Seniority indemnity benefits	(c)	6,123,116	6,258,345	25,208,868	25,496,497	6,078,067	6,159,927	25,023,402	25,095,544
Provident fund		71,537	-	294,518	-	70,410	-	289,878	-
		<u>33,374,198</u>	<u>26,096,817</u>	<u>137,401,573</u>	<u>106,318,432</u>	<u>32,626,027</u>	<u>25,331,807</u>	<u>134,321,353</u>	<u>103,201,782</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

25. Employee benefits (continued)

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current	4,976,449	2,864,399	20,488,040	11,669,562	4,959,315	2,851,527	20,417,500	11,617,121
Non-current	28,397,749	23,232,418	116,913,533	94,648,870	27,666,712	22,480,280	113,903,853	91,584,661
	<u>33,374,198</u>	<u>26,096,817</u>	<u>137,401,573</u>	<u>106,318,432</u>	<u>32,626,027</u>	<u>25,331,807</u>	<u>134,321,353</u>	<u>103,201,782</u>

(a) Retirement benefits

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

The Group's Budgeting and Control Division is responsible in calculating, and the Management and the Board of Directors 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 December 2022. The present value of the defined benefit obligation, and the related current service cost, was measured using the Projected Unit Credit method.

(i) The amounts recognised in the statement of financial position are determined as follows:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Present value of defined benefit obligation	22,581,539	16,974,073	92,968,196	69,152,373	21,969,800	16,320,353	90,449,666	66,489,117
Fair value of plan assets	-	-	-	-	-	-	-	-
Net liability recognised in statement of financial position	<u>22,581,539</u>	<u>16,974,073</u>	<u>92,968,196</u>	<u>69,152,373</u>	<u>21,969,800</u>	<u>16,320,353</u>	<u>90,449,666</u>	<u>66,489,117</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(ii) The movements in the defined benefit obligation during the year are as follows:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	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	1,638,297	1,262,479	6,695,720	5,135,765	1,600,215	1,227,784	6,540,079	4,994,625
Interest cost	1,238,080	781,164	5,060,033	3,177,775	1,192,816	744,743	4,875,039	3,029,615
Benefits paid	(253,266)	(110,370)	(1,035,098)	(448,985)	(253,266)	(110,370)	(1,035,098)	(448,985)
Settlement loss/(gain)	10,667	(13,812)	43,596	(56,187)	10,667	(13,812)	43,596	(56,187)
Remeasurement loss during the year	3,125,546	4,141,215	12,774,107	16,846,462	3,129,039	4,018,615	12,788,382	16,347,726
Currency translation differences	(151,858)	(97,074)	(620,644)	(394,897)	(30,024)	(44,797)	(122,708)	(182,234)
Exchange differences	-	-	898,109	355,085	-	-	871,259	339,379
At the end of the year	22,581,539	16,974,073	92,968,196	69,152,373	21,969,800	16,320,353	90,449,666	66,489,117

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(iii) The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current service cost	1,638,297	1,262,479	6,695,720	5,135,765	1,600,215	1,227,784	6,540,079	4,994,625
Interest cost	1,238,080	781,164	5,060,033	3,177,775	1,192,816	744,743	4,875,039	3,029,615
Settlement loss/(gain)	10,667	(13,812)	43,596	(56,187)	10,667	(13,812)	43,596	(56,187)
	<u>2,887,044</u>	<u>2,029,831</u>	<u>11,799,349</u>	<u>8,257,353</u>	<u>2,803,698</u>	<u>1,958,715</u>	<u>11,458,714</u>	<u>7,968,053</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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>2022</u>	<u>2021</u>
Salary growth rate	4.11%	3.50%
Inflation rate	2.50%	2.50%
Discount rates	7.25%	7.00%

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

(*) Mortality rate table is as follows:

Age (in years)	2022		2021	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 1.09	0 - 0.49	0 - 0.88
30-39	0 - 0.19	0 - 0.15	0 - 0.19	0 - 0.22
40-49	-	0 - 0.45	-	0 - 0.45
50-59	-	0 - 6.67	-	0 - 6.67
60	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

Age (in years)	2022		2021	
	Staff turnover rate (% per annum)		Staff turnover rate (% per annum)	
	Females	Males	Females	Males
18-29	2.3 - 6.34	3.76 - 8.60	2.3 - 9.10	4.17 - 9.76
30-39	1.76 - 4.11	2.35 - 4.72	1.76 - 4.26	2.73 - 5.35
40-49	0 - 2.53	0 - 4.71	0 - 3.86	0 - 6.09
50-59	-	0 - 8.33	-	0 - 8.33
60	-	-	-	-

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			
	2022	2021	2022	2021	2022	2021	2022	2021
Salary growth rate	1.00%	1.00%	Increase By	20.94%	21.27%	Decrease By	16.89%	17.06%
Discount rate	1.00%	1.00%	Decrease By	16.81%	17.00%	Increase By	20.98%	21.22%
Inflation rate	1.00%	1.00%	Increase By	20.97%	21.29%	Decrease By	16.91%	17.07%
Mortality rate	0.10%	0.10%	Decrease By	1.93%	1.95%	Increase By	0.17%	0.18%
Staff turnover rate	1.00%	1.00%	Decrease By	9.19%	13.06%	Increase By	6.31%	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 recognised in the statement of financial position.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

25. Employee benefits (continued)

(b) Career development benefits

Movements in career development benefits follow:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	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)	1,774,997	1,574,658	7,254,413	6,405,709	1,675,191	1,561,783	6,846,506	6,353,333
Benefits paid	(13,882)	(5,279)	(56,736)	(21,475)	(13,882)	(5,279)	(56,736)	(21,475)
Currency translation differences	(27,508)	(12,152)	(112,425)	(49,434)	(5,086)	(12,149)	(20,786)	(49,422)
Exchange differences	-	-	175,177	47,251	-	-	172,302	47,174
At the end of the year	4,598,006	2,864,399	18,929,991	11,669,562	4,507,750	2,851,527	18,558,407	11,617,121

(c) Seniority indemnity benefits

Movements in seniority indemnity benefits follow:

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	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)	9,260,343	8,080,729	37,847,022	32,872,406	9,175,310	7,896,158	37,499,492	32,121,571
Benefits paid	(9,369,932)	(7,780,075)	(38,294,912)	(31,649,345)	(9,231,540)	(7,643,571)	(37,729,304)	(31,094,047)
Currency translation differences	(25,640)	(78,721)	(104,791)	(320,237)	(25,630)	(69,061)	(104,750)	(280,940)
Exchange differences	-	-	265,052	176,387	-	-	262,420	174,418
At the end of the year	6,123,116	6,258,345	25,208,868	25,496,497	6,078,067	6,159,927	25,023,402	25,095,544

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

26. Share capital and share premium

As at 31 December 2022 and 2021, the authorised share capital comprised 433,163,019 ordinary shares 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

	2022			2021		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	117,569,958	117,569,958	27.1422%	111,492,719	111,492,719	25.7392%
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%
NHTPE Rumdul	15,160,706	15,160,706	3.5000%	-	-	-
Triodos Microfinance Fund	6,274,582	6,274,582	1.4485%	10,938,339	10,938,339	2.5252%
Triodos Fair Share Fund	5,365,844	5,365,844	1.2388%	9,354,157	9,354,157	2.1595%
Triodos Sustainable Finance Foundation	-	-	-	6,508,636	6,508,636	1.5026%
Shareholders Legalised from ASA, Plc.	24,916,808	24,916,808	5.7524%	89,878,026	89,878,026	20.7492%
Public Shareholders	80,555,365	80,555,365	18.5970%	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>1,783,332,149</u>			<u>1,764,706,139</u>	

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

26. Share capital and share premium (continued)

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.

On 25 May 2020, the Bank was successfully listed on the CSX. The number of new issued shares is 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 (KHR48,235,459 thousand). On 23 November 2020, the shareholders approved the amendment to the MAA relating to the capital increase from IPO. The MAA was subsequently approved by the NBC and MOC on 29 March 2021 and 12 May 2021, respectively.

On 15 June 2021, 11,488 actual shareholders of ASA, Plc., one of the institutional shareholders of the Bank, has legalised all its shareholdings 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 legalisation, 4% of the Bank’s share capital or 17,326,521 were floated on the CSX. On 5 April 2022, ASA, Plc. added 64,915,190 floating shares legalised on the CSX equal to 14.9863%.

Dividend

During the year, the following dividends have been paid by the Bank to its owners:

	The Group and the Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
- In respect of the year ended 31 December 2021: KHR548.6405 per ordinary share declared on 10 May 2022 and paid on 10 June 2022	58,419,561	-	237,650,775	-
- In respect of the year ended 31 December 2020: KHR399.2670 per ordinary share declared on 1 June 2021, on 12 November 2021 and on 29 December 2021 and paid on 10 June 2021, 6 December 2021 and 31 December 2021, respectively.	-	42,493,293	-	172,947,703

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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27. Interest income

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Loans and advances	659,953,578	570,983,956	2,697,230,273	2,322,762,733	629,631,091	534,584,012	2,573,302,269	2,174,687,761
Financial investments	5,833,352	936,577	23,840,910	3,809,995	5,833,352	936,577	23,840,910	3,809,995
Deposits and placements with other banks:								
- Banks inside Cambodia	2,871,913	1,577,960	11,737,509	6,419,141	2,869,594	1,564,652	11,728,029	6,365,003
- Banks outside Cambodia	1,935,368	185,788	7,909,849	755,786	1,941,585	225,091	7,935,259	915,671
- National Bank of Cambodia	159,245	115,472	650,834	469,740	159,245	110,248	650,834	448,489
	<u>670,753,456</u>	<u>573,799,753</u>	<u>2,741,369,375</u>	<u>2,334,217,395</u>	<u>640,434,867</u>	<u>537,420,580</u>	<u>2,617,457,301</u>	<u>2,186,226,919</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

28. Interest expense

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	13,739,608	11,770,286	56,153,778	47,881,523	12,265,258	10,291,316	50,128,109	41,865,073
Savings deposits	68,447	51,776	279,743	210,625	38,746	27,064	158,355	110,096
Current accounts	50,917	624	208,098	2,538	50,917	624	208,098	2,538
Deposits from customers:								
Fixed deposits	134,214,165	109,065,875	548,533,292	443,679,980	130,883,715	105,064,465	534,921,743	427,402,244
Savings deposits	12,551,543	6,813,160	51,298,156	27,715,935	11,967,233	5,920,655	48,910,081	24,085,225
Current accounts	1,846,309	183,630	7,545,865	747,007	1,845,447	183,544	7,542,342	746,657
Borrowings	46,138,007	30,895,566	188,566,035	125,683,162	44,940,823	28,275,232	183,673,144	115,023,644
Subordinated debts	10,285,592	11,639,736	42,037,215	47,350,446	10,285,592	11,639,736	42,037,214	47,350,447
Interest expenses on lease	1,927,878	1,950,159	7,879,237	7,933,247	1,769,870	1,761,254	7,233,459	7,164,781
	<u>220,822,466</u>	<u>172,370,812</u>	<u>902,501,419</u>	<u>701,204,463</u>	<u>214,047,601</u>	<u>163,163,890</u>	<u>874,812,545</u>	<u>663,750,705</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

29. Fee and commission income

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Commission fees	15,691,646	15,174,445	64,131,757	61,729,642	14,705,782	14,668,998	60,102,531	59,673,484
ATM fee	10,177,484	8,906,289	41,595,377	36,230,784	10,122,067	8,813,098	41,368,888	35,851,683
Early loan redemption fees	8,031,950	7,277,983	32,826,580	29,606,835	6,494,614	5,442,670	26,543,487	22,140,782
Commission fee collected for assurance agency	4,971,914	3,690,039	20,320,213	15,011,079	4,864,153	3,513,034	19,879,793	14,291,022
Training fees	1,993,159	1,250,323	8,146,041	5,086,314	37,629	25,709	153,790	104,584
Fee income from guarantee	816,639	639,330	3,337,604	2,600,794	814,280	638,162	3,327,962	2,596,043
Deposit fee charged	762,563	1,964,031	3,116,595	7,989,678	592,712	1,820,090	2,422,414	7,404,126
Others	5,009,848	4,033,921	20,475,248	16,409,991	4,971,896	3,903,959	20,320,140	15,881,305
	<u>47,455,203</u>	<u>42,936,361</u>	<u>193,949,415</u>	<u>174,665,117</u>	<u>42,603,133</u>	<u>38,825,720</u>	<u>174,119,005</u>	<u>157,943,029</u>

Settlement fees amounting to KHR240,020,300 (equivalent to US\$58,728) and US\$91,788 for the operations of cash settlement agents were recognized for the year ended 31 December 2022 (2021: KHR4,401,000 (equivalent to US\$1,080) and US\$ 6,042, respectively).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

30. Other income, net

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Foreign exchange gain, net	14,202,941	11,397,133	58,047,420	46,363,537	13,991,789	11,375,592	57,184,442	46,275,908
Recovery from loans and advances written off	8,778,650	6,810,858	35,878,343	27,706,570	6,744,513	5,529,589	27,564,825	22,494,368
Gain on disposals of property and equipment and lease	804,700	248,023	3,288,809	1,008,958	803,422	253,426	3,283,586	1,030,937
Dividends on FVTPL	117,333	116,614	479,540	474,386	117,333	116,614	479,540	474,386
Others	1,719,101	1,388,989	7,025,965	5,650,407	519,415	1,103,631	2,122,848	4,489,571
	<u>25,622,725</u>	<u>19,961,617</u>	<u>104,720,077</u>	<u>81,203,858</u>	<u>22,176,472</u>	<u>18,378,852</u>	<u>90,635,241</u>	<u>74,765,170</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

31. General and administrative expenses

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Salaries and wages	137,978,898	111,169,213	563,919,756	452,236,358	130,481,716	102,884,051	533,278,773	418,532,319
Other employee expense	27,644,782	42,248,544	112,984,224	171,867,077	28,972,506	42,150,869	118,410,632	171,469,735
Depreciation of property and equipment (Note 14)	21,991,373	20,413,591	89,878,741	83,042,488	20,328,111	18,155,229	83,080,990	73,855,472
Repair and maintenance	13,875,030	11,921,630	56,707,248	48,497,191	13,486,809	11,376,145	55,120,588	46,278,158
Depreciation of right-of-use assets (Note 16)	11,777,321	11,525,175	48,133,911	46,884,412	11,113,156	10,716,809	45,419,469	43,595,979
Seniority indemnity (Note 25(c))	9,260,343	8,080,729	37,847,022	32,872,406	9,175,310	7,896,158	37,499,492	32,121,571
Utilities	5,762,829	5,337,469	23,552,682	21,712,824	5,412,031	4,996,194	22,118,971	20,324,517
Office supplies	5,502,787	4,901,755	22,489,890	19,940,339	5,113,304	4,423,139	20,898,073	17,993,329
Communication	5,399,380	4,029,252	22,067,266	16,390,997	4,247,727	3,013,076	17,360,460	12,257,193
Amortisation charges (Note 15)	3,096,546	3,889,960	12,655,584	15,824,357	2,848,307	3,477,382	11,641,031	14,145,990
Retirement benefit (Note 25(a))	2,887,044	2,029,831	11,799,349	8,257,353	2,803,698	1,958,715	11,458,714	7,968,053
Travelling expenses	2,707,511	1,762,137	11,065,597	7,168,373	2,378,971	1,578,850	9,722,854	6,422,762
Career development expense (Note 25(b))	1,774,997	1,574,658	7,254,413	6,405,709	1,675,191	1,561,783	6,846,506	6,353,333
License fees	1,101,400	1,107,614	4,501,422	4,505,774	1,073,726	1,077,753	4,388,318	4,384,299
Others	18,797,695	13,513,413	76,826,179	54,972,564	17,018,011	12,203,074	69,552,611	49,642,105
	<u>269,557,936</u>	<u>243,504,971</u>	<u>1,101,683,284</u>	<u>990,578,222</u>	<u>256,128,574</u>	<u>227,469,227</u>	<u>1,046,797,482</u>	<u>925,344,815</u>

For the year ended 31 December 2022, the salaries and wages of the Bank's staff, who are responsible for the operations of cash settlement agents, amounted to US\$45,079 (2021: US\$50,537).

For the year ended 31 December 2022, above expenses included costs incurred for the operations of cash settlement agents, which consist office supplies amounting to US\$246, expendable costs amounting to US\$759, furniture and fixtures amounting to US\$1,128, and membership fees amounting to US\$12,642 (KHR51,666,665) (2021: office supplies amounting to US\$271, furniture and fixtures amounting to US\$730, and membership fees amounting to US\$12,682 (KHR51,666,667)).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

32. Taxation

(a) Current income tax liabilities

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
At the beginning of the year	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	36,572,256	36,171,767	149,470,810	147,146,748	34,235,426	34,415,103	139,920,186	140,000,639
Income tax paid	(38,459,561)	(30,148,370)	(157,184,226)	(122,643,569)	(35,814,822)	(26,874,108)	(146,375,178)	(109,323,871)
Exchange differences	-	-	1,504,959	914,619	-	-	1,478,746	855,805
At the end of the year	<u>34,428,462</u>	<u>36,315,767</u>	<u>141,741,978</u>	<u>147,950,435</u>	<u>33,911,933</u>	<u>35,491,329</u>	<u>139,615,428</u>	<u>144,591,674</u>

(b) Income tax expense

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Current income tax	36,572,256	36,171,767	149,470,810	147,146,748	34,235,426	34,415,103	139,920,186	140,000,639
Deferred tax expense	9,921,115	1,907,302	40,547,597	7,758,905	9,782,070	5,162,230	39,979,320	20,999,952
	<u>46,493,371</u>	<u>38,079,069</u>	<u>190,018,407</u>	<u>154,905,653</u>	<u>44,017,496</u>	<u>39,577,333</u>	<u>179,899,506</u>	<u>161,000,591</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

32. Taxation (continued)

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Profit before income tax	228,308,146	204,753,417	933,095,393	832,936,902	217,423,281	201,662,184	888,608,949	820,361,765
Tax calculated at domestic tax rates applicable to profits in the respective countries	45,685,787	40,780,879	186,717,811	165,896,616	43,484,656	40,332,437	177,721,789	164,072,354
Effect of non-deductible expense/(non-taxable income)	807,584	(2,701,810)	3,300,596	(10,990,963)	532,840	(755,104)	2,177,717	(3,071,763)
	<u>46,493,371</u>	<u>38,079,069</u>	<u>190,018,407</u>	<u>154,905,653</u>	<u>44,017,496</u>	<u>39,577,333</u>	<u>179,899,506</u>	<u>161,000,591</u>

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 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 MEF dated 24 July 2015. The Bank shall fulfil the forms and submit to the General Department of Taxation ("GDT") through the SERC in order to be granted with tax incentives.

On 8 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 December 2022.

On 9 August 2021, the Bank received a letter of approval from the GDT regarding the request for the Bank's tax incentive on income for 3 years beginning 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

32. Taxation (continued)

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 financial statements could change at a later date, upon final determination of the respective tax authorities.

33. Earnings per share

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

	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Profit attributable to the shareholders of the Bank	181,738,358	166,913,038	742,764,670	679,002,240
Weighted average numbers of shares	433,163,019	433,163,019	433,163,019	433,163,019
Basic EPS	0.42	0.39	1.71	1.57
Diluted EPS	0.42	0.39	1.71	1.57

The Bank has no dilutive potential ordinary shares as at the reporting date. As such, the diluted EPS are equivalent to the basic EPS.

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34. Cash and cash equivalents

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Cash on hand (Note 7)	497,027,041	450,375,149	2,046,260,328	1,834,828,357	486,665,483	439,465,980	2,003,601,794	1,790,384,403
Deposits and placements with other banks:								
<i>Balances with the National Bank of Cambodia:</i>								
- Current accounts	493,778,912	321,108,866	2,032,887,781	1,308,197,520	493,778,912	290,477,440	2,032,887,781	1,183,405,091
- Negotiable certificate of deposits, term of three months or less	416,565,361	785,100,840	1,714,999,591	3,198,500,822	416,565,361	785,100,840	1,714,999,591	3,198,500,822
<i>Balances with other banks:</i>								
- Current accounts	155,074,517	215,243,320	638,441,786	876,901,286	137,084,203	210,920,130	564,375,663	859,288,610
- Fixed deposits, term of three months or less	185,997,838	31,411,122	765,753,099	127,968,911	185,276,487	32,416,478	762,783,297	132,064,730
	<u>1,748,443,669</u>	<u>1,803,239,297</u>	<u>7,198,342,585</u>	<u>7,346,396,896</u>	<u>1,719,370,446</u>	<u>1,758,380,868</u>	<u>7,078,648,126</u>	<u>7,163,643,656</u>

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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Unused portion of overdrafts	175,132,489	146,104,629	721,020,457	595,230,259	174,716,731	145,914,488	719,308,782	594,455,624
Bank guarantees	62,873,329	49,271,411	258,849,495	200,731,728	62,741,984	49,074,212	258,308,748	199,928,340
Letters of credit	9,176,130	9,713,537	37,778,127	39,572,950	9,176,130	9,713,537	37,778,127	39,572,950
Forward foreign exchange	-	300,030	-	1,222,322	-	300,030	-	1,222,322
	<u>247,181,948</u>	<u>205,389,607</u>	<u>1,017,648,079</u>	<u>836,757,259</u>	<u>246,634,845</u>	<u>205,002,267</u>	<u>1,015,395,657</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 FINANCIAL STATEMENTS (CONTINUED)
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35. Commitment and contingencies (continued)

(b) Capital expenditure commitments

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Not later than 1 year	6,030,204	9,727,971	24,826,350	39,631,754	5,027,569	9,339,591	20,698,502	38,049,494
Later than 1 but not later than 5 years	268,961	54,019	1,107,312	220,073	-	-	-	-
	<u>6,299,165</u>	<u>9,781,990</u>	<u>25,933,662</u>	<u>39,851,827</u>	<u>5,027,569</u>	<u>9,339,591</u>	<u>20,698,502</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\$5,027,569, the construction contract to build AIB's building and purchases of other equipment amounting to US\$9,906, the purchase of property and equipment and intangible assets of ABL amounting to US\$1,002,635, the upgrade of Nutanix amounting to US\$157,903, Smart Vista implementation fee amounting to US\$35,286, development of Numpapa bills payment system amounting to US\$11,847, and the development of LAPS System Phase 2 amounting to 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 December 2022, remaining balance is US\$7,234,793 (2021: US\$8,443,468).

The Bank has made allowance for impairment losses of US\$65,217 (2021: US\$129,331) with respect to this guarantee.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

36. Reserves

	The Group												
	General reserves		Hedging reserve		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)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2022, as reclassified (Note 42)	524,311,587	2,136,045,406	(506,158)	(2,062,088)	100,908,300	411,100,413	(35,338,462)	(143,968,894)	3,028,319	12,337,371	17,918,619	592,403,586	2,431,370,827
Other comprehensive income:													
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	10,136,751	41,428,901	-	-	-	-	-	-	-	10,136,751	41,428,901
Currency translation differences - foreign subsidiaries	-	-	-	-	-	-	(18,476,624)	(75,513,962)	-	-	-	(18,476,624)	(75,513,962)
Exchange differences	-	-	-	-	-	-	-	-	-	-	12,314,612	-	12,314,612
Total comprehensive income for the year	-	-	10,136,751	41,428,901	-	-	(18,476,624)	(75,513,962)	-	-	12,314,612	(8,339,873)	(21,770,449)
Transactions with owners:													
Transfer from retained earnings to regulatory reserves	-	-	-	-	54,798,535	223,961,613	-	-	-	-	-	54,798,535	223,961,613
Exchange differences	-	22,545,398	-	282,336	-	5,983,015	-	(2,073,853)	-	130,218	(4,515,886)	-	22,351,228
Total transactions with owners	-	22,545,398	-	282,336	54,798,535	229,944,628	-	(2,073,853)	-	130,218	(4,515,886)	54,798,535	246,312,841
As at 31 December 2022	524,311,587	2,158,590,804	9,630,593	39,649,149	155,706,835	641,045,041	(53,815,086)	(221,556,709)	3,028,319	12,467,589	25,717,345	638,862,248	2,655,913,219

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 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 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:											
Currency translation differences - foreign subsidiaries	-	-	-	-	(13,697,248)	(55,720,405)	-	-	-	(13,697,248)	(55,720,405)
Exchange differences	-	-	-	-	-	-	-	-	5,081,893	-	5,081,893
Total comprehensive income for the year	-	-	-	-	(13,697,248)	(55,720,405)	-	-	5,081,893	(13,697,248)	(50,638,512)
Transactions with owners:											
Transfers from retained earnings to general reserves	64,103,889	260,774,620	(64,103,889)	(260,774,620)	-	-	-	-	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	100,484,437	408,770,690	-	-	-	-	-	100,484,437	408,770,690
Reserve NCI	-	-	-	-	-	-	3,028,319	12,319,202	-	3,028,319	12,319,202
Exchange differences	-	13,730,650	-	2,089,585	-	(709,778)	-	18,169	(856,088)	-	14,272,538
Total transactions with owners	64,103,889	274,505,270	36,380,548	150,085,655	-	(709,778)	3,028,319	12,337,371	(856,088)	103,512,756	435,362,430
As at 31 December 2021	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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

36. Reserves (continued)

	The Bank								
	General reserves		Hedging reserve		Regulatory reserves		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Balance at 1 January 2022, as reclassified (Note 42)	510,741,556	2,080,761,099	(506,158)	(2,062,088)	97,140,004	395,748,379	17,529,804	607,375,402	2,491,977,194
Other comprehensive income:									
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	10,136,751	41,428,901	-	-	-	10,136,751	41,428,901
Exchange differences	-	-	-	-	-	-	11,852,753	-	11,852,753
Total comprehensive income for the year	-	-	10,136,751	41,428,901	-	-	11,852,753	10,136,751	53,281,654
Transactions with owners:									
Transfer from retained earnings to regulatory reserves	-	-	-	-	58,566,831	239,362,638	-	58,566,831	239,362,638
Exchange differences	-	21,961,887	-	282,343	-	5,934,023	(4,619,563)	-	23,558,690
Total transactions with owners	-	21,961,887	-	282,343	58,566,831	245,296,661	(4,619,563)	58,566,831	262,921,328
As at 31 December 2022	510,741,556	2,102,722,986	9,630,593	39,649,156	155,706,835	641,045,040	24,762,994	676,078,984	2,808,180,176
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:									
Exchange differences	-	-	-	-	-	-	4,959,390	-	4,959,390
Total comprehensive income for the year	-	-	-	-	-	-	4,959,390	-	4,959,390
Transactions with owners:									
Transfers from retained earnings to general reserves	55,327,925	225,073,999	-	-	(55,327,925)	(225,073,999)	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	97,140,004	395,165,536	-	97,140,004	395,165,536
Exchange differences	-	13,538,963	-	-	-	1,855,383	(837,800)	-	14,556,546
Total transactions with owners	55,327,925	238,612,962	-	-	41,812,079	171,946,920	(837,800)	97,140,004	409,722,082
As at 31 December 2021	510,741,556	2,080,761,099	-	-	97,140,004	395,748,379	17,529,804	607,881,560	2,494,039,282

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

37. Related party transactions and balances

(a) Related parties and relationships

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

Related parties	Relationship
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 FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

37. Related party transactions and balances (continued)

(b) Related parties balances

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
i) Loans and advances								
Key managements	14,651,796	14,570,028	60,321,444	59,358,294	14,171,853	13,904,162	58,345,519	56,645,556
	<u>14,651,796</u>	<u>14,570,028</u>	<u>60,321,444</u>	<u>59,358,294</u>	<u>14,171,853</u>	<u>13,904,162</u>	<u>58,345,519</u>	<u>56,645,556</u>
ii) Balances with related parties								
Shareholders	725,388	639,918	2,986,422	2,607,026	725,388	639,918	2,986,422	2,607,026
Subsidiaries	-	-	-	-	-	1,005,356	-	4,095,820
	<u>725,388</u>	<u>639,918</u>	<u>2,986,422</u>	<u>2,607,026</u>	<u>725,388</u>	<u>1,645,274</u>	<u>2,986,422</u>	<u>6,702,846</u>
iii) Receivables from/(payables to) related parties								
Key managements deposits								
Other payables	(68,978)	(60,218)	(283,982)	(245,328)	(56,820)	(26,973)	(233,928)	(109,888)
Shareholders								
Other payables	(488,930)	(26,106)	(2,012,924)	(106,356)	(488,930)	(26,106)	(2,012,924)	(106,356)
Subsidiaries								
Other receivables	-	-	-	-	259,910	46,319	1,070,049	188,703
Other payables	-	-	-	-	(28,709)	(37,318)	(118,195)	(152,033)
	<u>(557,908)</u>	<u>(86,324)</u>	<u>(2,296,906)</u>	<u>(351,684)</u>	<u>(314,549)</u>	<u>(44,078)</u>	<u>(1,294,998)</u>	<u>(179,574)</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

37. Related party transactions and balances (continued)

(b) Related parties balances (continued)

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
iv) Deposits from related parties								
Key managements	6,209,960	5,548,116	25,566,405	22,603,025	5,730,308	4,912,471	23,591,678	20,013,407
Shareholders:								
Current accounts	7,016,846	11,095,171	28,888,355	45,201,727	6,298,570	11,095,171	25,931,213	45,201,727
Savings accounts	902,605	22,287	3,716,024	90,797	902,605	22,287	3,716,024	90,797
Fixed deposits	2,966,448	2,146,106	12,212,866	8,743,236	2,966,448	2,146,106	12,212,866	8,743,236
Subsidiaries:								
Current accounts	-	-	-	-	4,274,570	2,555,788	17,598,404	10,412,280
Savings accounts	-	-	-	-	258,388	164,269	1,063,783	669,232
Fixed deposits	-	-	-	-	3,454,526	3,642,598	14,222,283	14,839,944
	<u>17,095,859</u>	<u>18,811,680</u>	<u>70,383,650</u>	<u>76,638,785</u>	<u>23,885,415</u>	<u>24,538,690</u>	<u>98,336,251</u>	<u>99,970,623</u>
v) Borrowing from related parties								
Shareholder	<u>48,847,528</u>	-	<u>201,105,273</u>	-	<u>48,847,528</u>	-	<u>201,105,273</u>	-

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

37. Related party transactions and balances (continued)

(c) Related parties transactions

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
i) Interest income from related parties								
Loans and advances to key managements	904,975	1,131,722	3,698,633	4,602,713	904,154	1,064,057	3,695,277	4,327,520
Deposits with subsidiary	-	-	-	-	6,217	39,303	25,409	159,845
Loan to subsidiary	-	-	-	-	-	167,205	-	680,023
	<u>904,975</u>	<u>1,131,722</u>	<u>3,698,633</u>	<u>4,602,713</u>	<u>910,371</u>	<u>1,270,565</u>	<u>3,720,686</u>	<u>5,167,388</u>
ii) Fee and commission income from related parties								
Shareholders	45,474	28,207	185,853	114,720	45,474	28,207	185,853	114,720
Subsidiaries	-	-	-	-	988	8,521	4,037	34,655
	<u>45,474</u>	<u>28,207</u>	<u>185,853</u>	<u>114,720</u>	<u>46,462</u>	<u>36,728</u>	<u>189,890</u>	<u>149,375</u>
iii) Interest expenses to related parties								
Deposits of key managements	88,416	158,999	361,356	646,649	49,034	143,482	200,402	583,541
Borrowing from shareholders	1,607,499	-	6,569,848	-	1,607,499	-	6,569,848	-
Deposits of shareholders	273,046	32,903	1,115,939	133,816	273,046	32,903	1,115,939	133,816
Deposits of subsidiaries	-	-	-	-	222,766	197,499	910,444	803,229
	<u>1,968,961</u>	<u>191,902</u>	<u>8,047,143</u>	<u>780,465</u>	<u>2,152,345</u>	<u>373,884</u>	<u>8,796,633</u>	<u>1,520,586</u>
iv) Fee and remuneration expenses to related parties								
Board of Director	748,209	666,357	3,057,930	2,710,074	503,073	407,587	2,056,059	1,657,656
Key managements	11,327,541	9,016,472	46,295,660	36,669,992	9,562,083	7,418,959	39,080,233	30,172,906
Subsidiary	-	-	-	-	3,147,747	2,541,176	12,864,842	10,334,963
	<u>12,075,750</u>	<u>9,682,829</u>	<u>49,353,590</u>	<u>39,380,066</u>	<u>13,212,903</u>	<u>10,367,722</u>	<u>54,001,134</u>	<u>42,165,525</u>
v) Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(64,114)	(241,116)	(262,034)	(980,619)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management

(a) Introduction and overview

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 customers such as credits, deposits, fund transfers, cash management, trade finance, ACLEDA card, credit and debit cards, and digital services, including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. As disclosed in Note 13, the Bank's four subsidiaries are as follows:

- a. ACLEDA Bank Lao Ltd.,
- b. ACLEDA Securities Plc.,
- c. ACLEDA Institute of Business Co., Ltd., 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 Group and the Bank.

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, managing 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 Group and the Bank.

Risk management within the Group and the Bank is managed by a Three Lines Model, supported by sufficient numbers of skilled personnel in the management of risks within all areas across the model.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

(b) Objectives 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 minimise 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 Group's and the Bank'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 reviews and approves the Group's and the Bank's risk appetite and tolerance statement considering the most significant risks that specify the nature, types and levels which the Group and the Bank are willing to assume, 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 and the nature of the Group's and the Bank's business context. The policy sets risk tolerance/internal targets per individual risk category.

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

(b) Objectives 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), and liquidity risk. Equity risk and commodity risk are not applicable given that the Group and the Bank do not hold any equity and commodity position.

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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Financial assets								
Cash on hand	497,027,041	450,375,149	2,046,260,328	1,834,828,357	486,665,483	439,465,980	2,003,601,794	1,790,384,403
Deposits and placements with other banks, net	846,602,175	577,117,298	3,485,461,154	2,351,175,872	828,396,425	543,426,920	3,410,508,082	2,213,921,272
Statutory deposits	482,330,993	415,456,960	1,985,756,698	1,692,571,655	479,556,076	412,986,454	1,974,332,365	1,682,506,814
Financial investments	555,847,862	800,894,722	2,288,425,648	3,262,845,098	555,847,862	800,894,722	2,288,425,648	3,262,845,098
Loans and advances, net	6,379,406,093	5,393,953,503	26,264,014,885	21,974,966,571	6,246,269,485	5,232,058,920	25,715,891,470	21,315,408,040
Other assets	44,777,965	7,720,538	184,350,882	31,453,472	44,724,815	6,801,988	184,132,063	27,711,299
Total financial assets	8,805,992,129	7,645,518,170	36,254,269,595	31,147,841,025	8,641,460,146	7,435,634,984	35,576,891,422	30,292,776,926
Financial liabilities								
Deposits and placements of other banks and financial institutions	417,826,399	483,740,992	1,720,191,285	1,970,760,801	390,611,644	455,606,835	1,608,148,138	1,856,142,246
Deposits from customers	5,971,164,302	5,232,278,693	24,583,283,431	21,316,303,395	5,889,433,410	5,126,926,990	24,246,797,349	20,887,100,557
Lease liabilities	28,448,770	27,874,940	117,123,586	113,562,506	26,457,635	25,371,736	108,926,083	103,364,452
Borrowings	957,335,868	608,488,803	3,941,351,769	2,478,983,383	944,275,857	583,641,056	3,887,583,703	2,377,753,662
Subordinated debts	127,762,328	156,492,941	525,997,504	637,552,242	127,762,328	156,492,941	525,997,504	637,552,242
Other liabilities	95,830,215	32,335,775	394,532,995	131,735,947	95,593,093	32,184,457	393,556,764	131,119,478
Total financial liabilities	7,598,367,882	6,541,212,144	31,282,480,570	26,648,898,274	7,474,133,967	6,380,224,015	30,771,009,541	25,993,032,637
Net financial instruments	1,207,624,247	1,104,306,026	4,971,789,025	4,498,942,751	1,167,326,179	1,055,410,969	4,805,881,881	4,299,744,289

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

(b) Objectives and principles (continued)

b. Financial assets and financial liabilities measured at fair value

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Financial assets								
Financial investments	189,670	189,670	780,871	772,715	189,670	189,670	780,871	772,715
Derivative financial instruments	9,630,593	-	39,649,151	-	9,630,593	-	39,649,151	-
Total financial assets	9,820,263	189,670	40,430,022	772,715	9,820,263	189,670	40,430,022	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	9,820,263	(316,488)	40,430,022	(1,289,373)	9,820,263	(316,488)	40,430,022	(1,289,373)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk

Credit risk is the potential risk that a counterparty would fail to meet its repayment 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 these loans as 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 the 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 sectors. 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 the other forms of lending and prudential position limits that should be set to sufficiently protect the Group and the Bank from systemic risk.

Internal targets on 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

Internal targets on the 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 Board 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 who 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 of 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 assessment and in applying green-lining methodology.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(a) Credit risk management (continued)

The Group's 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 operate and provide 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 its 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.

ABL is required, based on the Letter No: 296 of the BOL, to maintain at all times a maximum ratio of 25% between its overall credit exposure to any individual beneficiary and its net worth. The aggregation of large credit exposure must not exceed 500% of its net worth. However, for AMM, there is no requirement by the Financial Regulatory Department.

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 the 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 statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Credit exposure for on-balance sheet financial assets:								
Cash on hand	497,027,041	450,375,149	2,046,260,328	1,834,828,357	486,665,483	439,465,980	2,003,601,794	1,790,384,403
Deposits and placements with other banks, net	846,602,175	577,117,298	3,485,461,154	2,351,175,872	828,396,425	543,426,920	3,410,508,082	2,213,921,272
Statutory deposits	482,330,993	415,456,960	1,985,756,698	1,692,571,655	479,556,076	412,986,454	1,974,332,365	1,682,506,814
Financial investments	556,037,532	801,084,392	2,289,206,519	3,263,617,813	556,037,532	801,084,392	2,289,206,519	3,263,617,813
Loans and advances, net	6,379,406,093	5,393,953,503	26,264,014,885	21,974,966,571	6,246,269,485	5,232,058,920	25,715,891,470	21,315,408,040
Derivative financial instruments	9,630,593	-	39,649,151	-	9,630,593	-	39,649,151	-
Other assets	44,777,965	7,720,538	184,350,882	31,453,472	44,724,815	6,801,988	184,132,063	27,711,299
	<u>8,815,812,392</u>	<u>7,645,707,840</u>	<u>36,294,699,617</u>	<u>31,148,613,740</u>	<u>8,651,280,409</u>	<u>7,435,824,654</u>	<u>35,617,321,444</u>	<u>30,293,549,641</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	175,132,489	146,104,629	721,020,457	595,230,259	174,716,731	145,914,488	719,308,782	594,455,624
Bank guarantees	62,873,329	49,271,411	258,849,495	200,731,728	62,741,984	49,074,212	258,308,748	199,928,340
Letters of credit	9,176,130	9,713,537	37,778,127	39,572,950	9,176,130	9,713,537	37,778,127	39,572,950
Foreign exchange spot transactions	-	300,030	-	1,222,322	-	300,030	-	1,222,322
	<u>247,181,948</u>	<u>205,389,607</u>	<u>1,017,648,079</u>	<u>836,757,259</u>	<u>246,634,845</u>	<u>205,002,267</u>	<u>1,015,395,657</u>	<u>835,179,236</u>
Total maximum credit risk exposure	<u>9,062,994,340</u>	<u>7,851,097,447</u>	<u>37,312,347,696</u>	<u>31,985,370,999</u>	<u>8,897,915,254</u>	<u>7,640,826,921</u>	<u>36,632,717,101</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 December 2022 and 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 in the table in the previous page, as at 31 December 2022, 70.39% for the Group and 70.20% 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).

The Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group and the Bank resulting from its loans and advances. Significant credit risk exposure is arising from loans and advances. In order to mitigate the exposure of credit risk arising from loans and advances, all loan size limits must not exceed 75% of estimated saleable value of the pledged collateral, except for other loans authorised by the Management Credit Committee wherein the loan to collateral value exceed 75% threshold. As at 31 December 2022, approximately 96.42% (2021: 96.45%) of these loans and advances 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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 December 2022 and 2021 are as follows:

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
As at 31 December 2022									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	486,719,471	-	-	9,705,150	-	-	602,420	-	497,027,041
Deposits and placements with other banks, net	566,618,029	356,084	678,730	142,191,142	1,359,010	123,455,386	54,971	11,888,823	846,602,175
Statutory deposits	479,798,971	-	-	2,532,022	-	-	-	-	482,330,993
Financial investments	556,037,532	-	-	-	-	-	-	-	556,037,532
Loans and advances, net	6,246,269,486	-	-	117,399,730	-	-	15,736,877	-	6,379,406,093
Derivative financial instruments	9,630,593	-	-	-	-	-	-	-	9,630,593
Other assets	44,605,309	-	-	172,656	-	-	-	-	44,777,965
	<u>8,389,679,391</u>	<u>356,084</u>	<u>678,730</u>	<u>272,000,700</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>16,394,268</u>	<u>11,888,823</u>	<u>8,815,812,392</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	174,716,731	-	-	415,758	-	-	-	-	175,132,489
Bank guarantees	62,741,984	-	-	131,345	-	-	-	-	62,873,329
Letters of credit	9,176,130	-	-	-	-	-	-	-	9,176,130
Foreign exchange spot transactions	-	-	-	-	-	-	-	-	-
	<u>246,634,845</u>	<u>-</u>	<u>-</u>	<u>547,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,181,948</u>
Total maximum credit risk exposure	<u>8,636,314,236</u>	<u>356,084</u>	<u>678,730</u>	<u>272,547,803</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>16,394,268</u>	<u>11,888,823</u>	<u>9,062,994,340</u>
In KHR'000 equivalent (Note 5)	<u>35,555,705,710</u>	<u>1,465,998</u>	<u>2,794,331</u>	<u>1,122,079,305</u>	<u>5,595,044</u>	<u>508,265,824</u>	<u>67,495,201</u>	<u>48,946,284</u>	<u>37,312,347,697</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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\$	Laos 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, net	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>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$		
As at 31 December 2022										
Credit exposure for on-balance sheet financial assets:										
Cash on hand	486,665,483	-	-	-	-	-	-	-	-	486,665,483
Deposits and placements with other banks, net	562,439,847	356,084	678,730	129,964,976	1,359,010	123,455,386	46,776	10,095,616	-	828,396,425
Statutory deposits	479,556,076	-	-	-	-	-	-	-	-	479,556,076
Financial investments	556,037,532	-	-	-	-	-	-	-	-	556,037,532
Loans and advances, net	6,246,269,485	-	-	-	-	-	-	-	-	6,246,269,485
Derivative financial instruments	9,630,593	-	-	-	-	-	-	-	-	9,630,593
Other assets	44,464,905	-	-	-	-	-	259,910	-	-	44,724,815
	<u>8,385,063,921</u>	<u>356,084</u>	<u>678,730</u>	<u>129,964,976</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>306,686</u>	<u>10,095,616</u>	-	<u>8,651,280,409</u>
Credit exposure for off-balance sheet items:										
Unused portion of loan commitment	174,716,731	-	-	-	-	-	-	-	-	174,716,731
Bank guarantees	62,741,984	-	-	-	-	-	-	-	-	62,741,984
Letters of credit	9,176,130	-	-	-	-	-	-	-	-	9,176,130
Foreign exchange spot transactions	-	-	-	-	-	-	-	-	-	-
	<u>246,634,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,634,845</u>
Total maximum credit risk exposure	<u>8,631,698,766</u>	<u>356,084</u>	<u>678,730</u>	<u>129,964,976</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>306,686</u>	<u>10,095,616</u>	-	<u>8,897,915,254</u>
In KHR'000 equivalent (Note 5)	<u>35,536,703,820</u>	<u>1,465,998</u>	<u>2,794,331</u>	<u>535,065,806</u>	<u>5,595,044</u>	<u>508,265,824</u>	<u>1,262,626</u>	<u>41,563,651</u>	-	<u>36,632,717,100</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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								
	Cambodia US\$	France US\$	Germany US\$	Laos 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	439,465,980	-	-	-	-	-	-	-	439,465,980
Deposits and placements with other banks, net	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>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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 December 2022 and 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 December 2022								
Credit exposure for on-balance sheet								
financial assets:								
Cash on hand	497,027,041	-	-	-	-	-	-	497,027,041
Deposits and placements with other banks, net	846,602,175	-	-	-	-	-	-	846,602,175
Statutory deposits	-	-	-	-	-	-	482,330,993	482,330,993
Financial investments	-	-	-	-	-	-	556,037,532	556,037,532
Loans and advances, net	15,425,874	2,114,982,513	1,589,735,423	203,748,321	225,021,942	1,383,149,948	847,342,072	6,379,406,093
Derivative financial instruments	9,630,593	-	-	-	-	-	-	9,630,593
Other assets	2,349,842	-	-	-	-	-	42,428,123	44,777,965
	<u>1,371,035,525</u>	<u>2,114,982,513</u>	<u>1,589,735,423</u>	<u>203,748,321</u>	<u>225,021,942</u>	<u>1,383,149,948</u>	<u>1,928,138,720</u>	<u>8,815,812,392</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	175,132,489	175,132,489
Bank guarantees	-	-	-	-	-	-	62,873,329	62,873,329
Letters of credit	-	-	-	-	-	-	9,176,130	9,176,130
Foreign exchange spot transactions	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	247,181,948	247,181,948
Total maximum credit risk exposure	<u>1,371,035,525</u>	<u>2,114,982,513</u>	<u>1,589,735,423</u>	<u>203,748,321</u>	<u>225,021,942</u>	<u>1,383,149,948</u>	<u>2,175,320,668</u>	<u>9,062,994,340</u>
In KHR'000 equivalent (Note 5)	<u>5,644,553,256</u>	<u>8,707,383,006</u>	<u>6,544,940,736</u>	<u>838,831,838</u>	<u>926,415,335</u>	<u>5,694,428,336</u>	<u>8,955,795,190</u>	<u>37,312,347,697</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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, net	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
	-	-	-	-	-	-	<u>205,389,607</u>	<u>205,389,607</u>
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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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 2022								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	486,665,483	-	-	-	-	-	-	486,665,483
Deposits and placements with other banks, net	828,396,425	-	-	-	-	-	-	828,396,425
Statutory deposits	-	-	-	-	-	-	479,556,076	479,556,076
Financial investments	-	-	-	-	-	-	556,037,532	556,037,532
Loans and advances, net	15,381,863	2,059,348,968	1,561,608,892	195,640,567	219,940,343	1,355,583,595	838,765,257	6,246,269,485
Derivative financial instruments	9,630,593	-	-	-	-	-	-	9,630,593
Other assets	2,570,844	-	-	-	-	-	42,153,971	44,724,815
	<u>1,342,645,208</u>	<u>2,059,348,968</u>	<u>1,561,608,892</u>	<u>195,640,567</u>	<u>219,940,343</u>	<u>1,355,583,595</u>	<u>1,916,512,836</u>	<u>8,651,280,409</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	174,716,731	174,716,731
Bank guarantees	-	-	-	-	-	-	62,741,984	62,741,984
Letters of credit	-	-	-	-	-	-	9,176,130	9,176,130
Foreign exchange spot transactions	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	246,634,845	246,634,845
Total maximum credit risk exposure	<u>1,342,645,208</u>	<u>2,059,348,968</u>	<u>1,561,608,892</u>	<u>195,640,567</u>	<u>219,940,343</u>	<u>1,355,583,595</u>	<u>2,163,147,681</u>	<u>8,897,915,254</u>
In KHR'000 equivalent (Note 5)	<u>5,527,670,321</u>	<u>8,478,339,701</u>	<u>6,429,143,808</u>	<u>805,452,214</u>	<u>905,494,392</u>	<u>5,580,937,661</u>	<u>8,905,679,003</u>	<u>36,632,717,100</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR YEARS 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>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>8,732,302,657</u>	<u>31,128,728,876</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 from 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 realised 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 agreement;
- c) The counterparty has become bankrupt or is undergoing other forms of financial restructuring, and as a consequence, it will unlikely to service the facility;
- d) The facility has been classified under loss category.

(f) Credit quality of financial assets

CIFRS 9 provides 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 and Stage 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 ECL 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 ECL	12-month ECL	Lifetime ECL	Lifetime ECL
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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 FVTPL.

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, if 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. It will be either a performing (Stage1) or non-performing loan (“NPL”) (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 FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	$0 \leq \text{DPD} \leq 29$	Normal	-	Not Default / Performing
2	$30 \leq \text{DPD} \leq 89$	Special Mention	Hit SICR triggers	
3	$90 \leq \text{DPD} \leq 179$	Substandard	Hit NPL triggers	Default / Non-performing
	$180 \leq \text{DPD} \leq 359$	Doubtful		
	$\text{DPD} \geq 360$	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	$0 \leq \text{DPD} \leq 29$	Substandard	Hit SICR triggers	
3	$30 \leq \text{DPD} \leq 60$	Special Mention	Hit NPL triggers	Default / Non-performing
	$61 \leq \text{DPD} \leq 90$	Doubtful		
	$\text{DPD} \geq 91$	Loss		

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 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 capitalised, 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 capitalised, 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 capitalised interests for maximum 30 days.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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- SUBSTANDARD</p> <p>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 realisation 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 capitalised, 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 capitalised, 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 capitalised 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 capitalised 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 as Loss when it is not collectible, 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 capitalised 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 capitalised 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	2022			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	6,172,570,945	-	-	6,172,570,945	5,275,035,464
Special mention	-	62,601,379	-	62,601,379	27,261,060
Substandard	-	-	36,876,095	36,876,095	32,401,734
Doubtful	-	-	33,610,691	33,610,691	36,344,207
Loss	-	-	115,989,645	115,989,645	57,532,112
	<u>6,172,570,945</u>	<u>62,601,379</u>	<u>186,476,431</u>	<u>6,421,648,755</u>	<u>5,428,574,577</u>
ECL allowance	(20,472,765)	(3,980,711)	(17,789,186)	(42,242,662)	(34,621,074)
Carrying amount	<u>6,152,098,180</u>	<u>58,620,668</u>	<u>168,687,245</u>	<u>6,379,406,093</u>	<u>5,393,953,503</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>25,328,188,207</u>	<u>241,341,290</u>	<u>694,485,388</u>	<u>26,264,014,885</u>	<u>21,974,966,571</u>
The Bank					
Normal	6,027,814,120	-	-	6,027,814,120	5,106,864,657
Special mention	-	61,876,573	-	61,876,573	24,833,478
Substandard	-	-	36,270,756	36,270,756	31,201,768
Doubtful	-	-	32,525,053	32,525,053	34,567,497
Loss	-	-	115,939,951	115,939,951	57,180,025
	<u>6,027,814,120</u>	<u>61,876,573</u>	<u>184,735,760</u>	<u>6,274,426,453</u>	<u>5,254,647,425</u>
ECL allowance	(6,861,363)	(3,832,274)	(17,463,331)	(28,156,968)	(22,588,505)
Carrying amount	<u>6,020,952,757</u>	<u>58,044,299</u>	<u>167,272,429</u>	<u>6,246,269,485</u>	<u>5,232,058,920</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>24,788,262,501</u>	<u>238,968,379</u>	<u>688,660,590</u>	<u>25,715,891,470</u>	<u>21,315,408,040</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	2022			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	556,464,067	-	-	556,464,067	800,894,722
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	556,464,067	-	-	556,464,067	800,894,722
ECL allowance	(616,205)	-	-	(616,205)	-
Carrying amount – fair value	555,847,862	-	-	555,847,862	800,894,722
<i>In KHR'000 equivalent (Note 5)</i>	2,288,425,648	-	-	2,288,425,648	3,262,845,098
The Bank					
Normal	556,464,067	-	-	556,464,067	800,894,722
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	556,464,067	-	-	556,464,067	800,894,722
ECL allowance	(616,205)	-	-	(616,205)	-
Carrying amount – fair value	555,847,862	-	-	555,847,862	800,894,722
<i>In KHR'000 equivalent (Note 5)</i>	2,288,425,648	-	-	2,288,425,648	3,262,845,098

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 on hand and deposits and placements with other banks, net	2022			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	1,343,937,484	-	-	1,343,937,484	1,027,971,610
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,343,937,484</u>	<u>-</u>	<u>-</u>	<u>1,343,937,484</u>	<u>1,027,971,610</u>
ECL allowance	(308,268)	-	-	(308,268)	(479,163)
Carrying amount	<u>1,343,629,216</u>	<u>-</u>	<u>-</u>	<u>1,343,629,216</u>	<u>1,027,492,447</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>5,531,721,482</u>	<u>-</u>	<u>-</u>	<u>5,531,721,482</u>	<u>4,186,004,229</u>
The Bank					
Normal	1,315,285,153	-	-	1,315,285,153	983,113,182
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,315,285,153</u>	<u>-</u>	<u>-</u>	<u>1,315,285,153</u>	<u>983,113,182</u>
ECL allowance	(223,245)	-	-	(223,245)	(220,282)
Carrying amount	<u>1,315,061,908</u>	<u>-</u>	<u>-</u>	<u>1,315,061,908</u>	<u>982,892,900</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>5,414,109,875</u>	<u>-</u>	<u>-</u>	<u>5,414,109,875</u>	<u>4,004,305,675</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	2022			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	482,330,993	-	-	482,330,993	415,456,960
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>482,330,993</u>	<u>-</u>	<u>-</u>	<u>482,330,993</u>	<u>415,456,960</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>482,330,993</u>	<u>-</u>	<u>-</u>	<u>482,330,993</u>	<u>415,456,960</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,985,756,698</u>	<u>-</u>	<u>-</u>	<u>1,985,756,698</u>	<u>1,692,571,655</u>
The Bank					
Normal	479,556,076	-	-	479,556,076	412,986,454
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>479,556,076</u>	<u>-</u>	<u>-</u>	<u>479,556,076</u>	<u>412,986,454</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>479,556,076</u>	<u>-</u>	<u>-</u>	<u>479,556,076</u>	<u>412,986,454</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,974,332,365</u>	<u>-</u>	<u>-</u>	<u>1,974,332,365</u>	<u>1,682,506,814</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	2022			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	44,829,562	-	-	44,829,562	7,728,427
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	44,829,562	-	-	44,829,562	7,728,427
ECL allowance	(51,597)	-	-	(51,597)	(7,889)
Carrying amount	44,777,965	-	-	44,777,965	7,720,538
<i>In KHR'000 equivalent (Note 5)</i>	184,350,882	-	-	184,350,882	31,453,472
The Bank					
Normal	44,761,717	-	-	44,761,717	6,807,418
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	44,761,717	-	-	44,761,717	6,807,418
ECL allowance	(36,902)	-	-	(36,902)	(5,430)
Carrying amount	44,724,815	-	-	44,724,815	6,801,988
<i>In KHR'000 equivalent (Note 5)</i>	184,132,063	-	-	184,132,063	27,711,299

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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	2022			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	62,873,329	-	-	62,873,329	49,271,411
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	62,873,329	-	-	62,873,329	49,271,411
ELC allowance	(12,629)	-	-	(12,629)	(15,324)
Carrying amount – fair value	62,860,700	-	-	62,860,700	49,256,087
<i>In KHR'000 equivalent (Note 5)</i>	258,797,502	-	-	258,797,502	200,669,298
The Bank					
Normal	75,741,984	-	-	75,741,984	57,517,680
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	75,741,984	-	-	75,741,984	57,517,680
ECL allowance	(77,815)	-	-	(77,815)	(144,625)
Carrying amount – fair value	75,664,169	-	-	75,664,169	57,373,055
<i>In KHR'000 equivalent (Note 5)</i>	311,509,384	-	-	311,509,384	233,737,826

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default

The Group and the Bank consider a financial asset to be in default, as aligned with the NBC Prakas on Credit Risk Grading and Impairment Provisioning as stated in Article 17 and Article 19, when:

- 1) The default definition / non-performing facilities' definition for long-term facilities where original tenure is more than a year is as follows:

ACLEDA Bank Plc.

Days Past Due	Classification	Default Indicator	
LT*: $0 \leq \text{DPD} < 30$ ST**: $0 \leq \text{DPD} \leq 14$	Normal	Not Default / Performing	
LT*: $30 \leq \text{DPD} < 90$ ST**: $15 \leq \text{DPD} \leq 30$			
LT*: $90 \leq \text{DPD} < 180$ ST**: $31 \leq \text{DPD} \leq 60$	Substandard		
LT*: $180 \leq \text{DPD} < 360$ ST**: $61 \leq \text{DPD} \leq 90$			
LT*: $\text{DPD} \geq 360$ ST**: $\text{DPD} \geq 91$	Loss		Default / Non-performing

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

ACLEDA Bank Lao Ltd.

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	

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default (continued)

ACLEDA MFI Myanmar Co., Ltd.

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

2) In addition to the classification according to days past due information, the Group and the Bank also perform manual classification when there is a sign of deterioration in the credit profile. The Group and the Bank might classify the loan into Substandard, Doubtful, or Loss even though the days past due is not falling within the default criteria.

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 in the measurement of ECL.

The Group and the Bank formulate three economic scenarios: a base case, the median scenario which assigned a 60% probability of occurring, and two less likely scenarios, 20% for one upside and 20% for one 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 considerations include 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, by using an analysis of historical data, have estimated relationships between macroeconomic variables (“MEVs”) and credit risk and credit losses.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

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

Exposure	2022	2023	2024	2025	2026
1 - Small Loan					
- Domestic credit to private sector (% of GDP)					
Base	118.68%	122.15%	123.80%	70.88%	70.88%
Upside	67.38%	70.85%	72.51%	19.58%	19.58%
Downside	169.97%	173.44%	175.10%	122.17%	122.17%
- Cambodia Consumer Price Index ("CPI") All Items 2006=100					
Base	189.49	189.92	190.11	163.58	163.58
Upside	165.98	166.41	166.60	140.07	140.07
Downside	213.00	213.43	213.62	187.09	187.09
2 - Public Housing Loan					
- GDP at Current Price, Industry (Year-on-Year, %)					
Base	8.68%	7.99%	7.76%	13.69%	13.69%
Upside	20.84%	20.16%	19.93%	25.85%	25.85%
Downside	-3.49%	-4.17%	-4.40%	1.52%	1.52%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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
- US 1-year Treasury Yield Curve Rates					
Base	12.50%	12.00%	11.75%	77.37%	77.37%
Upside	-154.74%	-155.24%	-155.49%	-89.87%	-89.87%
Downside	179.74%	179.24%	178.99%	244.61%	244.61%
3- Overdraft					
- Domestic credit to private sector (% of GDP)					
Base	118.68%	122.15%	123.80%	84.54%	84.54%
Upside	59.81%	63.28%	64.93%	25.68%	25.68%
Downside	177.54%	181.01%	182.67%	143.41%	143.41%

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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 year, the allowance for/(reversal of) impairment losses recognised in the statement of profit or loss and other comprehensive income are as follows:

Type	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Deposits and placements with other banks, net	(157,751)	(81,385)	(644,728)	(331,074)	1,937	78,820	7,917	320,640
Loans and advances	20,045,313	13,797,947	81,925,194	56,130,048	12,763,402	429,538	52,164,024	1,747,360
Investment in debt securities	616,205	-	2,518,430	-	616,205	-	2,518,430	-
Other assets	77,440	(174,588)	316,497	(710,224)	31,409	(191,604)	128,369	(779,445)
	<u>20,581,207</u>	<u>13,541,974</u>	<u>84,115,393</u>	<u>55,088,750</u>	<u>13,412,953</u>	<u>316,754</u>	<u>54,818,740</u>	<u>1,288,555</u>
Financial guarantee contracts	(2,588)	(139,449)	(10,577)	(567,279)	(66,794)	(380,569)	(272,987)	(1,548,155)
Total	<u>20,578,619</u>	<u>13,402,525</u>	<u>84,104,816</u>	<u>54,521,471</u>	<u>13,346,159</u>	<u>(63,815)</u>	<u>54,545,753</u>	<u>(259,600)</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 the balance of the loss allowance by class of financial instrument:

Loans and advances at amortised cost	2022				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								
Beginning of the year	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 losses during the year	3,128,063	1,785,292	15,131,958	20,045,313	5,439,205	(1,108,279)	9,467,021	13,797,947
Written off during the year	-	-	(8,794,470)	(8,794,470)	-	-	(11,393,716)	(11,393,716)
Currency translation differences	-	-	(3,629,255)	(3,629,255)	-	-	(3,125,704)	(3,125,704)
As at the end of the year	<u>20,472,766</u>	<u>3,980,711</u>	<u>17,789,185</u>	<u>42,242,662</u>	<u>17,344,703</u>	<u>2,195,419</u>	<u>15,080,952</u>	<u>34,621,074</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>84,286,378</u>	<u>16,388,587</u>	<u>73,238,074</u>	<u>173,913,039</u>	<u>70,662,320</u>	<u>8,944,137</u>	<u>61,439,799</u>	<u>141,046,256</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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: (continued)

Loans and advances at amortised cost	2022				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								
Beginning of the year	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 losses during the year	79,364	2,135,589	10,548,449	12,763,402	(4,057,156)	(1,210,256)	5,696,950	429,538
Written off during the year	-	-	(6,957,636)	(6,957,636)	-	-	(8,281,746)	(8,281,746)
Currency translation differences	-	-	(237,303)	(237,303)	-	-	(768,676)	(768,676)
As at the end of the year	<u>6,861,363</u>	<u>3,832,274</u>	<u>17,463,331</u>	<u>28,156,968</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>28,248,231</u>	<u>15,777,472</u>	<u>71,896,534</u>	<u>115,922,237</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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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)

The following tables show balance of the loss allowance by class of financial instrument: (continued)

Cash on hand and deposits and placements with other banks, net	2022				2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
The Group					
Beginning of the year	479,163	-	-	479,163	582,444
Allowance for/(reversal) of impairment losses during the year	(157,751)	-	-	(157,751)	(81,385)
Currency translation differences	(13,144)	-	-	(13,144)	(21,896)
As at the end of the year	308,268	-	-	308,268	479,163
<i>In KHR'000 equivalent (Note 5)</i>	1,269,140	-	-	1,269,140	1,952,110
The Bank					
Beginning of the year	220,282	-	-	220,282	141,543
Allowance for impairment losses during the year	1,937	-	-	1,937	78,820
Currency translation differences	1,026	-	-	1,026	(81)
As at the end of the year	223,245	-	-	223,245	220,282
<i>In KHR'000 equivalent (Note 5)</i>	919,100	-	-	919,100	897,429
Other assets	2022				2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
The Group					
At 1 January	7,889	-	-	7,889	199,393
Allowance for/(reversal of) impairment losses during the year	77,440	-	-	77,440	(174,588)
Currency translation differences	(33,732)	-	-	(33,732)	(16,916)
Ending year	51,597	-	-	51,597	7,889
<i>In KHR'000 equivalent (Note 5)</i>	212,425	-	-	212,425	32,140
The Bank					
Beginning of the year	5,430	-	-	5,430	197,045
Allowance for/(reversal of) impairment losses during the year	31,409	-	-	31,409	(191,604)
Currency translation differences	63	-	-	63	(11)
As at the end of the year	36,902	-	-	36,902	5,430
<i>In KHR'000 equivalent (Note 5)</i>	151,926	-	-	151,926	22,122

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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)

	2022			2021	
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
Investment in debt securities					
The Group					
Beginning of the year	-	-	-	-	-
Loss allowance during the year	616,205	-	-	616,205	-
Currency translation differences	-	-	-	-	-
As at the end of the year	616,205	-	-	616,205	-
<i>In KHR'000 equivalent (Note 5)</i>	2,536,916	-	-	2,536,916	-
The Bank					
Beginning of the year	-	-	-	-	-
Loss allowance during the year	616,205	-	-	616,205	-
Currency translation differences	-	-	-	-	-
As at the end of the year	616,205	-	-	616,205	-
<i>In KHR'000 equivalent (Note 5)</i>	2,536,916	-	-	2,536,916	-
Financial guarantee contracts					
The Group					
Beginning of the year	15,324	-	-	15,324	154,907
Reversal of allowance for impairment losses during the year	(2,588)	-	-	(2,588)	(139,449)
Currency translation differences	(107)	-	-	(107)	(134)
As at the end of the year	12,629	-	-	12,629	15,324
<i>In KHR'000 equivalent (Note 5)</i>	51,994	-	-	51,994	62,430
The Bank					
Beginning of the year	144,625	-	-	144,625	525,324
Reversal of allowance for impairment losses during the years	(66,794)	-	-	(66,794)	(380,569)
Currency translation differences	(16)	-	-	(16)	(130)
As at the end of the year	77,815	-	-	77,815	144,625
<i>In KHR'000 equivalent (Note 5)</i>	320,364	-	-	320,364	589,202

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

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 utilised 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 December 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 was 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 that may not be applicable. This requires a greater reliance on the forecast by the NBC, MEF, 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 60%, 20%, and 20%, according to the decision of the Group's and the Bank's senior management in August 2022 due to that fact that economic growth is expected to continue to return to the pre-crisis level and the Bank's credit management is well-managed.

(i) Sensitivity Analysis on ECL Measurement

Set out in the succeeding page is the Bank's ECL measurement as at 31 December 2022 and 2021 that would result from reasonably possible changes in the parameters from the actual assumptions used in the Bank's economic variable assumptions.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(i) Sensitivity Analysis on ECL Measurement (continued)

	Change in MEVs		Impact on ECL	
	Upside Scenario	Downside Scenario	Upside Scenario in US\$	Downside Scenario in US\$
31 December 2022				
1 - Small Loan			(2,224,459)	4,329,470
- Domestic credit to private sector (% of GDP)	-51.29%	+51.29%		
- Cambodia Consumer Price Index ("CPI") All Items 2006=100	-23.51	23.51		
2 - Public Housing Loan			(341,611)	583,546
- GDP at Current Price, Industry (Year-on-Year, %)	12.17%	-12.17%		
- US 1-Year Treasury Yield Curve Rates	-167.24%	167.24%		
3 - Overdraft			(144,767)	728,490
- Domestic credit to private sector (% of GDP)	-0.59	0.59		

	Change in MEVs		Impact on ECL	
	Upside Scenario	Downside Scenario	Upside Scenario in US\$	Downside Scenario in US\$
31 December 2021				
1 - Small			(1,919,093)	3,712,038
- Domestic credit to private sector (% of GDP)	-51.29%	51.29%		
- Cambodia Consumer Price Index ("CPI") All Items 2006=100	-20.94	20.94		
2 - Medium Loan			(2,216,938)	6,590,475
- Credits (Exports) Year-on-Year Change	13.65%	-13.65%		
- Domestic credit to private sector (% of GDP)	-53.45%	53.45%		
3 - Public Housing Loan			(77,137)	283,810
- GDP at Current Price, Industry (YOY, %)	11.11%	-11.11%		
- US 1 Year Treasury Yield Curve Rates	-170.58%	170.58%		
4- Overdraft			(149,687)	396,288
- Cambodia CPI All Items 2006=100	-21.21	21.21		

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk

The Group and the Bank are exposed to market risk, which is the risk of losses in on and off-balance sheet positions arising from movements in the market prices, such as interest rates, equity, foreign currency exchange rates, derivatives, and options, that could adversely affect the Group's and the Bank's future earnings, capital, or ability to meet business objectives.

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 do 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 the Management's ability to assess and manage the Group's and 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 Department.

Internal targets on the market risk:

- The regulatory limits on foreign exchange currency mismatch per currency and cumulative mismatch for all foreign currencies should be observed at all times.
- The Group and the Bank will have, at all times, internal targets that are higher 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

Internal targets on the market risk: (continued)

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance with the targets. Any breaches of internal targets should be reported to the ALCO and President & Group Managing Director.
- Any change in the 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 times, the Group and 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 December 2022 and 2021, the Group's and the Bank's derivative financial instruments and financial investments designated as FVOCI are valued at fair value in accordance with the methods as disclosed in Note 39. The Group and the Bank use 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 debts. 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 and the Bank agree 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 tables on the next page summarise 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 2022							
Financial assets							
Cash on hand	-	-	-	-	-	497,027,041	497,027,041
Deposits and placements with other banks, net	228,789,351	95,000,000	-	-	-	522,812,824	846,602,175
Statutory deposits	43,316,302	-	-	-	-	439,014,691	482,330,993
Financial investments	404,316,250	64,073,452	55,148,351	30,000,000	-	2,499,479	556,037,532
Loans and advances, net							
- Performing	169,382,025	281,948,019	1,060,271,450	3,798,586,676	884,239,642	40,744,512	6,235,172,324
- Non-performing	-	-	-	-	-	186,476,431	186,476,431
- Loss allowance	-	-	-	-	-	(42,242,662)	(42,242,662)
Derivative financial instruments	-	-	-	-	-	9,630,593	9,630,593
Other assets	-	-	-	-	-	44,777,965	44,777,965
Total financial assets	845,803,928	441,021,471	1,115,419,801	3,828,586,676	884,239,642	1,700,740,874	8,815,812,392
Financial liabilities							
Deposits and placements of other banks and financial institutions	101,345,161	51,935,956	56,205,170	50,666,763	77,650,000	80,023,349	417,826,399
Deposits from customers	2,658,800,994	477,912,227	1,459,502,853	771,800,536	40,321,091	562,826,601	5,971,164,302
Lease liabilities	1,277,407	1,744,792	7,755,399	16,531,505	1,139,667	-	28,448,770
Borrowings	99,917,359	314,532,759	330,654,865	189,998,011	8,825,273	13,407,601	957,335,868
Subordinated debts	-	-	25,810,243	73,573,069	28,096,458	282,558	127,762,328
Other liabilities	-	-	-	-	-	95,830,215	95,830,215
Total financial liabilities	2,861,340,921	846,125,734	1,879,928,530	1,102,569,884	156,032,489	752,370,324	7,598,367,882
Net interest sensitivity gap	(2,015,536,993)	(405,104,263)	(764,508,729)	2,726,016,792	728,207,153	948,370,550	1,217,444,510
In KHR'000 equivalent (Note 5)	(8,297,965,800)	(1,667,814,251)	(3,147,482,437)	11,223,011,133	2,998,028,849	3,904,441,553	5,012,219,047
Unused portion of overdrafts	-	-	-	-	-	175,132,489	175,132,489
Guarantees, acceptances and other financial facilities	-	-	-	-	-	72,049,459	72,049,459
Foreign exchange spot transactions	-	-	-	-	-	-	-
Net interest sensitivity gap	-	-	-	-	-	247,181,948	247,181,948
In KHR'000 equivalent (Note 5)	-	-	-	-	-	1,017,648,079	1,017,648,079

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 December 2022							
Financial assets							
Cash on hand	-	-	-	-	-	486,665,483	486,665,483
Deposits and placements with other banks, net	228,489,351	95,000,000	-	-	-	504,907,074	828,396,425
Statutory deposits	43,316,302	-	-	-	-	436,239,774	479,556,076
Financial investments	404,316,250	64,073,452	55,148,351	30,000,000	-	2,499,479	556,037,532
Loans and advances, net							
- Performing	165,054,126	273,277,147	1,027,180,394	3,714,519,963	876,990,047	32,669,016	6,089,690,693
- Non-performing	-	-	-	-	-	184,735,760	184,735,760
- Loss allowance	-	-	-	-	-	(28,156,968)	(28,156,968)
Derivative financial instruments	-	-	-	-	-	9,630,593	9,630,593
Other assets	-	-	-	-	-	44,724,815	44,724,815
Total financial assets	841,176,029	432,350,599	1,082,328,745	3,744,519,963	876,990,047	1,673,915,026	8,651,280,409
Financial liabilities							
Deposits and placements of other banks and financial institutions	100,063,670	47,807,089	32,709,334	49,649,084	77,650,000	82,732,467	390,611,644
Deposits from customers	2,633,726,898	472,900,248	1,443,222,711	753,815,101	36,115,884	549,652,568	5,889,433,410
Lease liabilities	1,214,525	1,724,891	7,490,537	15,778,746	248,936	-	26,457,635
Borrowings	99,917,360	311,446,441	328,268,612	182,903,434	8,389,125	13,350,885	944,275,857
Subordinated debts	-	-	25,810,243	73,573,069	28,096,458	282,558	127,762,328
Other liabilities	-	-	-	-	-	95,593,093	95,593,093
Total financial liabilities	2,834,922,453	833,878,669	1,837,501,437	1,075,719,434	150,500,403	741,611,571	7,474,133,967
Net interest sensitivity gap	(1,993,746,424)	(401,528,070)	(755,172,692)	2,668,800,529	726,489,644	932,303,455	1,177,146,442
In KHR'000 equivalent (Note 5)	(8,208,254,028)	(1,653,091,062)	(3,109,045,973)	10,987,451,778	2,990,957,864	3,838,293,324	4,846,311,903
Unused portion of overdrafts	-	-	-	-	-	174,716,731	174,716,731
Guarantees, acceptances and other financial facilities	-	-	-	-	-	71,918,114	71,918,114
Foreign exchange spot transactions	-	-	-	-	-	-	-
Net interest sensitivity gap	-	-	-	-	-	246,634,845	246,634,845
In KHR'000 equivalent (Note 5)	-	-	-	-	-	1,015,395,657	1,015,395,657

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 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
In KHR'000 equivalent (Note 5)	(6,081,728,639)	380,166,194	(1,953,111,142)	7,942,687,834	2,411,939,712	1,598,500,957	4,298,454,916
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
In KHR'000 equivalent (Note 5)	-	-	-	-	-	835,179,236	835,179,236

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 FVTPL. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and other comprehensive income.

Cash flow sensitivity analysis for variable-rate instruments

Statement 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 the statement 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 statement of financial position or protecting interest expense through different interest rate cycles.

(ii) *Foreign exchange risk*

The Group operates in Cambodia, Lao PDR, and the Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to KHR, Euro (“EUR”), THB, LAK, Japanese Yen, Australian Dollar (“AUD”), Vietnamese Dong, Canadian Dollar, MMK, 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 nor the Bank’s functional currency.

The Management monitors foreign exchange risk against functional currencies. To manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group and the Bank use forward contracts. During the years ended 31 December 2022 and 2021, the Group and the Bank have not entered into forward contracts.

The tables in the next pages summarise the Group’s and the Bank’s exposure to foreign currency exchange rate risk as at 31 December 2022 and 2021. Included in the tables are the financial instruments at carrying amount by currency in their USD equivalent.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2022								
Financial assets								
Cash on hand	113,035,257	347,641,854	25,283,928	1,819,435	607,406	6,593,777	2,045,384	497,027,041
Deposits and placements with other banks, net	199,768,469	624,980,935	7,807,489	1,034,782	575,248	10,593,878	1,841,374	846,602,175
Statutory deposits	71,532,670	408,612,602	453,587	-	-	1,732,134	-	482,330,993
Financial investments	212,125,224	343,912,308	-	-	-	-	-	556,037,532
Loans and advances, net	879,910,438	5,342,418,159	23,974,618	-	-	117,366,001	15,736,877	6,379,406,093
Derivative financial instruments	-	9,630,593	-	-	-	-	-	9,630,593
Other assets	237,433	44,383,700	101	-	-	156,731	-	44,777,965
Total financial assets	1,476,609,491	7,121,580,151	57,519,723	2,854,217	1,182,654	136,442,521	19,623,635	8,815,812,392
Financial liabilities								
Deposits and placements of other banks and financial institutions	44,659,678	341,537,650	232,267	-	-	31,396,804	-	417,826,399
Deposits from customers	1,307,157,120	4,536,026,742	57,505,564	2,452,356	106	65,568,597	2,453,817	5,971,164,302
Lease liabilities	-	28,187,029	41,796	-	-	140,608	79,337	28,448,770
Borrowings	53,299,500	897,488,017	-	-	-	6,548,351	-	957,335,868
Subordinated debts	-	127,762,328	-	-	-	-	-	127,762,328
Other liabilities	17,651,834	77,793,381	6,174	63,131	-	143,159	172,536	95,830,215
Total financial liabilities	1,422,768,132	6,008,795,147	57,785,801	2,515,487	106	103,797,519	2,705,690	7,598,367,882
Net on-balance sheet position	53,841,359	1,112,785,004	(266,078)	338,730	1,182,548	32,645,002	16,917,945	1,217,444,510
In KHR'000 equivalent (Note 5)	221,664,875	4,581,335,861	(1,095,443)	1,394,551	4,868,550	134,399,473	69,651,180	5,012,219,047
Unused portion of overdrafts	4,149,372	170,505,962	61,397	-	-	415,758	-	175,132,489
Guarantees, acceptances and other financial facilities	8,119,799	61,108,303	2,462,641	-	-	131,345	227,371	72,049,459
Foreign exchange spot transactions	-	-	-	-	-	-	-	-
Credit commitment	12,269,171	231,614,265	2,524,038	-	-	547,103	227,371	247,181,948
In KHR'000 equivalent (Note 5)	50,512,177	953,555,929	10,391,464	-	-	2,252,423	936,086	1,017,648,079

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
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
In KHR'000 equivalent (Note 5)	116,612,180	4,126,343,570	12,356,035	(2,314,802)	2,709,520	167,596,518	74,350,357	4,497,653,378
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
In KHR'000 equivalent (Note 5)	39,681,819	782,740,863	10,662,640	281,216	-	1,572,470	1,818,251	836,757,259

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 December 2022								
Financial assets								
Cash on hand	113,025,660	346,175,903	23,581,457	1,813,640	606,641	460	1,461,722	486,665,483
Deposits and placements with other banks, net	199,768,467	622,629,442	2,552,967	1,034,782	575,248	-	1,835,519	828,396,425
Statutory deposits	71,289,774	408,266,302	-	-	-	-	-	479,556,076
Financial investments	212,125,224	343,912,308	-	-	-	-	-	556,037,532
Loans and advances net	879,910,437	5,342,384,430	23,974,618	-	-	-	-	6,246,269,485
Derivative financial instruments	-	9,630,593	-	-	-	-	-	9,630,593
Other assets	234,095	44,490,619	101	-	-	-	-	44,724,815
Total financial assets	1,476,353,657	7,117,489,597	50,109,143	2,848,422	1,181,889	460	3,297,241	8,651,280,409
Financial liabilities								
Deposits and placements of other banks and financial institutions	44,659,678	343,372,365	2,579,601	-	-	-	-	390,611,644
Deposits from customers	1,307,960,023	4,531,228,587	47,792,338	2,452,356	106	-	-	5,889,433,410
Lease liabilities	-	26,457,635	-	-	-	-	-	26,457,635
Borrowings	53,299,501	890,976,356	-	-	-	-	-	944,275,857
Subordinated debts	-	127,762,328	-	-	-	-	-	127,762,328
Other liabilities	17,648,431	77,713,741	6,174	63,131	-	-	161,616	95,593,093
Total financial liabilities	1,423,567,633	5,997,511,012	50,378,113	2,515,487	106	-	161,616	7,474,133,967
Net on-balance sheet position	52,786,024	1,119,978,585	(268,970)	332,935	1,181,783	460	3,135,625	1,177,146,442
In KHR'000 equivalent (Note 5)	217,320,062	4,610,951,834	(1,107,349)	1,370,693	4,865,401	1,894	12,909,368	4,846,311,903
Unused portion of overdrafts	4,149,372	170,505,962	61,397	-	-	-	-	174,716,731
Guarantees, acceptances and other financial facilities	8,119,799	61,108,303	2,462,641	-	-	-	227,371	71,918,114
Foreign exchange spot transactions	-	-	-	-	-	-	-	-
Credit commitment	12,269,171	231,614,265	2,524,038	-	-	-	227,371	246,634,845
In KHR'000 equivalent (Note 5)	50,512,178	953,555,929	10,391,464	-	-	-	936,086	1,015,395,657

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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
In KHR'000 equivalent (Note 5)	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
In KHR'000 equivalent (Note 5)	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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) *Foreign exchange risk (continued)*

Sensitivity analysis

The Group and the Bank are exposed to changes in USD and other foreign currencies exchange rate. Due to a reasonably possible strengthening or weakening of the USD against foreign currencies, the Group's 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 are 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 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 and the Bank's liquidity risk management is to ensure that the Group and the Bank can meet its cash obligations in a timely and cost-effective manner. Up to the date of this report, the Group's and the Bank'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 and the Bank are able to maintain a diversified core deposit base comprising of savings, demand, and fixed deposits. This provides the Group and the Bank 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 Group's and 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, and capital raising that liquidity risk is managed in accordance with the requirements of the Board of Directors.
- Stress testing is performed regularly to assess various scenarios, which include short, medium and long-term, institution-specific and market-wide stress which may put the Group's and the Bank's liquidity at risk.
- The Treasury Department identifies, monitors, manages, and controls the risk associated with the 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 Group's and the Bank's contingency funding plan.
- The Group and the Bank incorporate 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 its business activities.

Internal targets on the liquidity risk:

- The regulatory limit on the Liquidity Coverage Ratio ("LCR") should be observed at all times.
- The Group and 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 mobilisation capacity.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Internal targets on the liquidity risk: (continued)

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance with 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 times, the Group and 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 Group and the Bank experience 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 NBC's Prakas No. B7-017-301 dated on 27 September 2017 on Liquidity Risk Management Framework, 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 of Directors. 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 Group's and the Bank's contingency funding plan 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 Group and the Bank have 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 and the Bank are measuring, monitoring, and managing its liquidity positions to comply with the LCR.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 Management when the LCR potentially falls below the minimum requirement.

The Group and the Bank also use 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 position. In addition, The Group and the Bank also perform daily and monthly liquidity stress test in order to identify and quantify its exposures to possible future liquidity stresses and in analysing possible impacts on the cash flows, liquidity position, profitability, and solvency.

(b) Funding approach

The Group's and the Bank's main sources of liquidity 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 and the Bank's borrowings and subordinated debts are also regularly reviewed via the Management's daily review of interest and principal repayments and maturity.

(c) Non-derivative cash flows

The tables below present the cash flows payable under non-derivative financial liabilities and the assets held for managing liquidity risk grouped using their remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows, whereas the Group and the Bank manage the inherent liquidity risk based on contractual undiscounted cash flows.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 December 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	178,689,014	53,987,759	35,798,504	29,135,831	78,030,382	104,427,655	480,069,145
Deposits from customers	3,170,853,327	505,475,223	520,068,844	1,049,994,038	858,389,457	46,335,293	6,151,116,182
Lease liabilities	1,238,480	1,724,647	2,811,640	5,357,283	19,227,169	3,401,022	33,760,241
Borrowings*	7,313,701	64,701,614	62,899,384	164,022,554	789,718,644	14,471,688	1,103,127,585
Subordinated debts*	-	-	20,150,242	16,589,919	96,396,242	34,361,227	167,497,630
Other liabilities	95,442,589	117,810	-	-	269,816	-	95,830,215
Total financial liabilities (contractual maturity dates)	3,453,537,111	626,007,053	641,728,614	1,265,099,625	1,842,031,710	202,996,885	8,031,400,998
In KHR'000 equivalent (Note 5)	14,218,212,286	2,577,271,037	2,641,996,704	5,208,415,156	7,583,644,550	835,738,176	33,065,277,909
Assets held for managing liquidity risk (contractual maturity dates)	2,075,363,672	498,430,788	497,068,237	974,411,132	4,828,621,283	1,669,778,078	10,543,673,190
In KHR'000 equivalent (Note 5)	8,544,272,238	2,052,039,554	2,046,429,932	4,011,650,630	19,879,433,822	6,874,476,347	43,408,302,523
As at 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	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
In KHR'000 equivalent (Note 5)	13,221,508,071	1,894,131,852	2,525,599,424	3,734,364,529	5,772,047,140	728,806,807	27,876,457,823
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
in KHR'000 equivalent (Note 5)	8,020,776,171	1,632,524,692	1,925,407,265	3,253,974,944	16,317,818,698	5,526,161,982	36,676,663,752

* The amounts included above for variable interest rate instruments for the non-derivative financial liabilities are subject to change depending on variable interest rates, e.g. variable interest rate vs. interest rates determined at the end of the reporting period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank						
	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\$	Total US\$
As at 31 December 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	180,824,669	49,782,655	27,817,273	12,024,268	76,853,970	104,427,655	451,730,490
Deposits from customers	3,133,849,439	500,011,902	514,137,828	1,037,674,911	837,032,756	40,259,639	6,062,966,475
Lease liabilities	1,175,556	1,684,643	2,766,862	5,141,980	18,323,677	374,011	29,466,729
Borrowings*	7,313,702	61,504,279	61,444,450	162,435,417	781,534,920	13,983,988	1,088,216,756
Subordinated debts*	-	-	20,150,242	16,589,919	96,396,242	34,361,227	167,497,630
Other liabilities	95,512,593	80,500	-	-	-	-	95,593,093
Total financial liabilities (contractual maturity dates)	<u>3,418,675,959</u>	<u>613,063,979</u>	<u>626,316,655</u>	<u>1,233,866,495</u>	<u>1,810,141,565</u>	<u>193,406,520</u>	<u>7,895,471,173</u>
In KHR'000 equivalent (Note 5)	<u>14,074,688,923</u>	<u>2,523,984,402</u>	<u>2,578,545,669</u>	<u>5,079,828,360</u>	<u>7,452,352,823</u>	<u>796,254,643</u>	<u>32,505,654,820</u>
Assets held for managing liquidity risk (contractual maturity dates)	<u>2,032,471,213</u>	<u>486,529,098</u>	<u>479,980,556</u>	<u>946,277,458</u>	<u>4,721,436,741</u>	<u>1,670,695,823</u>	<u>10,337,390,889</u>
In KHR'000 equivalent (Note 5)	<u>8,367,683,984</u>	<u>2,003,040,296</u>	<u>1,976,079,949</u>	<u>3,895,824,295</u>	<u>19,438,155,063</u>	<u>6,878,254,703</u>	<u>42,559,038,290</u>
As at 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	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>597,483,296</u>	<u>879,762,255</u>	<u>1,374,425,241</u>	<u>166,494,021</u>	<u>6,665,506,561</u>
In KHR'000 equivalent (Note 5)	<u>13,035,671,099</u>	<u>1,823,599,183</u>	<u>2,434,146,948</u>	<u>3,584,151,427</u>	<u>5,599,408,432</u>	<u>678,296,642</u>	<u>27,155,273,731</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>
In KHR'000 equivalent (Note 5)	<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 the non-derivative financial liabilities are subject to change depending on variable interest rates, e.g. variable interest rate vs. interest rates determined at the end of the reporting period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(d) Derivative financial instruments

The following tables detail the Group's and the Bank's liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows or outflows on the derivative financial instruments that settle on a net basis and the undiscounted gross inflows or 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 December 2022						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,294,637)	(6,310,466)	(8,097,296)	-	(15,702,399)
- outflow	-	517,597	1,205,802	951,529	-	2,674,928
Net	-	<u>(777,040)</u>	<u>(5,104,664)</u>	<u>(7,145,767)</u>	-	<u>(13,027,471)</u>

	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	-	<u>465,386</u>	<u>1,840,413</u>	<u>1,930,948</u>	-	<u>4,236,747</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(d) Derivative financial instruments (continued)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2022						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,294,637)	(6,310,466)	(8,097,296)	-	(15,702,399)
- outflow	-	517,597	1,205,802	951,529	-	2,674,928
Net	-	<u>(777,040)</u>	<u>(5,104,664)</u>	<u>(7,145,767)</u>	-	<u>(13,027,471)</u>
	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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	-	<u>465,386</u>	<u>1,840,413</u>	<u>1,930,948</u>	-	<u>4,236,747</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items

i. Loan commitments and guarantees

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 are summarised in tables 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 December 2022						
Unused portion of overdrafts	175,132,489	-	-	-	-	175,132,489
Bank guarantees	4,423,981	8,705,389	35,169,294	14,147,701	426,964	62,873,329
Letters of credit	1,277,593	4,951,987	2,946,550	-	-	9,176,130
Total	180,834,063	13,657,376	38,115,844	14,147,701	426,964	247,181,948

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantees (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 FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantees (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 2022						
Unused portion of overdrafts	174,716,731	-	-	-	-	174,716,731
Bank guarantees	4,423,981	8,574,044	35,169,294	14,147,701	426,964	62,741,984
Letters of credit	1,277,593	4,951,987	2,946,550	-	-	9,176,130
Total	<u>180,418,305</u>	<u>13,526,031</u>	<u>38,115,844</u>	<u>14,147,701</u>	<u>426,964</u>	<u>246,634,845</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantees (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	<u>151,512,050</u>	<u>16,066,659</u>	<u>23,330,389</u>	<u>13,364,055</u>	<u>428,427</u>	<u>204,701,580</u>

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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 its 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) in 2023 and 2024.

39. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities as disclosed in 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. The Management's 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 that the determination of the fair values is reflective of the circumstances.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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 FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

39. Fair value of financial instruments (continued)

Determination of fair value (continued)

(a) Financial instruments measured at fair value

As at the reporting date, the Group's 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 the 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 as at the reporting date due to the relatively short-term maturity of these instruments.

ii. Financial investments

- *Financial investments at FVOCI*

Financial investments at FVOCI consist of the Bank's investment in CBC with 5% as equity cash investment and 1% through the Association of Banks in Cambodia amounting US\$153,529 and in SWIFT amounting to US\$36,141 required by the SWIFT SCRL from all its members as at 31 December 2022 and 2021. The fair values of these equity investment securities cannot be reliably measured as at the reporting date. These investments are neither redeemable nor transferable and there is no market for them. The Group and the Bank do not intend to dispose these investments.

- *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 as at the reporting date due to the relatively short-term maturity of these instruments. Debt securities include corporate and government bonds which were valued at amortised cost, and were purchased for the purpose of holding them until maturity and for earning interest.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS 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. Inputs into the valuation techniques include 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.

Inputs into the models may include data from third party and information obtained from other market participants, which include observed primary and secondary transactions. Its carrying value approximates fair value as 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-term 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 since the Group and the Bank offer 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, and deposits payable on demand is the amount payable as at the reporting date.

v. Statutory deposits

Capital guarantee and reserve requirement represent 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 ceases its operations in Cambodia. The fair value is the carrying amount as at the 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.

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 as 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 with the prevailing market interest rates on the ground and there was no change in interest rates following the lenders' consideration of the Group's and the Bank's credit risk profile as at the reporting date. On this basis, the fair value of borrowings, subordinated debts, and lease liabilities approximates their carrying values as at the reporting date.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

40. Capital risk management

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

- To comply with the capital requirement set by the NBC;
- To safeguard the Group's and 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, LCRs 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 December 2022 and 2021 and for the years then ended.

	The Group			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,783,332,149	1,764,706,139
Share premium	11,706,215	11,706,215	48,194,487	47,691,120
Retained earnings	231,996,118	163,933,025	955,128,018	667,863,144
General reserves based on NBC Prakas	524,576,552	524,576,552	2,159,681,665	2,137,124,873
Less: Intangible assets	(10,877,406)	(12,258,314)	(44,782,281)	(49,940,371)
Less: Loans to related parties	(14,651,796)	(14,570,028)	(60,321,444)	(59,358,294)
Less: Other losses	(53,814,891)	(35,338,456)	(221,555,906)	(143,968,870)
	<u>1,122,097,811</u>	<u>1,071,212,013</u>	<u>4,619,676,688</u>	<u>4,364,117,741</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	65,015,870	55,234,927	267,670,337	225,027,093
Subordinated debts (*)	127,479,770	156,122,483	524,834,213	636,042,996
Less: Equity participation in banking or financial institutions	(2,010,000)	(2,010,000)	(8,275,170)	(8,188,740)
	<u>190,485,640</u>	<u>209,347,410</u>	<u>784,229,380</u>	<u>852,881,349</u>
	<u>1,312,583,451</u>	<u>1,280,559,423</u>	<u>5,403,906,068</u>	<u>5,216,999,090</u>

(*) This represents subordinated debts approved by the NBC to be treated as part of complementary capital and only represent the outstanding principal amount.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

40. Capital risk management (continued)

	The Bank			
	2022 US\$	2021 US\$	2022 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,783,332,149	1,764,706,139
Share premium	11,706,215	11,706,215	48,194,487	47,691,120
Retained earnings	213,267,101	156,341,550	878,020,655	636,935,475
General reserves based on NBC Prakas	510,741,556	510,741,556	2,102,722,986	2,080,761,099
Less: Intangible assets	(10,318,424)	(11,415,853)	(42,480,952)	(46,508,185)
Less: Loans to related parties	(14,171,853)	(13,904,162)	(58,345,519)	(56,645,556)
	<u>1,144,387,614</u>	<u>1,086,632,325</u>	<u>4,711,443,806</u>	<u>4,426,940,092</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	63,704,948	53,690,830	262,273,271	218,736,441
Subordinated debts (*)	127,479,770	156,122,483	524,834,213	636,042,996
Less: Equity participation in banking or financial institutions	(71,312,716)	(71,312,716)	(293,594,452)	(290,528,005)
	<u>119,872,002</u>	<u>138,500,597</u>	<u>493,513,032</u>	<u>564,251,432</u>
	<u>1,264,259,616</u>	<u>1,225,132,922</u>	<u>5,204,956,838</u>	<u>4,991,191,524</u>

(*) This represents subordinated debts approved by the NBC to be treated as part of complementary capital and only represent the outstanding principal amount.

41. Tax contingencies

On 26 April 2022, the Department of Enterprise Tax Audit of the GDT issued a letter to the Bank to conduct a tax reassessment for the financial years 2020 and 2021 and requested the submission of several documents. However, the Bank received the letter from the tax auditors on 25 May 2022. The Bank has provided several requested documents to the GDT on 11 July 2022. As at the date of this report, GDT has not yet requested additional documents from the Bank nor issued the results of the tax reassessment.

On 6 August 2021, the Department of Enterprise Tax Audit of the GDT issued a letter to the Bank to conduct a tax reassessment for the financial year 2019 and requested the submission of several documents. However, the Bank received the letter from the tax auditors on 16 September 2021. The Bank has provided several requested documents to the GDT on 5 August 2022. As at the date of this report, GDT has not yet requested additional documents from the Bank nor issued the results of the tax reassessment.

On 6 March 2020, the Bank received a new notification letter from the GDT to conduct a tax audit for the fiscal years 2015 to 2018. The Bank has provided several requested documents to the GDT on 12 October 2022. As at the date of these interim financial statements, GDT has not yet issued an official response for the results of the tax audit for the years 2015 to 2018.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

42. Reclassification of comparative amounts

Certain amounts in the comparative financial statements have been reclassified to conform with the current year's presentation of accounts. The Management believes that these reclassifications would better reflect the nature of the transactions and did not have any impact on prior year's profit or loss.

Summary of changes arising from reclassifications are shown below.

Consolidated statement of financial position

	2021 (Prior to reclassification) US\$	Effects of reclassification US\$	2021 (As reclassified) US\$	2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	2021 (As reclassified) KHR'000 (Note 5)
Reserves	592,909,744	(506,158)	592,403,586	2,433,432,915	(2,062,088)	2,431,370,827
Retained earnings	161,263,307	506,158	161,769,465	639,068,094	2,062,088	641,130,182

Consolidated statement of profit or loss and other comprehensive income

	2021 (Prior to reclassification) US\$	Effects of reclassification US\$	2021 (As reclassified) US\$	2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	2021 (As reclassified) KHR'000 (Note 5)
<i>Items that will not be reclassified to profit or loss –</i>						
Exchange differences	-	-	-	-	32,291,594	32,291,594
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Currency translation differences - foreign subsidiaries	-	(13,700,284)	(13,700,284)	-	(55,732,755)	(55,732,755)
Exchange differences	-	-	-	5,080,339	(5,080,339)	-

Separate statement of financial position

	2021 (Prior to reclassification) US\$	Effects of reclassification US\$	2021 (As reclassified) US\$	2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	2021 (As reclassified) KHR'000 (Note 5)
Reserves	607,881,560	(506,158)	607,375,402	2,494,039,282	(2,062,088)	2,491,977,194
Retained earnings	156,341,550	506,158	156,847,708	619,405,671	2,062,088	621,467,759

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2022 AND 2021 AND FOR THE YEARS THEN ENDED

42. Reclassification of comparative amounts (continued)

Separate statement of profit or loss and other comprehensive income

	2021 (Prior to reclassification) US\$	Effects of reclassification US\$	2021 (As reclassified) US\$	2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	2021 (As reclassified) KHR'000 (Note 5)
<i>Item that will not be reclassified to profit or loss–</i>						
Exchange differences	-	-	-	-	32,417,143	32,417,143
<i>Item that are or may be reclassified subsequently to profit or loss–</i>						
Exchange differences	-	-	-	4,959,390	(4,959,390)	-

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

44. Authorisation of the financial statements

The consolidated and separate financial statements as at 31 December 2022 and for the year then ended were approved and authorised for issue by the Board of Directors on 8 February 2023.



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