

**ACLEDA BANK PLC.  
AND ITS SUBSIDIARIES**

**Consolidated and Separate  
Interim Financial Statements  
As at 31 March 2023 and  
For the three-month period  
then ended and  
Independent Auditor's Report on  
Interim Financial Statements**

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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## Report of the Board of Directors

The Board of Directors (“the Board” or “the Directors”) hereby submits its report together with the consolidated interim financial statements of ACLEDA Bank Plc. (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) and the separate interim financial statements of the Bank as at 31 March 2023 and for the three-month period then ended (hereafter collectively referred to as “the interim financial statements”).

### The Group and the Bank

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

On 25 May 2020, the Bank was successfully listed 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 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 the Bank’s request for recognizing and using its nominated Cash Settlement Agent, Registrar Agent, and Transferring Agent and ACS is recognized as the Bond 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.

## Interim financial performance

The audited interim financial performance of the Group and the Bank for the three-month period ended 31 March 2023 are set out in the consolidated interim statement of profit or loss and other comprehensive income and separate interim 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 period other than those disclosed in the interim financial statements.

## Bad and doubtful loans

Before the interim financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the 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 interim financial statements of the Group and the Bank inadequate to any material extent.

## Assets

Before the interim financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their 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 interim financial statements of the Group and the Bank misleading in any material respect.

## Valuation methods

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

## Contingent and other liabilities

At the date of this report, there is:

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

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

## Items of an unusual nature

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

## Items of an unusual nature (continued)

There has not arisen, in the interval between the end of the financial period and the date of this report, any items, transactions or events of a material and unusual nature 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 period in which this report is made.

### *Coronavirus and impact on expected credit loss*

The expected credit loss (“ECL”) was estimated based on a range of forecast economic conditions as at 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 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 period and at the date of this report are:

- Mr. Chhay Soeun Chairman (Non-executive Director)
- Dr. In Channy Member (Executive Director)
- Mr. Rath Yumeng Member (Executive Director) (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 period and at the date of this report are:

- Dr. In Channy President & Group Managing Director
- Dr. So Phonnary Senior EVP & Group Chief Operations Officer
- Mrs. Mar Amara Senior EVP & Group Chief Financial Officer
- Mr. 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. Loeung 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 interim financial statements

The Management and those charged with governance are responsible for ensuring that the interim financial statements are properly drawn up so as to present fairly, in all material respects, the interim financial position as at 31 March 2023, the interim financial performance and cash flows for the three-month period 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 interim financial statements, the Management and those charged with governance are required to:

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

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

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



Dr. In Channy  
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 5 May 2023



Headquarters



### Approval of the interim financial statements

The accompanying interim financial statements, together with the notes thereto set out in pages 13 to 197, present fairly, in all material respects, the interim financial position as at 31 March 2023, and the interim financial performance and cash flows for the three-month period 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: 5 May 2023



# Independent auditor's report

**Grant Thornton (Cambodia) Limited**

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

T +855 23 966 520  
[www.grantthornton.com.kh](http://www.grantthornton.com.kh)

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

**Opinion**

We have audited the consolidated interim financial statements of ACLEDA Bank Plc. and its subsidiaries (“the Group”) and the separate interim financial statements of ACLEDA Bank Plc. (“the Bank”), which comprise the consolidated and separate interim statements of financial position of the Group and the Bank as at 31 March 2023, and the consolidated and separate interim statements of profit or loss and other comprehensive income, consolidated and separate interim statements of changes in equity and consolidated and separate interim statements of cash flows for the three-month period then ended, and notes to the consolidated and separate interim financial statements, including a summary of significant accounting policies and other explanatory information as set out in pages 13 to 197 (hereafter referred to as “the interim financial statements”).

In our opinion, the accompanying consolidated and separate interim financial statements present fairly, in all material respects, the interim financial position of the Group and of the Bank as at 31 March 2023, and their interim financial performance and cash flows for the three-month period then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and guidelines of the National Bank of Cambodia.

**Basis for opinion**

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the interim financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the interim financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Allowance for impairment losses on loans to customers</b></p> <p>Loans to customers constitute approximately 69.24% and 68.68% of the Group's and the Bank's total assets, respectively, as at 31 March 2023. 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's and the Bank's 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 the Novel 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"> <li>• 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;</li> <li>• Timely identification of loans to customers and financing that have experienced a significant increase in credit risk;</li> <li>• Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets; and,</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• 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"> <li>- Loan applications and credit reviews;</li> <li>- Identification of significant increase in credit risk;</li> <li>- Review of the credit worthiness of the borrower; and</li> <li>- Accuracy of data inputs.</li> </ul> </li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• We tested the accuracy of key inputs into the ECL models by comparing them against source systems and documents.</li> <li>• We recomputed the ECL to test the mathematical accuracy of the ECL models.</li> </ul>

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Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>Continuing effects of COVID-19 pandemic in relation to the significant judgements listed above.</li> </ul> <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 interim financial statements, respectively.</p>	<ul style="list-style-type: none"> <li>We assessed the adequacy of disclosures to ensure compliance with CIFRS 9.</li> </ul> <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 interim financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors



*Ronald C. Almera*

**Ronald C. Almera**

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

5 May 2023

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Notes 5 & 42)
<b>ASSETS</b>					
Cash on hand	7	503,142,929	497,027,041	2,039,741,434	2,046,260,328
Deposits and placements with other banks, net	8	1,327,267,890	846,602,175	5,380,744,026	3,485,461,154
Financial investments, net	9	180,136,005	556,037,532	730,271,364	2,289,206,519
Loans and advances, net	10	6,533,355,545	6,379,406,093	26,486,223,379	26,264,014,885
Other assets	11	64,194,934	78,818,566	260,246,262	324,496,036
Statutory deposits	12	636,059,373	482,330,993	2,578,584,698	1,985,756,698
Property and equipment, net	14	143,049,233	140,220,709	579,921,591	577,288,659
Intangible assets, net	15	10,689,586	10,896,541	43,335,582	44,861,059
Right-of-use assets, net	16	28,021,488	28,785,805	113,599,112	118,511,159
Deferred tax assets	17	1,329,847	1,407,258	5,391,200	5,793,681
Derivative financial instruments	23	8,849,602	9,630,593	35,876,287	39,649,151
<b>TOTAL ASSETS</b>		<b>9,436,096,432</b>	<b>9,031,163,306</b>	<b>38,253,934,935</b>	<b>37,181,299,329</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	415,688,843	417,826,399	1,685,202,570	1,720,191,285
Deposits from customers	19	6,372,861,966	5,971,164,302	25,835,582,410	24,583,283,431
Other liabilities	20	131,699,662	141,630,044	533,910,430	583,090,891
Borrowings	21	984,594,924	957,335,868	3,991,547,822	3,941,351,769
Subordinated debts	22	129,878,728	127,762,328	526,528,363	525,997,504
Lease liabilities	24	28,252,938	28,448,770	114,537,411	117,123,586
Employee benefits	25	10,027,592	33,374,198	40,651,858	137,401,573
Current income tax liabilities	32(a)	2,661,880	34,428,462	10,791,262	141,741,978
Deferred tax liabilities	17	6,570,675	2,545,115	26,637,516	10,478,238
<b>TOTAL LIABILITIES</b>		<b>8,082,237,208</b>	<b>7,714,515,486</b>	<b>32,765,389,642</b>	<b>31,760,660,255</b>
<b>EQUITY</b>					
Share capital	26 & 42	433,163,019	433,163,019	1,732,652,076	1,732,652,076
Share premium	26 & 42	11,706,215	11,706,215	48,235,459	48,235,459
Reserves	36 & 42	646,293,682	638,862,248	2,653,220,184	2,706,552,320
Retained earnings		256,594,080	226,856,479	1,029,699,142	908,250,779
Non-controlling interests		6,102,228	6,059,859	24,738,432	24,948,440
<b>TOTAL EQUITY</b>		<b>1,353,859,224</b>	<b>1,316,647,820</b>	<b>5,488,545,293</b>	<b>5,420,639,074</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,436,096,432</b>	<b>9,031,163,306</b>	<b>38,253,934,935</b>	<b>37,181,299,329</b>

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Notes	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Notes 5 & 42)
Interest income	27	183,827,602	157,114,300	750,751,927	638,041,172
Interest expense	28	(75,388,657)	(47,864,990)	(307,887,275)	(194,379,724)
<b>Net interest income</b>		<u>108,438,945</u>	<u>109,249,310</u>	<u>442,864,652</u>	<u>443,661,448</u>
Fee and commission income	29	11,590,286	11,698,077	47,334,728	47,505,891
Fee and commission expense		(636,984)	(793,637)	(2,601,443)	(3,222,960)
<b>Net fee and commission income</b>		<u>10,953,302</u>	<u>10,904,440</u>	<u>44,733,285</u>	<u>44,282,931</u>
Allowance for impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(10,194,746)	(16,359,465)	(41,635,343)	(66,435,787)
(Allowance for)/reversal of impairment losses on off-balance sheet commitments	10	(1,656)	4,094	(6,763)	16,626
<b>Net impairment losses</b>		<u>(10,196,402)</u>	<u>(16,355,371)</u>	<u>(41,642,106)</u>	<u>(66,419,161)</u>
<b>Income after impairment losses</b>		<u>109,195,845</u>	<u>103,798,379</u>	<u>445,955,831</u>	<u>421,525,218</u>
Other income, net	30	7,023,343	5,946,659	28,683,333	24,149,382
General and administrative expenses	31	(69,366,874)	(65,499,327)	(283,294,313)	(265,992,767)
<b>Profit before income tax</b>		<u>46,852,314</u>	<u>44,245,711</u>	<u>191,344,851</u>	<u>179,681,833</u>
Income tax expense	32(b)	(8,305,702)	(8,882,538)	(33,920,487)	(36,071,987)
<b>Profit for the period (carried forward to next page)</b>		<u>38,546,612</u>	<u>35,363,173</u>	<u>157,424,364</u>	<u>143,609,846</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Notes	31 March 2023 US\$	31 March 2022 US\$ (Note 42)	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Notes 5 & 42)
<b>Profit for the period (brought forward from previous page)</b>		<u>38,546,612</u>	<u>35,363,173</u>	<u>157,424,364</u>	<u>143,609,846</u>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of employee benefit obligations	25	-	(1,281,614)	-	(5,204,634)
Exchange differences		-	-	(84,065,156)	(29,295,454)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Currency translation differences - foreign subsidiaries		(554,217)	(2,641,269)	(2,263,422)	(10,726,194)
Remeasurement of the effective portion of derivatives arising from cash flow hedge		<u>(780,991)</u>	<u>2,615,405</u>	<u>(3,189,567)</u>	<u>10,621,160</u>
Other comprehensive loss for the period		<u>(1,335,208)</u>	<u>(1,307,478)</u>	<u>(89,518,145)</u>	<u>(34,605,122)</u>
<b>Total comprehensive income for the period</b>		<u><u>37,211,404</u></u>	<u><u>34,055,695</u></u>	<u><u>67,906,219</u></u>	<u><u>109,004,724</u></u>
<b>Profit for the period attributable to:</b>					
Owners of the Bank		38,504,113	35,336,585	157,250,798	143,501,872
Non-controlling interests		<u>42,499</u>	<u>26,588</u>	<u>173,566</u>	<u>107,974</u>
		<u><u>38,546,612</u></u>	<u><u>35,363,173</u></u>	<u><u>157,424,364</u></u>	<u><u>143,609,846</u></u>
<b>Total other comprehensive income attributable to:</b>					
Owners of the Bank		37,169,035	34,026,371	67,733,184	108,885,639
Non-controlling interests		<u>42,369</u>	<u>29,324</u>	<u>173,035</u>	<u>119,085</u>
		<u><u>37,211,404</u></u>	<u><u>34,055,695</u></u>	<u><u>67,906,219</u></u>	<u><u>109,004,724</u></u>
The earnings per share attributable to shareholders of the Bank during the period are as follows:					
Basic earnings per share	33	<u>0.09</u>	<u>0.08</u>	<u>0.36</u>	<u>0.33</u>
Diluted earnings per share	33	<u>0.09</u>	<u>0.08</u>	<u>0.36</u>	<u>0.33</u>

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	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		
<b>As at 1 January 2023, as reclassified (Note 42)</b>	433,163,019	1,732,652,076	11,706,215	48,235,459	638,862,248	2,706,552,320	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		
Profit for the period	-	-	-	-	-	-	38,504,113	157,250,798	38,504,113	157,250,798	42,499	173,566	38,546,612	157,424,364		
<i>Other comprehensive income:</i>																
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	(780,991)	(3,189,567)	-	-	(780,991)	(3,189,567)	-	-	(780,991)	(3,189,567)		
Currency translation differences - foreign subsidiaries	-	-	-	-	(554,087)	(2,262,891)	-	-	(554,087)	(2,262,891)	(130)	(531)	(554,217)	(2,263,422)		
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	(1,335,078)	(5,452,458)	38,504,113	157,250,798	37,169,035	151,798,340	42,369	173,035	37,211,404	151,971,375		
<b>Transaction with owners:</b>																
Transfer from retained earnings to regulatory reserves	-	-	-	-	8,766,512	35,802,435	(8,766,512)	(35,802,435)	-	-	-	-	-	-		
Exchange differences	-	-	-	-	-	(83,682,113)	-	-	-	(83,682,113)	-	(383,043)	-	(84,065,156)		
<b>Total transactions with owners</b>	-	-	-	-	8,766,512	(47,879,678)	(8,766,512)	(35,802,435)	-	(83,682,113)	-	(383,043)	-	(84,065,156)		
<b>As at 31 March 2023</b>	433,163,019	1,732,652,076	11,706,215	48,235,459	646,293,682	2,653,220,184	256,594,080	1,029,699,142	1,347,756,996	5,463,806,861	6,102,228	24,738,432	1,353,859,224	5,488,545,293		

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	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)		
<b>As at 1 January 2022</b>	433,163,019	1,764,706,139	11,706,215	47,691,120	592,909,744	2,433,432,915	161,263,307	639,068,094	1,199,042,285	4,884,898,268	5,992,757	24,414,492	1,205,035,042	4,909,312,760		
Profit for the period	-	-	-	-	-	-	35,336,585	143,501,872	35,336,585	143,501,872	26,588	107,974	35,363,173	143,609,846		
<i>Other comprehensive income:</i>																
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(1,284,968)	(5,218,255)	(1,284,968)	(5,218,255)	3,354	13,621	(1,281,614)	(5,204,634)		
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	-	-	2,615,405	10,621,160	2,615,405	10,621,160	-	-	2,615,405	10,621,160		
Currency translation differences - foreign subsidiaries	-	-	-	-	(2,640,651)	(10,723,684)	-	-	(2,640,651)	(10,723,684)	(618)	(2,510)	(2,641,269)	(10,726,194)		
Exchange differences	-	-	-	-	-	(4,273,658)	-	-	-	(4,273,658)	-	-	-	(4,273,658)		
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	(2,640,651)	(14,997,342)	36,667,022	148,904,777	34,026,371	133,907,435	29,324	119,085	34,055,695	134,026,520		
<b>Transaction with owners:</b>																
Transfer from retained earnings to regulatory reserves	-	-	-	-	13,571,829	55,115,198	(13,571,829)	(55,115,198)	-	-	-	-	-	-		
Exchange differences	-	(10,395,912)	-	(280,949)	-	(14,200,786)	-	-	-	(24,877,647)	-	(144,149)	-	(25,021,796)		
<b>Total transactions with owners</b>	-	(10,395,912)	-	(280,949)	13,571,829	40,914,412	(13,571,829)	(55,115,198)	-	(24,877,647)	-	(144,149)	-	(25,021,796)		
<b>As at 31 March 2022</b>	<u>433,163,019</u>	<u>1,754,310,227</u>	<u>11,706,215</u>	<u>47,410,171</u>	<u>603,840,922</u>	<u>2,459,349,985</u>	<u>184,358,500</u>	<u>732,857,673</u>	<u>1,233,068,656</u>	<u>4,993,928,056</u>	<u>6,022,081</u>	<u>24,389,428</u>	<u>1,239,090,737</u>	<u>5,018,317,484</u>		

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Notes	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>					
Profit for the period before income tax		46,852,314	44,245,711	191,344,851	179,681,833
<i>Adjustments for:</i>					
Net impairment losses	10	10,196,402	16,355,371	41,642,106	66,419,161
Depreciation of property and equipment	14	5,554,840	5,424,155	22,685,967	22,027,493
Depreciation of right-of-use assets	16	2,988,956	2,856,436	12,206,896	11,599,987
Seniority indemnity benefits	25(c)	2,703,080	2,573,609	11,039,379	10,451,426
Unrealised exchange losses/(gains)		1,413,400	(209,387)	5,772,326	(850,321)
Amortisation of intangible assets	15	675,524	809,326	2,758,840	3,286,673
Career development expense	25(b)	419,464	461,143	1,713,091	1,872,702
Adjustment in property and equipment		374,287	2,596,687	1,528,588	10,545,146
Provident fund		217,377	-	887,768	-
Adjustment in intangible assets		84,000	(47,153)	343,056	(191,488)
Gain on disposals of property and equipment, intangible assets and lease	30	(86,376)	(26,947)	(352,760)	(109,432)
(Reversal of)/provision for retirement benefits	25(a)	(121,300)	666,150	(495,390)	2,705,235
Dividend income	30	(205,462)	(117,333)	(839,107)	(476,489)
Currency translation reserves		(554,217)	(2,641,269)	(2,263,422)	(10,726,193)
Net interest income		(108,438,945)	(109,249,310)	(442,864,652)	(443,661,448)
<b>Operating loss before changes in working capital</b>		<b>(37,926,656)</b>	<b>(36,302,811)</b>	<b>(154,892,463)</b>	<b>(147,425,715)</b>
<i>Changes in:</i>					
Deposits from customers		401,697,664	200,230,416	1,640,533,260	813,135,719
Other assets		14,654,211	(3,771,830)	59,847,798	(15,317,402)
Deposits and placements from other banks and financial institutions		(2,137,556)	(16,593,124)	(8,729,779)	(67,384,677)
Deposits and placements with other banks		(5,785,673)	(56,846,751)	(23,628,689)	(230,854,656)
Other liabilities		(21,262,701)	5,506,643	(86,836,871)	22,362,477
Statutory deposits		(153,728,380)	12,167,200	(627,826,704)	49,410,999
Loans and advances		(163,626,522)	(363,786,049)	(668,250,716)	(1,477,335,145)
<b>Cash flows from/(used in) operations</b>		<b>31,884,387</b>	<b>(259,396,306)</b>	<b>130,215,836</b>	<b>(1,053,408,400)</b>
Interest received		181,987,340	156,726,921	743,236,297	636,468,026
Seniority benefits paid	25(c)	(3,418)	(16,990)	(13,959)	(68,996)
Provident fund paid		(216,283)	-	(883,300)	-
Career development benefits paid	25(b)	(3,869,005)	(1,681)	(15,801,016)	(6,827)
Retirement benefits paid	25(a)	(22,464,315)	(45,852)	(91,744,262)	(186,205)
Income tax paid	32(a)	(35,964,086)	(35,584,628)	(146,877,327)	(144,509,174)
Interest paid		(45,062,431)	(32,510,166)	(184,034,968)	(132,023,784)
<b>Net cash from/(used in) operating activities (carried forward to next page)</b>		<b>106,292,189</b>	<b>(170,828,702)</b>	<b>434,097,301</b>	<b>(693,735,360)</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Notes	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>Net cash from/(used in) operating activities (brought forward from previous page)</b>		<u>106,292,189</u>	<u>(170,828,702)</u>	<u>434,097,301</u>	<u>(693,735,360)</u>
<b>Cash flows from investing activities</b>					
Interest received from investing		1,840,264	387,380	7,515,638	1,573,150
Proceeds from matured investments		1,022,968	-	4,177,801	-
Dividends received		205,462	117,333	839,107	476,489
Proceeds from disposals of property and equipment and intangible assets		119,143	62,042	486,580	251,953
Purchases of intangible assets	15	(539,712)	(560,890)	(2,204,184)	(2,277,774)
Purchases of property and equipment	14	(8,792,027)	(6,724,672)	(35,906,638)	(27,308,893)
Proceeds from/(purchases of) financial investments		<u>10,653,699</u>	<u>(35,403,982)</u>	<u>43,509,707</u>	<u>(143,775,571)</u>
<b>Net cash from/(used in) investing activities</b>		<u>4,509,797</u>	<u>(42,122,789)</u>	<u>18,418,011</u>	<u>(171,060,646)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		80,566,768	147,613,221	329,034,681	599,457,290
Payment of lease liabilities	24	(3,400,707)	(3,073,250)	(13,888,487)	(12,480,468)
Interest paid		(20,510,973)	(13,665,369)	(83,766,814)	(55,495,064)
Repayments of borrowings		<u>(50,142,852)</u>	<u>(49,725,228)</u>	<u>(204,783,408)</u>	<u>(201,934,151)</u>
<b>Net cash from financing activities</b>		<u>6,512,236</u>	<u>81,149,374</u>	<u>26,595,972</u>	<u>329,547,607</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>117,314,222</u>	<u>(131,802,117)</u>	<u>479,111,284</u>	<u>(535,248,399)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		<u>1,748,443,669</u>	<u>1,803,239,297</u>	<u>7,346,396,896</u>	<u>6,055,791,764</u>
Exchange differences		-	-	(261,725,690)	1,248,777,214
<b>Cash and cash equivalents at the end of the period</b>	34	<u>1,865,757,891</u>	<u>1,671,437,180</u>	<u>7,563,782,490</u>	<u>6,769,320,579</u>

During the three-month period ended 31 March 2023, the Group entered into new lease agreements and recognised right-of-use assets amounting to US\$3,074,305 (31 March 2022: US\$3,513,106). The pretermination of right-of-use assets and lease liabilities are amounting to US\$281,286 (31 March 2022: US\$639,861) and US\$333,776 (31 March 2022: US\$635,254), respectively, and the gain from pretermination is amounting to US\$55,375 (31 March 2022: US\$4,607), which is a non-cash transaction.

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Notes 5 & 42)
<b>ASSETS</b>					
Cash on hand	7	492,980,722	486,665,483	1,998,543,847	2,003,601,794
Deposits and placements with other banks, net	8	1,300,039,904	828,396,425	5,270,361,771	3,410,508,082
Financial investments, net	9	180,136,005	556,037,532	730,271,364	2,289,206,519
Loans and advances, net	10	6,390,177,745	6,246,269,485	25,905,780,578	25,715,891,470
Other assets	11	63,228,545	77,642,135	256,328,522	319,652,671
Statutory deposits	12	632,097,818	479,556,076	2,562,524,554	1,974,332,365
Investments in subsidiaries	13	91,117,716	91,117,716	369,391,221	375,131,637
Property and equipment, net	14	108,769,311	106,286,031	440,950,787	437,579,590
Intangible assets, net	15	10,150,077	10,318,424	41,148,412	42,480,952
Right-of-use assets, net	16	26,412,331	26,525,687	107,075,590	109,206,253
Derivative financial instruments	23	8,849,602	9,630,593	35,876,287	39,649,151
<b>TOTAL ASSETS</b>		<u>9,303,959,776</u>	<u>8,918,445,587</u>	<u>37,718,252,933</u>	<u>36,717,240,484</u>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	383,220,032	390,611,644	1,553,574,010	1,608,148,138
Deposits from customers	19	6,281,904,785	5,889,433,410	25,466,841,998	24,246,797,349
Other liabilities	20	129,416,338	140,022,120	524,653,834	576,471,068
Borrowings	21	969,907,077	944,275,857	3,932,003,290	3,887,583,703
Subordinated debts	22	129,878,728	127,762,328	526,528,363	525,997,504
Lease liabilities	24	26,271,174	26,457,635	106,503,339	108,926,083
Employee benefits	25	9,835,412	32,626,027	39,872,760	134,321,353
Current income tax liabilities	32(a)	1,973,768	33,911,933	8,001,655	139,615,428
Deferred tax liabilities		6,351,665	2,258,353	25,749,650	9,297,639
<b>TOTAL LIABILITIES</b>		<u>7,938,758,979</u>	<u>7,587,359,307</u>	<u>32,183,728,899</u>	<u>31,237,158,265</u>
<b>EQUITY</b>					
Share capital	26 & 42	433,163,019	433,163,019	1,732,652,076	1,732,652,076
Share premium	26 & 42	11,706,215	11,706,215	48,235,459	48,235,459
Reserves	36 & 42	683,854,988	676,078,984	2,805,694,605	2,858,819,277
Retained earnings		236,476,575	210,138,062	947,941,894	840,375,407
<b>TOTAL EQUITY</b>		<u>1,365,200,797</u>	<u>1,331,086,280</u>	<u>5,534,524,034</u>	<u>5,480,082,219</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>9,303,959,776</u>	<u>8,918,445,587</u>	<u>37,718,252,933</u>	<u>36,717,240,484</u>

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Notes	31 March 2023 US\$	31 March 2022 US\$ (Note 42)	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Notes 5 & 42)
Interest income	27	176,226,591	148,831,822	719,709,398	604,406,029
Interest expense	28	(73,712,825)	(45,856,523)	(301,043,177)	(186,223,340)
<b>Net interest income</b>		<u>102,513,766</u>	<u>102,975,299</u>	<u>418,666,221</u>	<u>418,182,689</u>
Fee and commission income	29	10,376,176	10,320,979	42,376,303	41,913,496
Fee and commission expense		(609,257)	(706,240)	(2,488,206)	(2,868,041)
<b>Net fee and commission income</b>		<u>9,766,919</u>	<u>9,614,739</u>	<u>39,888,097</u>	<u>39,045,455</u>
Allowances for impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(9,315,567)	(12,753,008)	(38,044,776)	(51,789,965)
Reversal of impairment losses on off-balance sheet commitments	10	4,118	36,529	16,818	148,344
<b>Net impairment losses</b>		<u>(9,311,449)</u>	<u>(12,716,479)</u>	<u>(38,027,958)</u>	<u>(51,641,621)</u>
<b>Income after impairment losses</b>		<u>102,969,236</u>	<u>99,873,559</u>	<u>420,526,360</u>	<u>405,586,523</u>
Other income, net	30	6,211,310	4,971,740	25,366,990	20,190,236
General and administrative expenses	31	(66,656,559)	(61,514,709)	(272,225,387)	(249,811,233)
<b>Profit before income tax</b>		<u>42,523,987</u>	<u>43,330,590</u>	<u>173,667,963</u>	<u>175,965,526</u>
Income tax expense	32(b)	(7,628,479)	(8,503,544)	(31,154,708)	(34,532,892)
<b>Profit for the period</b>		<u>34,895,508</u>	<u>34,827,046</u>	<u>142,513,255</u>	<u>141,432,634</u>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations	25	-	(1,342,361)	-	(5,451,328)
Exchange differences		-	-	(84,881,873)	(29,415,319)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Remeasurement of the effective portion of derivatives arising from cash flow hedge		(780,991)	2,615,405	(3,189,567)	10,621,160
<b>Other comprehensive income(loss) during the period</b>		<u>(780,991)</u>	<u>1,273,044</u>	<u>(88,071,440)</u>	<u>(24,245,487)</u>
<b>Total comprehensive income for the period</b>		<u>34,114,517</u>	<u>36,100,090</u>	<u>54,441,815</u>	<u>117,187,147</u>

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	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)
<b>As at 1 January 2023, as reclassified (Note 42)</b>	433,163,019	1,732,652,076	11,706,215	48,235,459	676,078,984	2,858,819,277	210,138,062	840,375,407	1,331,086,280	5,480,082,219
Profit for the period	-	-	-	-	-	-	34,895,508	142,513,255	34,895,508	142,513,255
<i>Other comprehensive income:</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	(780,991)	(3,189,567)	-	-	(780,991)	(3,189,567)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	(780,991)	(3,189,567)	34,895,508	142,513,255	34,114,517	139,323,688
<b>Transaction with owners:</b>										
Transfer from retained earnings to regulatory reserves	-	-	-	-	8,556,995	34,946,768	(8,556,995)	(34,946,768)	-	-
Exchange differences	-	-	-	-	-	(84,881,873)	-	-	-	(84,881,873)
<b>Total transactions with owners</b>	-	-	-	-	8,556,995	(49,935,105)	(8,556,995)	(34,946,768)	-	(84,881,873)
<b>As at 31 March 2023</b>	<b>433,163,019</b>	<b>1,732,652,076</b>	<b>11,706,215</b>	<b>48,235,459</b>	<b>683,854,988</b>	<b>2,805,694,605</b>	<b>236,476,575</b>	<b>947,941,894</b>	<b>1,365,200,797</b>	<b>5,534,524,034</b>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Notes	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>					
Profit for the period before income tax		42,523,987	43,330,590	173,667,963	175,965,526
<i>Adjustments for:</i>					
Net impairment losses	10	9,311,449	12,716,479	38,027,958	51,641,621
Depreciation of property and equipment	14	5,182,884	4,975,533	21,166,898	20,205,640
Depreciation of right-of-use assets	16	2,868,692	2,675,655	11,715,738	10,865,835
Seniority indemnity benefits	25(c)	2,665,071	2,593,569	10,884,150	10,532,484
Unrealised exchange losses/(gains)		669,944	(204,406)	2,736,051	(830,093)
Amortisation of intangible assets	15	623,489	735,340	2,546,329	2,986,216
Career development expense	25(b)	388,427	404,753	1,586,336	1,643,702
Adjustment in property and equipment		374,287	2,596,687	1,528,588	10,545,146
Provident fund		213,877	-	873,474	-
Adjustment in intangible assets		84,000	(47,152)	343,056	(191,484)
(Reversal of)/provision for retirement benefits	25(a)	(49,526)	622,383	(202,264)	2,527,497
Gain on disposals of property and equipment, intangible assets and lease	30	(85,175)	(27,423)	(347,855)	(111,365)
Dividend income	30	(205,462)	(117,333)	(839,107)	(476,489)
Net interest income		(102,513,766)	(102,975,299)	(418,666,221)	(418,182,689)
<b>Operating loss before changes in working capital</b>					
		(37,947,822)	(32,720,624)	(154,978,906)	(132,878,453)
<i>Changes in:</i>					
Deposits from customers		392,471,375	200,324,783	1,602,853,096	813,518,944
Other assets		14,432,636	(4,276,523)	58,942,885	(17,366,960)
Deposits and placements with other banks		(5,366,514)	(63,143,440)	(21,916,843)	(256,425,510)
Deposits and placements of other banks and financial institutions		(7,391,612)	(12,859,855)	(30,187,343)	(52,223,871)
Other liabilities		(20,773,998)	6,293,577	(84,841,008)	25,558,216
Statutory deposits		(152,541,742)	18,672,757	(622,980,474)	75,830,066
Loans and advances		(152,700,067)	(363,897,423)	(623,627,074)	(1,477,787,435)
<b>Cash flows from/(used in) operations</b>					
		30,182,256	(251,606,748)	123,264,333	(1,021,775,003)
Interest received		174,386,327	148,444,442	712,193,759	602,832,879
Seniority benefits paid	25(c)	(3,418)	(16,990)	(13,959)	(68,996)
Provident fund paid		(212,855)	-	(869,300)	-
Career development benefits paid	25(b)	(3,869,005)	(1,681)	(15,801,016)	(6,827)
Retirement benefits paid	25(a)	(21,920,036)	(45,852)	(89,521,427)	(186,205)
Income tax paid	32(a)	(35,473,332)	(34,656,370)	(144,873,088)	(140,739,519)
Interest paid		(44,853,237)	(31,830,793)	(183,180,620)	(129,264,850)
<b>Net cash from/(used in) operating activities (carried forward to next page)</b>					
		98,236,700	(169,713,992)	401,198,682	(689,208,521)

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Notes	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>Net cash from/(used in) operating activities (brought forward from previous page)</b>		<u>98,236,700</u>	<u>(169,713,992)</u>	<u>401,198,682</u>	<u>(689,208,521)</u>
<b>Cash flows from investing activities</b>					
Proceeds from/(purchases of) financial investments		11,946,195	(35,403,982)	48,788,260	(143,775,571)
Interest received from investing		1,840,264	387,380	7,515,638	1,573,150
Dividend received		205,462	117,333	839,107	476,489
Proceeds from disposals of property and equipment		89,790	44,816	366,702	181,998
Proceeds from matured investments		(269,528)	-	(1,100,752)	-
Purchases of intangible assets	15	(537,983)	(491,756)	(2,197,123)	(1,997,021)
Purchases of property and equipment	14	<u>(8,035,891)</u>	<u>(6,313,041)</u>	<u>(32,818,579)</u>	<u>(25,637,260)</u>
<b>Net cash from/(used in) investing activities</b>		<u>5,238,309</u>	<u>(41,659,250)</u>	<u>21,393,253</u>	<u>(169,178,215)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		76,097,172	147,613,221	310,780,850	599,457,290
Payment of lease liabilities	24	(3,300,919)	(2,924,528)	(13,480,953)	(11,876,508)
Interest paid		(20,430,597)	(12,494,712)	(83,438,558)	(50,741,025)
Repayments of borrowings		<u>(46,971,920)</u>	<u>(45,720,267)</u>	<u>(191,833,321)</u>	<u>(185,670,004)</u>
<b>Net cash from financing activities</b>		<u>5,393,736</u>	<u>86,473,714</u>	<u>22,028,018</u>	<u>351,169,753</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>108,868,745</u>	<u>(124,899,528)</u>	<u>444,619,953</u>	<u>(507,216,983)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		<u>1,719,370,446</u>	<u>1,758,380,868</u>	<u>7,163,643,656</u>	<u>5,896,388,163</u>
Exchange differences		-	-	(196,581,929)	1,226,428,247
<b>Cash and cash equivalents at the end of the period</b>	34	<u>1,828,239,191</u>	<u>1,633,481,340</u>	<u>7,411,681,680</u>	<u>6,615,599,427</u>

During the three-month period ended 31 March 2023, the Bank entered into new lease agreements and recognised right-of-use assets amounting to US\$3,026,214 (31 March 2022: US\$3,511,557). The pretermination of right-of-use assets and lease liabilities are amounting to US\$281,224 (31 March 2022: US\$639,312) and US\$331,819 (31 March 2022: US\$634,281), respectively, and the gain from pretermination is amounting to US\$48,075 (31 March 2022: US\$5,031), which is a non-cash transaction.

The accompanying notes on pages 26 to 197 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 1. Background information

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

On 21 November 2022, NBC approved 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 the Bank’s request for recognizing and using its nominated Cash Settlement Agent, Registrar Agent, and Transferring Agent and ACLEDA Securities Plc. (“ACS”), a wholly-owned subsidiary of the Bank, is recognized as the Bond 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 interim 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 March 2023, the Group and the Bank have 13,575 and 12,059 employees, respectively (31 December 2022: 13,582 and 12,083 employees, respectively).

### 2. Summary of significant accounting policies

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

#### (a) Basis of preparation and presentation

The interim financial statements of the Group and the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). The consolidated and separate interim financial statements have been prepared on a historical cost basis, except for items which are not prepared 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 interim financial statements in conformity with CIFRSs requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise judgment in the process of applying the Group's and the Bank's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the interim financial statements are disclosed in Note 4.

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

The Management presents the interim 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 period

The Group and the Bank adopted all accounting standards and interpretations as at 31 March 2023. The amended accounting standards were assessed to be applicable and have no material impact to the Group's and the Bank's interim financial statements follow:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CIAS 12, *Income Taxes*)

*The International Accounting Standards Board ("IASB") amends CIAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying CIFRS 16, Leases, at the commencement date of a lease. Following the amendments to CIAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in CIAS 12.*

- Disclosure of Accounting Policies (Amendments to CIAS 1, *Presentation of Financial Statements*, and CIFRS Practice Statement 2)

*The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in CIFRS Practice Statement 2.*

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (b) Adoption of amended accounting standards (continued)

##### (i) Amended accounting standards effective during the period (continued)

- Definition of Accounting Estimates (Amendments to CIAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*)

*The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.” Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.*

##### (ii) Amended accounting standards, which are not yet effective

At the date of authorisation of these interim 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)
- 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 interim financial statements of the Group and the Bank in future periods.

#### (c) Consolidation

##### (i) Subsidiaries

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (c) Consolidation (continued)

#### (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.

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 interim financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of investments are recognised in the interim 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (d) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The interim financial statements are presented in United States Dollars ("US\$" 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 period-end exchange rates of monetary assets and liabilities denominated in currencies other than USD are recognised in the interim statement of profit or loss and other comprehensive income.

#### (iii) *Group's companies*

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

- a) assets and liabilities for each interim statement of financial position presented are translated at the closing rate at the end of the reporting period;
- b) income and expenses for each interim 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 interim 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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (e) Financial assets and financial liabilities (continued)

#### (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").

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;

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (ii) Classification (continued)

##### **Business model assessment (continued)**

- 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.

##### **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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (ii) Classification (continued)

##### **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.

##### **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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (iii) *Derecognition (continued)*

#### **Financial assets (continued)**

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.

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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

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

#### **Financial assets (continued)**

If the 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(t)).

#### **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.

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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the interim 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.

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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (vii) *Impairment (continued)*

The Group and the Bank 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").

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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (e) Financial assets and financial liabilities (continued)

#### (vii) *Impairment (continued)*

##### ***Measurement of ECL (continued)***

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.

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.



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (vii) *Impairment (continued)*

##### ***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 assess the classification of outstanding restructured loans 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.

##### ***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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (vii) *Impairment (continued)*

##### ***Credit-impaired financial assets (continued)***

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 interim statement of financial position**

Loss allowances for ECL are presented in the interim 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 interim 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.

##### **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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (vii) *Impairment (continued)*

###### **Write-off (continued)**

Recoveries of amounts previously written off are included in the interim 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 recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure 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'.

##### (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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (viii) *Derivative financial instruments (continued)*

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 interim 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.

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 March 2023 and 31 December 2022, 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (e) Financial assets and financial liabilities (continued)

##### (ix) *Hedge accounting (continued)*

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 interim statement of financial position.

#### (g) Loans and advances

The 'Loans and advances' caption in the interim 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.

#### (h) Financial investments

The 'Financial investments' caption in the interim 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (h) Financial investments (continued)

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.

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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (k) Earnings per share

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

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

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

#### (l) 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 interim statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

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

	Years
Land improvement	3 to 20
Building and improvement	3 to 20
Leasehold improvements*	3 to 5
Office equipment	3 to 15
Computer equipment	3 to 7
Motor vehicles	3 to 8

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (l) Property and equipment (continued)

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

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

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

Property and equipment are reviewed for indication of impairment at each 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'.

#### (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.



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (n) Impairment of non-financial assets (continued)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in the interim 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.

#### (p) Retained earnings

Retained earnings includes all current and prior period retained profits.

#### (q) Current and deferred income tax

The tax expense for the period 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 interim financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (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 period in which the associated services are rendered by employees of the Group and the Bank.

##### (ii) Post-employment benefits

The Group and the Bank have various post-employment benefit schemes. These benefit plans are 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 ACLEDA Bank Lao Ltd. (“ABL”) and ACLEDA MFI Myanmar Co., Ltd. (“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.
- 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (r) Employee benefits (continued)

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

##### **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 interim 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.

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 interim statement of profit or loss and other comprehensive income.

During the three-month period ended 31 March 2023, the Group and the Bank amended the Employee Retirement Operating Manual and decided to terminate the retirement benefit plan due to the Group and the Bank have legal obligation required by the Royal Government of Cambodia to pay the seniority benefits and provident fund. Thus, the Group and the Bank have settled the amounts accrued for the retirement benefits amounting to US\$22,464,315 and US\$21,920,036, respectively, as of 31 March 2023; with the remaining balance after settlement of US\$350,852 and US\$226,845 credited to profit or loss.

##### **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).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (r) Employee benefits (continued)

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

##### ***Career development benefits***

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

<b>Management position level</b>	<b>Benefits</b>
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 interim 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.

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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (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 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.

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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (t) Interest (continued)

#### *Presentation*

Interest income calculated using the effective interest method presented in the interim 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 interim 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 interim 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.

A contract with a customer that results in a recognised financial instrument in the Group's and the Bank's interim 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (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.

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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (w) Leases (continued)

#### *As a lessee (continued)*

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.

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

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



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 2. Summary of significant accounting policies (continued)

#### (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 interim 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 interim 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 interim financial statements are authorised for issue. The interim financial statements of the Group and the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the interim financial statements when material.

#### (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.

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 interim financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 2. Summary of significant accounting policies (continued)

### (z) Segment reporting (continued)

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 March 2023 are presented in Note 13.

The significant financial information on the interim financial statements of non-wholly owned subsidiary interests of the Bank that has material non-controlling interest are shown below and in the succeeding page. The summarised financial information represents amounts before intragroup eliminations.

### ACLEDA Institute of Business Co., Ltd.

	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<u>Financial position:</u>				
Current assets	2,306,654	1,538,723	9,351,175	6,334,923
Non-current assets	31,939,137	32,117,464	129,481,261	132,227,599
<b>Total assets</b>	<b>34,245,791</b>	<b>33,656,187</b>	<b>138,832,436</b>	<b>138,562,522</b>
Current liabilities	2,928,615	2,134,580	11,872,605	8,788,066
Non-current liabilities	5,216,928	5,600,054	21,149,426	23,055,422
<b>Total liabilities</b>	<b>8,145,543</b>	<b>7,734,634</b>	<b>33,022,031</b>	<b>31,843,488</b>
<b>Equity</b>	<b>26,100,248</b>	<b>25,921,553</b>	<b>105,810,405</b>	<b>106,719,034</b>
Ownership and voting interest held by non-controlling interests	23.391%	23.391%	23.391%	23.391%
Equity attributable to:				
Equity holders of the Parent	19,995,139	19,858,243	81,060,293	81,756,385
Non-controlling interests	6,105,109	6,063,310	24,750,112	24,962,649

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 3. Composition of the Group (continued)

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

	For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<u>Results of operations:</u>				
Revenue	1,447,250	1,299,286	5,910,569	5,276,400
Costs and expenses	1,268,555	1,186,071	5,180,779	4,816,634
Profit for the period	178,695	113,215	729,790	459,766
Total comprehensive income for the period	178,695	127,507	729,790	517,806
Profit attributable to:				
Equity holders of the Parent	136,896	86,733	559,083	352,223
Non-controlling interests	41,799	26,482	170,707	107,543
Total comprehensive income for the period attributable to:				
Equity holders of the Parent	136,896	97,682	559,083	396,687
Non-controlling interests	41,799	29,825	170,707	121,119
Dividends paid to non-controlling interests	-	-	-	-
<u>Cash flows:</u>				
Net cash (outflows)/inflows from operating activities	(290,339)	1,645,369	(1,185,744)	6,681,844
Net cash outflows from investing activities	(33,367)	(7,705)	(136,271)	(31,290)
Net cash outflows from financing activities	(26,867)	(34,468)	(109,725)	(139,975)
Net cash (outflows)/inflows	(350,573)	1,603,196	(1,431,740)	6,510,579

#### 4. Critical accounting estimates and judgements in applying accounting policies

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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

#### (a) Judgements

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

- Note 2(e)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 38.1(f): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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

##### (b) Assumptions and estimation uncertainties

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

##### ***Impairment of financial and non-financial assets***

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

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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

##### (b) Assumptions and estimation uncertainties (continued)

###### *Impairment of financial and non-financial assets (continued)*

- Internal sources of information
  - a) Evidence is available of obsolescence or physical damage of an asset.
  - b) Significant changes with an adverse effect on the Group and the Bank have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, 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.

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 period.

As at 31 March 2023, 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.

## **ACLEDA BANK PLC. AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED**

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

#### **(b) Assumptions and estimation uncertainties (continued)**

##### **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.

##### **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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 5. Translation of United States Dollars into Khmer Riel

The interim 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 interim statement of profit or loss and other comprehensive income and the interim statement of cash flows are translated into KHR using the average rates either for the three-month period, as applicable. 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:

			<b>Closing rate</b>	<b>Average rate three-month</b>
31 March 2023	US\$1	=	KHR4,054	KHR4,084
31 March 2022	US\$1	=	KHR4,050	KHR4,061
31 December 2022	US\$1	=	KHR4,117	

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.

### 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 6. Segment information (continued)

##### (b) Analysis of primary segment information

Primary segment information by business segment on a consolidated basis follows:

	For the three-month period ended						For the three-month period ended					
	31 March 2023						31 March 2022					
	Lending		Other financial services		Total		Lending		Other financial services		Total	
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)	
<b>Revenues</b>												
From customers												
Interest income	183,827,602	750,751,927	-	-	183,827,602	750,751,927	157,114,300	638,041,172	-	-	157,114,300	638,041,172
Interest expense	(75,388,657)	(307,887,275)	-	-	(75,388,657)	(307,887,275)	(47,864,990)	(194,379,724)	-	-	(47,864,990)	(194,379,724)
<b>Net interest income</b>	108,438,945	442,864,652	-	-	108,438,945	442,864,652	109,249,310	443,661,448	-	-	109,249,310	443,661,448
Non-interest income	-	-	18,613,629	76,018,061	18,613,629	76,018,061	-	-	17,644,736	71,655,273	17,644,736	71,655,273
<b>Total net revenues</b>	108,438,945	442,864,652	18,613,629	76,018,061	127,052,574	518,882,713	109,249,310	443,661,448	17,644,736	71,655,273	126,894,046	515,316,721

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 6. Segment information (continued)

##### (c) Analysis of secondary segment information

Secondary information (by geographical locations) follows:

	For the three-month period ended								For the three-month period ended							
	31 March 2023								31 March 2022							
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total	
US\$	KHR'000	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)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	
<b>Interim statement of profit or loss and other comprehensive income</b>																
Total income	194,417,678	794,001,797	6,896,024	28,163,362	1,940,041	7,923,130	203,253,743	830,088,289	165,644,091	672,680,654	8,034,974	32,630,029	1,843,809	7,487,708	175,522,874	712,798,391
Total expense	(159,316,044)	(650,646,724)	(3,901,396)	(15,933,301)	(1,499,102)	(6,122,335)	(164,716,542)	(672,702,360)	(130,606,998)	(530,395,019)	(7,580,890)	(30,785,994)	(1,980,089)	(8,041,141)	(140,167,977)	(569,222,154)
Net profit	35,101,634	143,355,073	2,994,628	12,230,061	440,939	1,800,795	38,537,201	157,385,929	35,037,093	142,285,635	454,084	1,844,035	(136,280)	(553,433)	35,354,897	143,576,237
<b>Other segment information</b>																
Depreciation and amortisation	8,890,918	36,310,509	279,966	1,143,381	52,979	216,366	9,223,863	37,670,256	5,940,291	24,123,522	270,512	1,098,549	22,679	92,099	6,233,482	25,314,170
	31 March 2023								31 December 2022							
Kingdom of Cambodia	Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia	Lao PDR		Republic Union of Myanmar		Total				
US\$	KHR'000	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)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	
<b>Interim statement of financial position</b>																
Total assets	9,340,919,972	37,868,089,566	176,296,214	714,704,852	18,942,099	76,791,267	9,536,158,285	38,659,585,685	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
Total liabilities	7,947,049,605	32,217,339,099	140,218,349	568,445,187	4,107,600	16,652,210	8,091,375,554	32,802,436,496	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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 6. Segment information (continued)

##### (d) Reconciliation

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

	For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>Revenue</b>				
Total segment revenues	203,253,743	175,522,874	830,088,289	712,798,391
Elimination of intersegment revenues	(812,512)	(763,838)	(3,318,301)	(3,101,946)
Group net revenues as reported in profit or loss	<u>202,441,231</u>	<u>174,759,036</u>	<u>826,769,988</u>	<u>709,696,445</u>
<b>Profit or loss</b>				
Total segment profit	38,537,201	35,354,897	157,385,929	143,576,237
Elimination of intersegment profit	9,411	8,276	38,435	33,609
Group net profit as reported in profit or loss	<u>38,546,612</u>	<u>35,363,173</u>	<u>157,424,364</u>	<u>143,609,846</u>
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Assets</b>				
Total segment assets	9,536,158,285	9,130,490,377	38,659,585,685	37,590,228,880
Unallocated assets	(100,061,853)	(99,327,071)	(405,650,750)	(408,929,551)
<b>Total assets</b>	<u>9,436,096,432</u>	<u>9,031,163,306</u>	<u>38,253,934,935</u>	<u>37,181,299,329</u>
<b>Liabilities</b>				
Total segment liabilities	8,091,375,554	7,722,909,407	32,802,436,496	31,795,218,029
Unallocated liabilities (elimination of intersegment liabilities)	(9,138,346)	(8,393,921)	(37,046,854)	(34,557,774)
<b>Total liabilities</b>	<u>8,082,237,208</u>	<u>7,714,515,486</u>	<u>32,765,389,642</u>	<u>31,760,660,255</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 6. Segment information (continued)

##### (d) Reconciliation (continued)

	For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>Other segment information</b>				
Total segment depreciation and amortisation	9,223,863	36,879,469	37,670,256	150,726,390
Unallocated depreciation and amortisation	(4,543)	(14,229)	(18,553)	(58,154)
<b>Total depreciation and amortisation</b>	<b>9,219,320</b>	<b>36,865,240</b>	<b>37,651,703</b>	<b>150,668,236</b>

#### 7. Cash on hand

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>By currency:</b>								
In USD	345,844,891	347,641,854	1,402,055,188	1,431,241,513	344,407,095	346,175,903	1,396,226,363	1,425,206,193
In KHR	126,527,573	113,035,256	512,942,781	465,366,149	126,517,583	113,025,660	512,902,281	465,326,642
In Thai Baht	18,280,909	25,283,928	74,110,805	104,093,932	16,720,606	23,581,457	67,785,337	97,084,858
In Euro	2,639,755	1,819,435	10,701,567	7,490,614	2,638,259	1,813,640	10,695,502	7,466,756
In other currencies	9,849,801	9,246,568	39,931,093	38,068,120	2,697,179	2,068,823	10,934,364	8,517,345
	<b>503,142,929</b>	<b>497,027,041</b>	<b>2,039,741,434</b>	<b>2,046,260,328</b>	<b>492,980,722</b>	<b>486,665,483</b>	<b>1,998,543,847</b>	<b>2,003,601,794</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 8. Deposits and placements with other banks, net

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Balances with local banks:</b>								
National Bank of Cambodia	753,693,287	493,778,912	3,055,472,585	2,032,887,781	753,693,287	493,778,912	3,055,472,585	2,032,887,781
Other banks	103,646,411	68,717,001	420,182,551	282,907,893	103,646,411	68,717,001	420,182,551	282,907,893
	<u>857,339,698</u>	<u>562,495,913</u>	<u>3,475,655,136</u>	<u>2,315,795,674</u>	<u>857,339,698</u>	<u>562,495,913</u>	<u>3,475,655,136</u>	<u>2,315,795,674</u>
<b>Balances with overseas banks:</b>								
Bank of Laos	23,276,750	15,024,630	94,363,945	61,856,402	-	-	-	-
Other banks	447,516,361	269,389,900	1,814,231,327	1,109,078,218	443,436,618	266,123,757	1,797,692,048	1,095,631,508
	<u>470,793,111</u>	<u>284,414,530</u>	<u>1,908,595,272</u>	<u>1,170,934,620</u>	<u>443,436,618</u>	<u>266,123,757</u>	<u>1,797,692,048</u>	<u>1,095,631,508</u>
Total balances with local and overseas banks	1,328,132,809	846,910,443	5,384,250,408	3,486,730,294	1,300,776,316	828,619,670	5,273,347,184	3,411,427,182
Allowance for impairment losses	(864,919)	(308,268)	(3,506,382)	(1,269,140)	(736,412)	(223,245)	(2,985,413)	(919,100)
	<u>1,327,267,890</u>	<u>846,602,175</u>	<u>5,380,744,026</u>	<u>3,485,461,154</u>	<u>1,300,039,904</u>	<u>828,396,425</u>	<u>5,270,361,771</u>	<u>3,410,508,082</u>
Current	1,327,267,890	846,602,175	5,380,744,026	3,485,461,154	1,300,039,904	828,396,425	5,270,361,771	3,410,508,082
Non-current	-	-	-	-	-	-	-	-
	<u>1,327,267,890</u>	<u>846,602,175</u>	<u>5,380,744,026</u>	<u>3,485,461,154</u>	<u>1,300,039,904</u>	<u>828,396,425</u>	<u>5,270,361,771</u>	<u>3,410,508,082</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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

#### a) By account types

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Balances with local banks:</b>								
Current accounts	754,373,003	494,834,864	3,058,228,154	2,037,235,135	754,373,003	494,834,864	3,058,228,154	2,037,235,135
Fixed deposits	102,966,695	67,661,049	417,426,982	278,560,539	102,966,695	67,661,049	417,426,982	278,560,539
	<u>857,339,698</u>	<u>562,495,913</u>	<u>3,475,655,136</u>	<u>2,315,795,674</u>	<u>857,339,698</u>	<u>562,495,913</u>	<u>3,475,655,136</u>	<u>2,315,795,674</u>
<b>Balances with overseas banks:</b>								
Current accounts	103,715,090	154,018,565	420,460,975	634,094,432	77,755,764	136,028,251	315,221,867	560,028,309
Fixed deposits	367,078,021	130,395,965	1,488,134,297	536,840,188	365,680,854	130,095,506	1,482,470,181	535,603,199
	<u>470,793,111</u>	<u>284,414,530</u>	<u>1,908,595,272</u>	<u>1,170,934,620</u>	<u>443,436,618</u>	<u>266,123,757</u>	<u>1,797,692,048</u>	<u>1,095,631,508</u>
Total balances with local and overseas banks	1,328,132,809	846,910,443	5,384,250,408	3,486,730,294	1,300,776,316	828,619,670	5,273,347,184	3,411,427,182
Allowance for impairment losses	(864,919)	(308,268)	(3,506,382)	(1,269,140)	(736,412)	(223,245)	(2,985,413)	(919,100)
	<u>1,327,267,890</u>	<u>846,602,175</u>	<u>5,380,744,026</u>	<u>3,485,461,154</u>	<u>1,300,039,904</u>	<u>828,396,425</u>	<u>5,270,361,771</u>	<u>3,410,508,082</u>

#### b) By interest rate (per annum)

	The Group		The Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.00% - 0.75%	0.00% - 0.50%	Nil	Nil
Fixed deposits	1.55% - 7.50%	0.14% - 7.50%	4.34% - 6.95%	0.14% - 6.00%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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

##### c) By maturity

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
On demand	858,088,093	648,853,430	3,478,689,130	2,671,329,572	832,128,767	630,863,115	3,373,450,020	2,597,263,445
Within 1 month	413,037,413	102,998,141	1,674,453,672	424,043,346	412,237,714	102,697,683	1,671,211,693	422,806,361
Between 2 to 3 months	34,211,129	95,058,872	138,691,917	391,357,376	33,613,661	95,058,872	136,269,782	391,357,376
Between 4 to 6 months	22,796,174	-	92,415,689	-	22,796,174	-	92,415,689	-
Between 7 to 12 months	-	-	-	-	-	-	-	-
	<u>1,328,132,809</u>	<u>846,910,443</u>	<u>5,384,250,408</u>	<u>3,486,730,294</u>	<u>1,300,776,316</u>	<u>828,619,670</u>	<u>5,273,347,184</u>	<u>3,411,427,182</u>

#### 9. Financial investments, net

Note	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Unlisted equity securities at FVOCI</b>								
Credit Bureau Holding (Cambodia) Ltd.	153,529	153,529	622,406	632,079	153,529	153,529	622,406	632,079
SWIFT	36,141	36,141	146,516	148,792	36,141	36,141	146,516	148,792
<b>Total financial investments at FVOCI</b>	<u>189,670</u>	<u>189,670</u>	<u>768,922</u>	<u>780,871</u>	<u>189,670</u>	<u>189,670</u>	<u>768,922</u>	<u>780,871</u>
<b>Unquoted financial investments at amortised cost</b>								
Negotiable Certificate of Deposit with NBC	125,464,157	519,982,197	508,631,692	2,140,766,705	125,464,157	519,982,197	508,631,692	2,140,766,705
Debt securities	55,086,375	36,481,870	223,320,164	150,195,859	55,086,375	36,481,870	223,320,164	150,195,859
	180,550,532	556,464,067	731,951,856	2,290,962,564	180,550,532	556,464,067	731,951,856	2,290,962,564
ECL Allowance	(604,197)	(616,205)	(2,449,414)	(2,536,916)	(604,197)	(616,205)	(2,449,414)	(2,536,916)
<b>Total financial investments at amortised cost</b>	<u>179,946,335</u>	<u>555,847,862</u>	<u>729,502,442</u>	<u>2,288,425,648</u>	<u>179,946,335</u>	<u>555,847,862</u>	<u>729,502,442</u>	<u>2,288,425,648</u>
<b>Total financial investments</b>	<u>180,136,005</u>	<u>556,037,532</u>	<u>730,271,364</u>	<u>2,289,206,519</u>	<u>180,136,005</u>	<u>556,037,532</u>	<u>730,271,364</u>	<u>2,289,206,519</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 9. Financial investments, net (continued)

- (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 March 2023, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (31 December 2022: 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 (31 December 2022: US\$36,141) as the Management believes the cost of these investments approximates its fair value. Dividend income received from CBC during the three-month period ended 31 March 2023 amounted to KHR831,267,360 (US\$205,462) (31 March 2022: KHR475,200,000 (US\$117,333)).
- (b) As at 31 March 2023, the Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$12,130,094 (31 December 2022: US\$22,400,230) with the NBC as collateral for settlement clearing facility. As at 31 March 2023, the other NCD amounting to US\$113,334,063 (31 December 2022: US\$497,581,967) 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 March 2023, 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 government bonds from the Ministry of Economy and Finance ("MEF") with a face value of KHR1,000,000 per sheet. The bonds earn an interest of 2% per annum with yield to maturity at the rate of 2.20% per annum and a tenure of 12 months and will mature on 9 September 2023. On 24 February 2023, the Bank bought more 60,000 sheets of government bonds from MEF with a face value of KHR1,000,000 per sheet. The bonds earn an interest of 4% per annum with a yield to maturity at the rate of 4.10% per annum and a tenure of 2 years and will mature on 24 February 2025. These bond investments are guaranteed by the Cambodian Government. The bond investments are valued at amortized cost due to the purpose of earning interest at the maturity date only and the cash flows are expected to be collected at a future specific date.

### Analysis of maturity of financial investments at amortised cost

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 1 month	113,334,056	499,182,241	459,456,261	2,055,133,286	113,334,056	499,182,241	459,456,261	2,055,133,286
Between 2 to 3 months	12,130,094	22,132,777	49,175,401	91,120,643	12,130,094	22,132,777	49,175,401	91,120,643
Between 4 to 6 months	5,026,028	300,698	20,375,518	1,237,974	5,026,028	300,698	20,375,518	1,237,974
Between 7 to 12 months	35,286,326	4,848,351	143,050,766	19,960,661	35,286,326	4,848,351	143,050,766	19,960,661
More than 12 months	14,774,028	30,000,000	59,893,910	123,510,000	14,774,028	30,000,000	59,893,910	123,510,000
	<u>180,550,532</u>	<u>556,464,067</u>	<u>731,951,856</u>	<u>2,290,962,564</u>	<u>180,550,532</u>	<u>556,464,067</u>	<u>731,951,856</u>	<u>2,290,962,564</u>



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 10. Loans and advances, net

	The Group											
	31 March 2023			31 December 2022			31 March 2023			31 December 2022		
	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	2,979,945,238	24,678,094	2,955,267,144	2,868,926,918	22,413,324	2,846,513,594	12,080,697,995	100,044,993	11,980,653,002	11,811,372,121	92,275,655	11,719,096,466
Medium Loan	2,510,483,690	17,812,421	2,492,671,269	2,507,150,225	14,113,589	2,493,036,636	10,177,500,879	72,211,555	10,105,289,324	10,321,937,476	58,105,646	10,263,831,830
Personal & Others Loan	320,155,367	2,083,649	318,071,718	262,623,532	1,700,385	260,923,147	1,297,909,858	8,447,113	1,289,462,745	1,081,221,081	7,000,485	1,074,220,596
Staff Loan	286,596,718	104,064	286,492,654	289,854,485	82,333	289,772,152	1,161,863,095	421,875	1,161,441,220	1,193,330,915	338,965	1,192,991,950
Overdraft Loan	156,339,303	309,025	156,030,278	161,555,205	310,254	161,244,951	633,799,534	1,252,787	632,546,747	665,122,779	1,277,316	663,845,463
Public Housing Loan	154,962,822	1,009,832	153,952,990	153,915,879	1,086,746	152,829,133	628,219,280	4,093,859	624,125,421	633,671,674	4,474,133	629,197,541
Credit Card Loan	65,443,191	1,121,589	64,321,602	63,294,403	1,101,478	62,192,925	265,306,696	4,546,922	260,759,774	260,583,057	4,534,785	256,048,272
Revolving Loan	31,448,326	40,586	31,407,740	41,060,604	72,286	40,988,318	127,491,514	164,536	127,326,978	169,046,507	297,601	168,748,906
Staff Housing Loan	29,427,058	44,921	29,382,137	29,013,820	29,394	28,984,426	119,297,293	182,110	119,115,183	119,449,897	121,015	119,328,882
Home Improvement Loan	23,302,738	658,579	22,644,159	23,246,999	1,312,237	21,934,762	94,469,300	2,669,879	91,799,421	95,707,895	5,402,480	90,305,415
Trade Loan	23,133,944	20,090	23,113,854	21,006,685	20,636	20,986,049	93,785,009	81,445	93,703,564	86,484,522	84,958	86,399,564
	<u>6,581,238,395</u>	<u>47,882,850</u>	<u>6,533,355,545</u>	<u>6,421,648,755</u>	<u>42,242,662</u>	<u>6,379,406,093</u>	<u>26,680,340,453</u>	<u>194,117,074</u>	<u>26,486,223,379</u>	<u>26,437,927,924</u>	<u>173,913,039</u>	<u>26,264,014,885</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 10. Loans and advances, net (continued)

	The Bank											
	31 March 2023			31 December 2022			31 March 2023			31 December 2022		
	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 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)
Small Loan	2,850,738,267	10,508,055	2,840,230,212	2,748,136,582	9,619,193	2,738,517,389	11,556,892,934	42,599,655	11,514,293,279	11,314,078,308	39,602,218	11,274,476,090
Medium Loan	2,502,144,708	17,763,448	2,484,381,260	2,499,495,011	14,081,544	2,485,413,467	10,143,694,646	72,013,018	10,071,681,628	10,290,420,960	57,973,717	10,232,447,243
Personal & Others Loan	316,433,383	2,022,948	314,410,435	258,973,137	1,652,271	257,320,866	1,282,820,935	8,201,031	1,274,619,904	1,066,192,406	6,802,399	1,059,390,007
Staff Loan	281,765,441	97,558	281,667,883	285,038,052	71,760	284,966,292	1,142,277,098	395,500	1,141,881,598	1,173,501,660	295,436	1,173,206,224
Overdraft Loan	155,450,420	307,142	155,143,278	160,552,411	308,800	160,243,611	630,196,003	1,245,154	628,950,849	660,994,276	1,271,330	659,722,946
Public Housing Loan	152,236,630	991,019	151,245,611	151,376,678	1,083,712	150,292,966	617,167,298	4,017,591	613,149,707	623,217,783	4,461,642	618,756,141
Credit Card Loan	65,443,191	1,121,589	64,321,602	63,294,403	1,101,478	62,192,925	265,306,696	4,546,922	260,759,774	260,583,057	4,534,785	256,048,272
Revolving Loan	31,448,326	40,586	31,407,740	41,060,604	72,286	40,988,318	127,491,514	164,536	127,326,978	169,046,507	297,601	168,748,906
Staff Housing Loan	29,385,741	44,917	29,340,824	28,972,643	29,389	28,943,254	119,129,794	182,094	118,947,700	119,280,371	120,995	119,159,376
Trade Loan	23,133,944	20,090	23,113,854	21,006,685	20,636	20,986,049	93,785,009	81,445	93,703,564	86,484,522	84,958	86,399,564
Home Improvement Loan	15,019,850	104,804	14,915,046	16,520,247	115,899	16,404,348	60,890,472	424,875	60,465,597	68,013,857	477,156	67,536,701
	<u>6,423,199,901</u>	<u>33,022,156</u>	<u>6,390,177,745</u>	<u>6,274,426,453</u>	<u>28,156,968</u>	<u>6,246,269,485</u>	<u>26,039,652,399</u>	<u>133,871,821</u>	<u>25,905,780,578</u>	<u>25,831,813,707</u>	<u>115,922,237</u>	<u>25,715,891,470</u>

### (a) Loans and advances in gross amount by maturity

	The Group				The Bank			
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
Within 1 year	1,592,220,865	1,591,146,359	6,454,863,387	6,550,749,560	1,539,076,330	1,536,853,536	6,239,415,442	6,327,226,008
Later than 1 year but not later than 3 years	2,238,129,753	2,193,502,533	9,073,378,019	9,030,649,928	2,185,231,392	2,136,109,587	8,858,928,063	8,794,363,170
Later than 3 years but not later than 5 years	1,541,744,183	1,583,979,594	6,250,230,918	6,521,243,988	1,512,124,917	1,557,305,827	6,130,154,414	6,411,428,090
Later than 5 years	1,209,143,594	1,053,020,269	4,901,868,129	4,335,284,448	1,186,767,262	1,044,157,503	4,811,154,480	4,298,796,439
	<u>6,581,238,395</u>	<u>6,421,648,755</u>	<u>26,680,340,453</u>	<u>26,437,927,924</u>	<u>6,423,199,901</u>	<u>6,274,426,453</u>	<u>26,039,652,399</u>	<u>25,831,813,707</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 10. Loans and advances, net (continued)

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Allowance for/(reversal of) impairment losses on:								
Loans and advances	9,682,175	15,659,320	39,542,003	63,592,499	8,833,212	11,970,034	36,074,838	48,610,307
Deposits and placements with other banks	555,161	48,673	2,267,278	197,661	513,410	144,133	2,096,767	585,324
Other receivables	(30,581)	59,623	(124,893)	242,129	(19,046)	46,992	(77,784)	190,835
Investments in debt securities	(12,009)	591,849	(49,045)	2,403,498	(12,009)	591,849	(49,045)	2,403,499
	10,194,746	16,359,465	41,635,343	66,435,787	9,315,567	12,753,008	38,044,776	51,789,965
Off-balance sheet commitments	1,656	(4,094)	6,763	(16,626)	(4,118)	(36,529)	(16,818)	(148,344)
	10,196,402	16,355,371	41,642,106	66,419,161	9,311,449	12,716,479	38,027,958	51,641,621

Movements in allowance for impairment losses on loans and advances during the period were as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>At the beginning of the period</b>	42,242,662	34,621,074	173,913,039	141,046,256	28,156,968	22,588,505	115,922,237	92,025,571
Allowance for impairment losses during the period	9,682,175	15,659,320	39,542,003	63,592,499	8,833,212	11,970,034	36,074,838	48,610,307
Written off during the period	(4,036,883)	(333,711)	(16,486,630)	(1,355,201)	(3,926,619)	(23,425)	(16,036,312)	(95,129)
Currency translation differences	(5,104)	(325,474)	(20,845)	(1,321,749)	(41,405)	(116,888)	(169,098)	(474,682)
Exchange differences	-	-	(2,830,493)	(995,907)	-	-	(1,919,844)	(672,250)
<b>At the end of the period</b>	47,882,850	49,621,209	194,117,074	200,965,898	33,022,156	34,418,226	133,871,821	139,393,817

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 11. Other assets

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Prepayments and advances	17,485,971	13,054,273	70,888,126	53,744,442	16,990,855	12,353,023	68,880,926	50,857,396
Stationery supplies	4,356,773	4,314,109	17,662,358	17,761,187	4,167,503	4,111,810	16,895,057	16,928,322
Receivable from Western Union and VISA	2,751,727	2,344,641	11,155,501	9,652,887	2,736,504	2,310,933	11,093,787	9,514,111
Income tax receivable	3,604,419	3,248,578	14,612,315	13,374,396	3,552,306	3,164,522	14,401,049	13,028,337
Others	35,996,044	55,856,965	145,927,962	229,963,124	35,781,377	55,701,847	145,057,703	229,324,505
	<u>64,194,934</u>	<u>78,818,566</u>	<u>260,246,262</u>	<u>324,496,036</u>	<u>63,228,545</u>	<u>77,642,135</u>	<u>256,328,522</u>	<u>319,652,671</u>

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current	53,959,746	65,079,070	218,752,810	267,930,531	53,255,118	64,194,634	215,896,249	264,289,309
Non-current	10,235,188	13,739,496	41,493,452	56,565,505	9,973,427	13,447,501	40,432,273	55,363,362
	<u>64,194,934</u>	<u>78,818,566</u>	<u>260,246,262</u>	<u>324,496,036</u>	<u>63,228,545</u>	<u>77,642,135</u>	<u>256,328,522</u>	<u>319,652,671</u>

### 12. Statutory deposits

		The Group				The Bank			
		31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
With the Central Bank	(a)	632,097,818	479,556,077	2,562,524,554	1,974,332,368	632,097,818	479,556,076	2,562,524,554	1,974,332,365
With Other Central Bank	(b)	3,714,885	2,532,021	15,060,144	10,424,330	-	-	-	-
Others	(c)	246,670	242,895	1,000,000	1,000,000	-	-	-	-
		<u>636,059,373</u>	<u>482,330,993</u>	<u>2,578,584,698</u>	<u>1,985,756,698</u>	<u>632,097,818</u>	<u>479,556,076</u>	<u>2,562,524,554</u>	<u>1,974,332,365</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 12. Statutory deposits (continued)

#### (a) With the Central Bank

##### (i) Reserve requirement

Pursuant to the NBC's Prakas No. B7-023-005 on the maintenance of reserve requirement against banking and financial institutions' deposits and borrowings dated 9 January 2023, the institution shall maintain reserve requirement against deposits and borrowings in accordance with dates and rates as follows:

- From 1 January 2023 to 31 December 2023, reserve requirement in foreign currencies shall be at the rate of 9%.
- From 1 January 2024 onwards, reserve requirement in foreign currencies shall be at the rate of 12.5%.
- The institution shall maintain the reserve requirement in local currency (KHR) at the rate of 7%.

Prior to NBC's Prakas No. B7-023-005, the NBC issued on 18 March 2020 a press release announcing the reduction of the Reserve Requirement to 7% in order to mitigate the impact of COVID-19 pandemic on Cambodia's economy.

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.

The reserve requirement amounted to US\$588,654,415 as at 31 March 2023 (31 December 2022: US\$436,239,774).

##### (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 March 2023, capital guarantee deposit amounted to US\$43,316,302 and accrued interest amounted US\$127,101 (31 December 2022: US\$43,316,302). 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

ABL maintained its compulsory deposits in compliance with the requirements of the Bank of Lao PDR ("BOL"). Statutory deposits with Central Bank 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 5.5% for LAK and 8% for foreign currency (previously, 5% and 5%, respectively), on a bi-monthly basis, of customers' deposits having original maturities of less than 12 months.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 12. Statutory deposits (continued)

##### (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\$246,670 and US\$242,895 as at 31 March 2023 and 31 December 2022, respectively) for operating as a securities broker in the Kingdom of Cambodia. This statutory deposit does not bear interest.

#### 13. Investments in subsidiaries

		The Bank			
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
		US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
<b>Unquoted ordinary shares, at cost</b>					
ACLEDA Bank Lao Ltd.	(a)	49,389,566	49,389,566	200,225,301	203,336,843
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,148,540	8,275,170
ACLEDA Institute of Business Co., Ltd.	(c)	19,805,000	19,805,000	80,289,470	81,537,185
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,913,150	19,913,150	80,727,910	81,982,439
		<b>91,117,716</b>	<b>91,117,716</b>	<b>369,391,221</b>	<b>375,131,637</b>

Details of the Bank's subsidiaries are as follows:

Name of Subsidiaries		Ownership and Voting Interest	
		31 March 2023	31 December 2022
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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 13. Investments in subsidiaries (continued)

##### (a) ACLEDA Bank Lao Ltd. (continued)

In 2014, the Bank bought shares from FMO, Stichting Triodos Doen, Triodos 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 March 2023, the Bank's investments in ABL remains the same.

##### Status of operations

Year-on-year inflation in Laos surged to 39.27% in December 2022 (no updated information updated as at 31 March 2023), the highest rate ever recorded since 2000, according to the latest report from the Lao Statistics Bureau. The spiralling consumer price index ("CPI") was mainly driven by the ever-increasing cost of food and non-alcoholic beverages, communications and transport, and medical care and medicines. The depreciation of the Lao Kip ("LAK") against the USD, Thai Baht ("THB") and Chinese Yuan is another key factor driving inflation, resulting in rising prices of products imported from neighbouring countries. The surge in the price of fuel combined with the weak LAK has bumped up production costs, as machinery, oil, animal feed and fertiliser must all be imported at increasingly higher prices. The CPI has skyrocketed beyond expectations since early last year, ramping up pressure on people struggling to improve their quality of life and rise above poverty. Inflation in May 2022 was recorded at 12.81% before climbing to 23.61% in June 2022, 25.62% in July 2022, 30.01% in August 2022, 34.05% in September 2022, 36.75% in October 2022, and 38.46% in November 2022. In addition, the hike in interest rates in the United States is exacerbating the situation by creating a stronger USD. The THB has also strengthened in value and on 9 January 2023, it was trading at THB34.35 to the USD after hovering around 38.00 to the USD in September 2022 and October 2022.

The Lao government has outlined the focus of its work plan for 2023, vowing to take stronger action to revitalise the stagnating economy, notably by stabilising currency exchange rates, curbing inflation, and amassing more revenue to boost its spending power. The pledge is part of the government's continuing efforts to fulfil the goals of its two national agendas, which aim to ease the country's economic and financial difficulties and stem the rising tide of drug trafficking.

Under the regulations of the BOL, banks are required to maintain certain cash reserves in the form of compulsory deposits, which are computed at 5.5% for LAK and 8% for foreign currency (previously, 5% 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 at 31 March 2023, the inflation situation and fluctuations in the exchange rates still impact ABL's performance (i.e. increase in loan default rates). However, ABL has managed to grow its performance in terms of loan portfolio and customers' deposits. In addition, ABL's liquidity and cash flow levels are still in a good position.

##### (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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 13. Investments in subsidiaries (continued)

##### (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<sup>o</sup>: NgaKaSa/AhMaKha (105/2021) issued on 13 September 2021, the inform letter on changing the fiscal year of Myanmar.

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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 13. Investments in subsidiaries (continued)

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

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 MMK170 billion for establishing a Micro, small and medium-sized enterprises ("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 MMK400 billion 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.

Myanmar's economy remains subject to significant volatility and uncertainty. Business operations have been disrupted by conflict, electricity outages, trade and foreign exchange restrictions, shortages of some key inputs, and frequently changing rules and regulations. Although some businesses are showing signs of resilience, domestic demand remains weak.

According to World Bank, Myanmar's GDP is expected to grow by 2.6% this year (the lowest of all Association of Southeast Asian Nations' ('ASEAN') countries). The inflation rate is expected to be higher than any other member. The Asian Development Bank has forecasted inflation at 8.5% in 2023, building on the 16% in 2022.

Inflation issues are compounded by a fixed official exchange rate of MMK2,100 per USD. This rate has not changed since July 2022 and is well below the market rate of around MMK2,850. The authorities are intervening in the market through banking regulations, including a forced conversion of USD to MMK.

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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 13. Investments in subsidiaries (continued)

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

###### Status of operations (continued)

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.

As at 31 March 2023, 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 pandemic and the national security situation is now controllable aligned with the government's actions to improve MSMEs development as mentioned above.

AMM's liquidity and cash flow levels are still in good position. Additionally, AMM still operates as usual by focusing on loan collection, loan recovery and loan disbursement as well as the voluntary saving mobilizing. Month by month, voluntary savings increase. The loans outstanding increased by 4.64% compare to December 2022 and decreased by 4.59% compare to March 2022, along with the decrease in loan default value by 4.81% and 31.70% compare to December 2022 and March 2022, respectively, due to the new disbursed loans as well as the increase in monthly collection rate and write-off collection rate.

##### (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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 14. Property and equipment, net

	The Group								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\$	
<b>Cost</b>									
<b>As at 1 January 2023</b>	14,542,280	1,759,381	99,042,570	9,653,057	83,813,313	90,372,687	21,880,815	2,647,259	323,711,362
Additions	-	-	2,000	218,623	697,157	5,084,474	1,475,110	1,314,663	8,792,027
Disposals/write-offs	-	-	-	(23,943)	(110,874)	(127,584)	(115,138)	(76,441)	(453,980)
Reclassifications	-	-	50,000	427,935	58,799	570,809	-	(1,107,543)	-
Currency translation differences	-	-	-	7,988	18,668	103,633	13,354	3,188	146,831
Adjustments	-	-	-	-	2,970	5	-	(377,262)	(374,287)
<b>As at 31 March 2023</b>	<u>14,542,280</u>	<u>1,759,381</u>	<u>99,094,570</u>	<u>10,283,660</u>	<u>84,480,033</u>	<u>96,004,024</u>	<u>23,254,141</u>	<u>2,403,864</u>	<u>331,821,953</u>
<b>Less: Accumulated depreciation</b>									
<b>As at 1 January 2023</b>	-	896,603	31,315,844	5,206,404	61,047,802	69,885,318	15,138,682	-	183,490,653
Charge for the period	-	16,206	1,140,911	360,611	1,989,273	1,612,536	435,303	-	5,554,840
Disposals/write-offs	-	-	-	(23,234)	(106,267)	(126,599)	(115,138)	-	(371,238)
Currency translation differences	-	(4)	(1,781)	5,879	11,871	71,403	11,097	-	98,465
<b>As at 31 March 2023</b>	<u>-</u>	<u>912,805</u>	<u>32,454,974</u>	<u>5,549,660</u>	<u>62,942,679</u>	<u>71,442,658</u>	<u>15,469,944</u>	<u>-</u>	<u>188,772,720</u>
<b>Carrying value</b>	<u>14,542,280</u>	<u>846,576</u>	<u>66,639,596</u>	<u>4,734,000</u>	<u>21,537,354</u>	<u>24,561,366</u>	<u>7,784,197</u>	<u>2,403,864</u>	<u>143,049,233</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>58,954,403</u>	<u>3,432,019</u>	<u>270,156,922</u>	<u>19,191,636</u>	<u>87,312,433</u>	<u>99,571,778</u>	<u>31,557,135</u>	<u>9,745,265</u>	<u>579,921,591</u>

As at 31 March 2023, the fully depreciated property and equipment with total historical cost of US\$122,399,971 (31 December 2022: US\$122,558,800) are still in active use.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 14. Property and equipment, net (continued)

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 14. Property and equipment, net (continued)

	The Bank								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Construction in progress US\$	Total US\$
<b>Cost</b>									
<b>As at 1 January 2023</b>	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
Additions	-	-	-	216,234	600,340	4,981,103	1,212,893	1,025,321	8,035,891
Disposals/write-offs	-	-	-	(23,151)	(107,646)	(125,574)	(114,420)	-	(370,791)
Reclassifications	-	-	50,000	427,935	58,799	570,809	-	(1,107,543)	-
Adjustments	-	-	-	-	2,970	5	-	(377,262)	(374,287)
<b>As at 31 March 2023</b>	<u>2,328,344</u>	<u>282,726</u>	<u>77,166,208</u>	<u>9,755,989</u>	<u>82,301,680</u>	<u>90,028,246</u>	<u>22,108,557</u>	<u>2,033,403</u>	<u>286,005,153</u>
<b>Less: Accumulated depreciation</b>									
<b>As at 1 January 2023</b>	-	165,865	28,256,258	4,761,986	59,270,750	65,604,513	14,368,937	-	172,428,309
Charge for the period	-	2,274	959,827	354,518	1,960,954	1,480,789	424,522	-	5,182,884
Disposals/write-offs	-	-	-	(22,448)	(104,628)	(124,680)	(114,420)	-	(366,176)
Currency translation differences	-	(4)	(1,781)	(614)	(4,066)	(1,977)	(733)	-	(9,175)
<b>As at 31 March 2023</b>	<u>-</u>	<u>168,135</u>	<u>29,214,304</u>	<u>5,093,442</u>	<u>61,123,010</u>	<u>66,958,645</u>	<u>14,678,306</u>	<u>-</u>	<u>177,235,842</u>
<b>Carrying value</b>	<u>2,328,344</u>	<u>114,591</u>	<u>47,951,904</u>	<u>4,662,547</u>	<u>21,178,670</u>	<u>23,069,601</u>	<u>7,430,251</u>	<u>2,033,403</u>	<u>108,769,311</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>9,439,107</u>	<u>464,552</u>	<u>194,397,019</u>	<u>18,901,966</u>	<u>85,858,328</u>	<u>93,524,162</u>	<u>30,122,238</u>	<u>8,243,415</u>	<u>440,950,787</u>

As at 31 March 2023, the fully depreciated property and equipment with total historical cost of US\$115,936,415 (31 December 2022: US\$115,146,949) are still in active use.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 14. Property and equipment, net (continued)

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 15. Intangible assets, net

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
<b>Cost</b>						
<b>As at 1 January 2023</b>	39,382,953	2,484,354	41,867,307	37,140,474	2,261,329	39,401,803
Additions	92,552	447,160	539,712	92,552	445,431	537,983
Reclassifications	30,000	(30,000)	-	30,000	(30,000)	-
Currency translation differences	45,200	4,607	49,807	-	-	-
Adjustments	-	(84,000)	(84,000)	-	(84,000)	(84,000)
<b>As at 31 March 2023</b>	<u>39,550,705</u>	<u>2,822,121</u>	<u>42,372,826</u>	<u>37,263,026</u>	<u>2,592,760</u>	<u>39,855,786</u>
<b>Less: Accumulated amortisation</b>						
<b>As at 1 January 2023</b>	30,970,766	-	30,970,766	29,083,379	-	29,083,379
Charge for the period	675,524	-	675,524	623,489	-	623,489
Currency translation differences	36,950	-	36,950	(1,159)	-	(1,159)
<b>As at 31 March 2023</b>	<u>31,683,240</u>	<u>-</u>	<u>31,683,240</u>	<u>29,705,709</u>	<u>-</u>	<u>29,705,709</u>
<b>Carrying value</b>	<u>7,867,465</u>	<u>2,822,121</u>	<u>10,689,586</u>	<u>7,557,317</u>	<u>2,592,760</u>	<u>10,150,077</u>
<b><i>In KHR' 000 equivalent (Note 5)</i></b>	<u>31,894,703</u>	<u>11,440,879</u>	<u>43,335,582</u>	<u>30,637,363</u>	<u>10,511,049</u>	<u>41,148,412</u>

As at 31 March 2023, the Group's and the Bank's fully amortised intangible assets with historical cost of US\$24,301,175 and US\$23,051,956, respectively (31 December 2022: US\$23,892,574 and US\$22,650,495, respectively), are still used actively.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 15. Intangible assets, net (continued)

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



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 16. Right-of-use assets, net

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Right-of-use assets	28,021,488	28,785,805	113,599,112	118,511,159	26,412,331	26,525,687	107,075,590	109,206,253

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>At the beginning of the period</b>	28,785,805	28,337,884	118,511,159	115,448,539	26,525,687	25,596,727	109,206,253	104,281,066
Additions during the period	3,074,305	3,513,106	12,555,462	14,266,723	3,026,214	3,511,557	12,359,058	14,260,433
Depreciation for the period	(2,988,956)	(2,856,436)	(12,206,896)	(11,599,987)	(2,868,692)	(2,675,655)	(11,715,738)	(10,865,835)
Lease termination during the period	(281,286)	(639,861)	(1,148,772)	(2,598,476)	(281,224)	(639,312)	(1,148,519)	(2,596,246)
Currency translation differences	(568,380)	(8,324)	(2,321,264)	(33,804)	10,346	11,185	42,253	45,422
Exchange differences	-	-	(1,790,577)	(680,201)	-	-	(1,667,717)	(616,607)
<b>At the end of the period</b>	<b>28,021,488</b>	<b>28,346,369</b>	<b>113,599,112</b>	<b>114,802,794</b>	<b>26,412,331</b>	<b>25,804,502</b>	<b>107,075,590</b>	<b>104,508,233</b>

As at 31 March 2023, 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\$177,684 and US\$170,149, respectively (31 March 2022: US\$55,731 and US\$52,547, 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Depreciation expense	2,988,956	2,856,436	12,206,896	11,599,987	2,868,692	2,675,655	11,715,738	10,865,835
Interest on lease liabilities	454,795	478,264	1,857,383	1,942,230	420,063	434,532	1,715,537	1,764,634
Gain on pre-termination of leases	(55,375)	(4,607)	(226,152)	(18,709)	(48,075)	(5,031)	(196,338)	(20,431)
	<u>3,388,376</u>	<u>3,330,093</u>	<u>13,838,127</u>	<u>13,523,508</u>	<u>3,240,680</u>	<u>3,105,156</u>	<u>13,234,937</u>	<u>12,610,038</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 17. Deferred tax assets and deferred tax liabilities

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Deferred tax assets	41,596,225	43,244,262	168,631,096	178,036,627	37,657,509	39,642,675	152,663,541	163,208,893
Deferred tax liabilities	(46,837,053)	(44,382,119)	(189,877,412)	(182,721,184)	(44,009,174)	(41,901,028)	(178,413,191)	(172,506,532)
	<u>(5,240,828)</u>	<u>(1,137,857)</u>	<u>(21,246,316)</u>	<u>(4,684,557)</u>	<u>(6,351,665)</u>	<u>(2,258,353)</u>	<u>(25,749,650)</u>	<u>(9,297,639)</u>

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>At the beginning of the period</b>	(1,137,857)	9,068,606	(4,684,557)	36,945,501	(2,258,353)	7,523,717	(9,297,639)	30,651,623
(Charged)/credited to profit or loss	(4,108,198)	489,745	(16,777,881)	1,988,854	(4,093,312)	(62,342)	(16,717,086)	(253,171)
Currency translation differences	5,227	(68,183)	21,347	(276,891)	-	-	-	-
Exchange differences	-	-	194,775	(222,284)	-	-	265,075	(179,883)
<b>At the end of the period</b>	<u>(5,240,828)</u>	<u>9,490,168</u>	<u>(21,246,316)</u>	<u>38,435,180</u>	<u>(6,351,665)</u>	<u>7,461,375</u>	<u>(25,749,650)</u>	<u>30,218,569</u>

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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 period 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\$
<b>As at 1 January 2023</b>	10,011,636	44,281	13,597,553	9,554,050	2,117,163	1,683,243	473	362,157	5,873,706	43,244,262
Credited/(charged) to profit or loss	526,439	91,049	756,951	(4,382,036)	(164,367)	277,239	346	100,154	1,146,188	(1,648,037)
<b>As at 31 March 2023</b>	<u>10,538,075</u>	<u>135,330</u>	<u>14,354,504</u>	<u>5,172,014</u>	<u>1,952,796</u>	<u>1,960,482</u>	<u>819</u>	<u>462,311</u>	<u>7,019,894</u>	<u>41,596,225</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>42,721,356</u>	<u>548,628</u>	<u>58,193,159</u>	<u>20,967,345</u>	<u>7,916,635</u>	<u>7,947,794</u>	<u>3,320</u>	<u>1,874,209</u>	<u>28,458,650</u>	<u>168,631,096</u>
<b>As at 1 January 2022</b>	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
Credited to profit or loss	862,480	91,019	1,559,133	494,324	592,709	117,380	173,837	10,283	398,291	4,299,456
<b>As at 31 March 2022</b>	<u>9,124,917</u>	<u>120,480</u>	<u>12,855,876</u>	<u>8,283,043</u>	<u>2,394,999</u>	<u>1,203,735</u>	<u>1,010,778</u>	<u>384,469</u>	<u>6,365,925</u>	<u>41,744,222</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>36,955,914</u>	<u>487,944</u>	<u>52,066,298</u>	<u>33,546,324</u>	<u>9,699,746</u>	<u>4,875,127</u>	<u>4,093,651</u>	<u>1,557,099</u>	<u>25,781,996</u>	<u>169,064,099</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 period 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\$
<b>As at 1 January 2023</b>	10,011,636	13,597,553	9,392,387	2,117,163	1,682,562	-	359,397	2,481,977	39,642,675
Credited/(charged) to profit or loss	526,439	756,951	(4,309,704)	(164,367)	276,802	-	84,013	844,700	(1,985,166)
<b>As at 31 March 2023</b>	<u>10,538,075</u>	<u>14,354,504</u>	<u>5,082,683</u>	<u>1,952,796</u>	<u>1,959,364</u>	<u>-</u>	<u>443,410</u>	<u>3,326,677</u>	<u>37,657,509</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>42,721,356</u>	<u>58,193,159</u>	<u>20,605,197</u>	<u>7,916,635</u>	<u>7,943,262</u>	<u>-</u>	<u>1,797,584</u>	<u>13,486,348</u>	<u>152,663,541</u>
<b>As at 1 January 2022</b>	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
Credited/(charged) to profit or loss	862,480	1,559,133	486,545	592,709	117,126	175,997	4,605	(262,481)	3,536,114
<b>As at 31 March 2022</b>	<u>9,124,917</u>	<u>12,855,876</u>	<u>8,129,547</u>	<u>2,394,999</u>	<u>1,203,201</u>	<u>1,010,778</u>	<u>332,325</u>	<u>2,804,565</u>	<u>37,856,208</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>36,955,914</u>	<u>52,066,298</u>	<u>32,924,665</u>	<u>9,699,746</u>	<u>4,872,964</u>	<u>4,093,651</u>	<u>1,345,916</u>	<u>11,358,488</u>	<u>153,317,642</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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	Lease	Total	Accelerated depreciation	Others	Lease	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 1 January 2023</b>	1,728,360	3,243	42,650,516	-	44,382,119	1,263,461	40,637,567	-	41,901,028
(Charged)/credited to profit or loss	(306,140)	(2,588)	2,648,257	115,405	2,454,934	(273,737)	2,278,255	103,628	2,108,146
<b>As at 31 March 2023</b>	<u>1,422,220</u>	<u>655</u>	<u>45,298,773</u>	<u>115,405</u>	<u>46,837,053</u>	<u>989,724</u>	<u>42,915,822</u>	<u>103,628</u>	<u>44,009,174</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>5,765,680</u>	<u>2,655</u>	<u>183,641,225</u>	<u>467,852</u>	<u>189,877,412</u>	<u>4,012,341</u>	<u>173,980,742</u>	<u>420,108</u>	<u>178,413,191</u>
<b>As at 1 January 2022</b>	348,749	765	28,026,646	-	28,376,160	-	26,796,377	-	26,796,377
(Charged)/credited to profit or loss	(3,796)	(747)	3,882,437	-	3,877,894	-	3,598,456	-	3,598,456
<b>As at 31 March 2022</b>	<u>344,953</u>	<u>18</u>	<u>31,909,083</u>	<u>-</u>	<u>32,254,054</u>	<u>-</u>	<u>30,394,833</u>	<u>-</u>	<u>30,394,833</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>1,397,060</u>	<u>73</u>	<u>129,231,786</u>	<u>-</u>	<u>130,628,919</u>	<u>-</u>	<u>123,099,073</u>	<u>-</u>	<u>123,099,073</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 18. Deposits and placements of other banks and financial institutions

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current accounts	89,544,961	78,511,735	363,015,273	323,232,813	93,343,097	81,962,426	378,412,915	337,439,308
Savings deposits	33,541,490	33,733,059	135,977,200	138,879,004	32,811,919	33,033,099	133,019,520	135,997,269
Fixed deposits	292,602,392	305,581,605	1,186,210,097	1,258,079,468	257,065,016	275,616,119	1,042,141,575	1,134,711,561
	<u>415,688,843</u>	<u>417,826,399</u>	<u>1,685,202,570</u>	<u>1,720,191,285</u>	<u>383,220,032</u>	<u>390,611,644</u>	<u>1,553,574,010</u>	<u>1,608,148,138</u>

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

##### a) By maturity

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 6 months	184,543,493	265,568,387	748,139,321	1,093,345,050	163,814,310	255,711,856	664,103,213	1,052,765,711
Later than 6 months but not later than 1 year	103,496,422	23,908,026	419,574,495	98,429,343	92,491,336	7,585,299	374,959,876	31,228,676
Later than 1 year but not later than 3 years	18,919,837	21,518,957	76,701,019	88,593,546	18,185,295	20,483,460	73,723,186	84,330,405
Later than 3 years	108,729,091	106,831,029	440,787,735	439,823,346	108,729,091	106,831,029	440,787,735	439,823,346
	<u>415,688,843</u>	<u>417,826,399</u>	<u>1,685,202,570</u>	<u>1,720,191,285</u>	<u>383,220,032</u>	<u>390,611,644</u>	<u>1,553,574,010</u>	<u>1,608,148,138</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

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

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

##### b) By relationship

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Related parties	30,710	36,648	124,499	150,880	4,102,160	4,245,548	16,630,157	17,478,921
Non-related parties	415,658,133	417,789,751	1,685,078,071	1,720,040,405	379,117,872	386,366,096	1,536,943,853	1,590,669,217
	<u>415,688,843</u>	<u>417,826,399</u>	<u>1,685,202,570</u>	<u>1,720,191,285</u>	<u>383,220,032</u>	<u>390,611,644</u>	<u>1,553,574,010</u>	<u>1,608,148,138</u>

##### c) By interest (per annum)

	The Group		The Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.50%	0.00% - 0.50%
Savings deposits	0.00% - 2.00%	0.00% - 1.90%	0.00% - 0.75%	0.00% - 0.75%
Fixed deposits	1.55% - 8.70%	1.00% - 8.20%	0.00% - 9.10%	1.00% - 8.20%



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 19. Deposits from customers

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current accounts	1,018,894,777	872,890,504	4,130,599,426	3,593,690,205	1,004,902,172	861,122,998	4,073,873,405	3,545,243,383
Savings deposits	2,059,890,601	2,097,146,116	8,350,796,496	8,633,950,560	2,034,820,263	2,073,911,840	8,249,161,346	8,538,295,045
Margin deposits	15,858,375	14,970,310	64,289,852	61,632,765	15,787,940	14,913,282	64,004,309	61,397,982
Fixed deposits	3,278,218,213	2,986,157,372	13,289,896,636	12,294,009,901	3,226,394,410	2,939,485,290	13,079,802,938	12,101,860,939
	<u>6,372,861,966</u>	<u>5,971,164,302</u>	<u>25,835,582,410</u>	<u>24,583,283,431</u>	<u>6,281,904,785</u>	<u>5,889,433,410</u>	<u>25,466,841,998</u>	<u>24,246,797,349</u>

The deposits from customers are analysed as follows:

#### a) By maturity

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 6 months	4,255,866,986	4,165,205,397	17,253,284,761	17,148,150,619	4,204,927,858	4,117,472,928	17,046,777,535	16,951,636,045
Later than 6 months but not later than 1 year	1,201,361,140	990,262,169	4,870,318,062	4,076,909,350	1,184,702,250	978,895,422	4,802,782,922	4,030,112,452
Later than 1 year but not later than 3 years	632,943,208	606,988,086	2,565,951,765	2,498,969,950	618,970,167	591,933,453	2,509,305,057	2,436,990,026
Later than 3 years	282,690,632	208,708,650	1,146,027,822	859,253,512	273,304,510	201,131,607	1,107,976,484	828,058,826
	<u>6,372,861,966</u>	<u>5,971,164,302</u>	<u>25,835,582,410</u>	<u>24,583,283,431</u>	<u>6,281,904,785</u>	<u>5,889,433,410</u>	<u>25,466,841,998</u>	<u>24,246,797,349</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 19. Deposits from customers (continued)

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

##### b) By relationship

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Related parties	13,868,790	17,059,211	56,224,075	70,232,772	17,349,319	19,639,867	70,334,139	80,857,332
Non-related parties	6,358,993,176	5,954,105,091	25,779,358,335	24,513,050,659	6,264,555,466	5,869,793,543	25,396,507,859	24,165,940,017
	<u>6,372,861,966</u>	<u>5,971,164,302</u>	<u>25,835,582,410</u>	<u>24,583,283,431</u>	<u>6,281,904,785</u>	<u>5,889,433,410</u>	<u>25,466,841,998</u>	<u>24,246,797,349</u>

##### c) By interest rate

	The Group		The Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.50%	0.00% - 0.50%
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.75%	0.00% - 0.75%
Fixed deposits	1.55% - 9.20%	0.25% - 9.00%	0.00% - 9.10%	0.25% - 9.00%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 20. Other liabilities

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Accrued annual leave	25,821,286	25,401,028	104,679,493	104,576,032	25,413,417	24,992,135	103,025,993	102,892,620
Fund transfers	32,172,160	78,920,348	130,425,937	324,915,073	32,158,200	78,918,322	130,369,343	324,906,732
Accrued bonuses	11,027,847	13,419,266	44,706,892	55,247,118	10,358,405	12,714,375	41,992,974	52,345,082
Tax payables	3,037,893	2,364,491	12,315,618	9,734,609	2,974,273	2,338,106	12,057,703	9,625,982
Others	59,640,476	21,524,911	241,782,490	88,618,059	58,512,043	21,059,182	237,207,821	86,700,652
	<u>131,699,662</u>	<u>141,630,044</u>	<u>533,910,430</u>	<u>583,090,891</u>	<u>129,416,338</u>	<u>140,022,120</u>	<u>524,653,834</u>	<u>576,471,068</u>
	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current	96,228,538	106,889,562	390,110,493	440,064,327	94,329,674	105,668,588	382,412,498	435,037,577
Non-current	35,471,124	34,740,482	143,799,937	143,026,564	35,086,664	34,353,532	142,241,336	141,433,491
	<u>131,699,662</u>	<u>141,630,044</u>	<u>533,910,430</u>	<u>583,090,891</u>	<u>129,416,338</u>	<u>140,022,120</u>	<u>524,653,834</u>	<u>576,471,068</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 21. Borrowings

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

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current	239,275,170	256,186,945	970,021,539	1,054,721,653	232,788,345	250,657,658	943,723,950	1,031,957,578
Non-current	745,319,754	701,148,923	3,021,526,283	2,886,630,116	737,118,732	693,618,199	2,988,279,340	2,855,626,125
	<u>984,594,924</u>	<u>957,335,868</u>	<u>3,991,547,822</u>	<u>3,941,351,769</u>	<u>969,907,077</u>	<u>944,275,857</u>	<u>3,932,003,290</u>	<u>3,887,583,703</u>

The borrowings are analysed as follows:

##### a) By relationship

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Related parties	49,684,107	48,847,528	201,419,370	201,105,273	49,684,107	48,847,528	201,419,370	201,105,273
Non-related parties	934,910,817	908,488,340	3,790,128,452	3,740,246,496	920,222,970	895,428,329	3,730,583,920	3,686,478,430
	<u>984,594,924</u>	<u>957,335,868</u>	<u>3,991,547,822</u>	<u>3,941,351,769</u>	<u>969,907,077</u>	<u>944,275,857</u>	<u>3,932,003,290</u>	<u>3,887,583,703</u>

##### b) By interest rate

	The Group		The Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Annual interest rates	2.00% - 13.00%	2.00% - 13.00%	2.00% - 8.64%	2.00% - 8.64%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 22. Subordinated debts

These are subordinated debts from non-related parties approved by the NBC to be treated as part of complementary capital and only represent the outstanding principal amount. The Group and the Bank did not pledge any collaterals for subordinated debts.

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current	28,209,201	26,092,801	114,360,101	107,424,061	28,209,201	26,092,801	114,360,101	107,424,061
Non-current	101,669,527	101,669,527	412,168,262	418,573,443	101,669,527	101,669,527	412,168,262	418,573,443
	<u>129,878,728</u>	<u>127,762,328</u>	<u>526,528,363</u>	<u>525,997,504</u>	<u>129,878,728</u>	<u>127,762,328</u>	<u>526,528,363</u>	<u>525,997,504</u>

The subordinated debts are analysed as follows:

##### a) By relationship

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	129,878,728	127,762,328	526,528,363	525,997,504	129,878,728	127,762,328	526,528,363	525,997,504
	<u>129,878,728</u>	<u>127,762,328</u>	<u>526,528,363</u>	<u>525,997,504</u>	<u>129,878,728</u>	<u>127,762,328</u>	<u>526,528,363</u>	<u>525,997,504</u>

##### b) By interest rate

	The Group		The Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Annual interest rates	5.76% - 7.75%	5.76% - 8.48%	5.76% - 7.75%	5.76% - 8.48%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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				Fair Value			
			Notional Principal Amount							
			31 March 2023	31 December 2022	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$
Less than 1 year	1.709%	1.267%	77,500,000	70,000,000	314,185,000	288,190,000	345,100	2,104,484	1,399,035	8,664,162
1 to 2 years		3.036%	-	11,250,000	-	46,316,250	-	144,696	-	595,714
More than 2 to 5 years	0.572%	0.572%	108,000,000	108,000,000	437,832,000	444,636,000	8,504,502	7,381,413	34,477,252	30,389,275
			185,500,000	189,250,000	752,017,000	779,142,250	8,849,602	9,630,593	35,876,287	39,649,151

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Bank				Fair Value			
			Notional Principal Amount							
			31 March 2023	31 December 2022	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$
Less than 1 year	1.709%	1.267%	77,500,000	70,000,000	314,185,000	288,190,000	345,100	2,104,484	1,399,035	8,664,162
1 to 2 years		3.036%	-	11,250,000	-	46,316,250	-	144,696	-	595,714
More than 2 to 5 years	0.572%	0.572%	108,000,000	108,000,000	437,832,000	444,636,000	8,504,502	7,381,413	34,477,252	30,389,275
			185,500,000	189,250,000	752,017,000	779,142,250	8,849,602	9,630,593	35,876,287	39,649,151

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Undiscounted lease liabilities</b>								
Less than 1 year	10,864,384	11,132,050	44,044,213	45,830,650	10,490,791	10,769,041	42,529,667	44,336,142
1 to 5 years	19,178,927	19,227,169	77,751,370	79,158,255	18,324,053	18,323,677	74,285,711	75,438,578
More than 5 years	3,325,803	3,401,022	13,482,805	14,002,008	298,233	374,011	1,209,037	1,539,803
<b>Total undiscounted lease liabilities</b>	<b>33,369,114</b>	<b>33,760,241</b>	<b>135,278,388</b>	<b>138,990,913</b>	<b>29,113,077</b>	<b>29,466,729</b>	<b>118,024,415</b>	<b>121,314,523</b>
<b>Present value of lease liabilities</b>								
Current	10,554,554	10,777,597	42,788,162	44,371,367	10,195,568	10,429,953	41,332,832	42,940,116
Non-current	17,698,384	17,671,173	71,749,249	72,752,219	16,075,606	16,027,682	65,170,507	65,985,967
<b>Total present value of lease liabilities</b>	<b>28,252,938</b>	<b>28,448,770</b>	<b>114,537,411</b>	<b>117,123,586</b>	<b>26,271,174</b>	<b>26,457,635</b>	<b>106,503,339</b>	<b>108,926,083</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 24. Lease liabilities (continued)

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>At the beginning of the period</b>	28,448,770	27,874,940	117,123,586	113,562,506	26,457,635	25,371,736	108,926,083	103,364,452
Additions during the period	3,074,306	3,509,940	12,555,466	14,253,866	3,026,214	3,508,391	12,359,058	14,247,576
Payments for the period	(3,400,707)	(3,073,250)	(13,888,487)	(12,480,468)	(3,300,919)	(2,924,528)	(13,480,953)	(11,876,508)
Lease terminations during the period	(328,376)	(635,254)	(1,341,088)	(2,579,766)	(331,819)	(634,281)	(1,355,149)	(2,575,815)
Interest charged during the period	454,795	478,264	1,857,383	1,942,230	420,063	434,532	1,715,537	1,764,634
Adjustment	-	2,000	-	8,122	-	2,000	-	8,122
Currency translation differences	4,150	(14,977)	16,949	(60,822)	-	-	-	-
Exchange differences	-	-	(1,786,398)	(671,933)	-	-	(1,661,237)	(613,168)
<b>At the end of the period</b>	<b>28,252,938</b>	<b>28,141,663</b>	<b>114,537,411</b>	<b>113,973,735</b>	<b>26,271,174</b>	<b>25,757,850</b>	<b>106,503,339</b>	<b>104,319,293</b>

Amounts recognised in the interim statement of cash flows follow:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Total cash outflows for lease payments	3,400,707	3,073,250	13,888,487	12,480,468	3,300,919	2,924,528	13,480,953	11,876,508



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 25. Employee benefits

		The Group				The Bank			
		31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Retirement benefits	(a)	-	22,581,539	-	92,968,196	-	21,969,800	-	90,449,666
Career development benefits	(b)	1,134,687	4,598,006	4,600,021	18,929,991	1,026,738	4,507,750	4,162,396	18,558,407
Seniority indemnity benefits	(c)	8,820,274	6,123,116	35,757,391	25,208,868	8,737,242	6,078,067	35,420,779	25,023,402
Provident fund		72,631	71,537	294,446	294,518	71,432	70,410	289,585	289,878
		<u>10,027,592</u>	<u>33,374,198</u>	<u>40,651,858</u>	<u>137,401,573</u>	<u>9,835,412</u>	<u>32,626,027</u>	<u>39,872,760</u>	<u>134,321,353</u>
		The Group				The Bank			
		31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current		4,038,331	5,182,511	16,371,394	21,336,398	3,919,012	5,165,377	15,887,674	21,265,857
Non-current		5,989,261	28,191,687	24,280,464	116,065,175	5,916,400	27,460,650	23,985,086	113,055,496
		<u>10,027,592</u>	<u>33,374,198</u>	<u>40,651,858</u>	<u>137,401,573</u>	<u>9,835,412</u>	<u>32,626,027</u>	<u>39,872,760</u>	<u>134,321,353</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 25. Employee benefits (continued)

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 1 month	111,592	396,330	452,394	1,631,690	110,394	395,202	447,536	1,627,046
Between 2 to 3 months	2,892,565	4,024,160	11,726,459	16,567,467	2,853,939	4,009,449	11,569,869	16,506,902
Between 4 to 6 months	-	327,803	-	1,349,565	-	327,144	-	1,346,852
Between 7 to 12 months	1,034,174	434,218	4,192,541	1,787,676	954,679	433,582	3,870,269	1,785,057
More than 12 months	5,989,261	28,191,687	24,280,464	116,065,175	5,916,400	27,460,650	23,985,086	113,055,496
	<u>10,027,592</u>	<u>33,374,198</u>	<u>40,651,858</u>	<u>137,401,573</u>	<u>9,835,412</u>	<u>32,626,027</u>	<u>39,872,760</u>	<u>134,321,353</u>

#### (a) Retirement benefits

(i) The movements in the defined benefit obligation during the period are as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>At the beginning of the period</b>	22,581,539	16,974,073	92,968,196	69,152,373	21,969,800	16,320,353	90,449,666	66,489,117
Current service cost	164,944	365,449	673,631	1,484,088	132,997	337,394	543,160	1,370,157
Interest cost	145,339	301,091	593,564	1,222,731	132,415	285,379	540,783	1,158,924
Benefits paid	(22,464,315)	(45,852)	(91,744,262)	(186,205)	(21,920,036)	(45,852)	(89,521,427)	(186,205)
Settlement gain	(431,583)	(390)	(1,762,585)	(1,584)	(314,938)	(390)	(1,286,207)	(1,584)
Remeasurement loss during the period	-	1,281,614	-	5,204,634	-	1,342,361	-	5,451,328
Currency translation differences	4,076	(30,567)	16,646	(124,133)	(238)	(10,789)	(972)	(43,814)
Exchange differences	-	-	(745,190)	(427,961)	-	-	(725,003)	(412,677)
<b>At the end of the period</b>	<u>-</u>	<u>18,845,418</u>	<u>-</u>	<u>76,323,943</u>	<u>-</u>	<u>18,228,456</u>	<u>-</u>	<u>73,825,246</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 25. Employee benefits (continued)

##### (a) Retirement benefits (continued)

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	
		(Note 5)	(Note 5)			(Note 5)	(Note 5)	
Current service cost	164,944	365,449	673,631	1,484,088	132,997	337,394	543,160	1,370,157
Interest cost	145,339	301,091	593,564	1,222,731	132,415	285,379	540,783	1,158,924
Settlement gain	(431,583)	(390)	(1,762,585)	(1,584)	(314,938)	(390)	(1,286,207)	(1,584)
	<u>(121,300)</u>	<u>666,150</u>	<u>(495,390)</u>	<u>2,705,235</u>	<u>(49,526)</u>	<u>622,383</u>	<u>(202,264)</u>	<u>2,527,497</u>

During the three-month period ended 31 March 2023, the Group and the Bank amended the Employee Retirement Operating Manual and decided to terminate the retirement benefit plan due to the Group and the Bank have legal obligation required by the Royal Government of Cambodia to pay the seniority benefits and provident fund. Thus, the Group and the Bank have settled the amounts accrued for the retirement benefits amounting to US\$22,464,315 and US\$21,920,036, respectively, as of 31 March 2023; with the remaining balance after settlement of US\$350,852 and US\$226,845 credited to profit or loss.

##### (b) Career development benefits

Movements in career development benefits follow:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	
		(Note 5)	(Note 5)			(Note 5)	(Note 5)	
<b>At the beginning of the period</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
Additions (Note 31)	419,464	461,143	1,713,091	1,872,702	388,427	404,753	1,586,336	1,643,702
Benefits paid	(3,869,005)	(1,681)	(15,801,016)	(6,827)	(3,869,005)	(1,681)	(15,801,016)	(6,827)
Currency translation differences	(13,778)	(3,597)	(56,269)	(14,607)	(434)	(2,313)	(1,772)	(9,393)
Exchange differences	-	-	(185,776)	(73,761)	-	-	(179,559)	(72,845)
<b>At the end of the period</b>	<u>1,134,687</u>	<u>3,320,264</u>	<u>4,600,021</u>	<u>13,447,069</u>	<u>1,026,738</u>	<u>3,252,286</u>	<u>4,162,396</u>	<u>13,171,758</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 25. Employee benefits (continued)

##### (c) Seniority indemnity benefits

Movements in seniority indemnity benefits follow:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
<b>At the beginning of the period</b>	6,123,116	6,258,345	25,208,868	25,496,497	6,078,067	6,159,927	25,023,402	25,095,544
Additions (Note 31)	2,703,080	2,573,609	11,039,379	10,451,426	2,665,071	2,593,569	10,884,150	10,532,484
Benefits paid	(3,418)	(16,990)	(13,959)	(68,996)	(3,418)	(16,990)	(13,959)	(68,996)
Currency translation differences	(2,504)	(13,788)	(10,226)	(55,993)	(2,478)	(13,794)	(10,120)	(56,017)
Exchange differences	-	-	(466,671)	(178,171)	-	-	(462,694)	(176,030)
<b>At the end of the period</b>	<b>8,820,274</b>	<b>8,801,176</b>	<b>35,757,391</b>	<b>35,644,763</b>	<b>8,737,242</b>	<b>8,722,712</b>	<b>35,420,779</b>	<b>35,326,985</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 26. Share capital and share premium

As at 31 March 2023, 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

	As at 31 March 2023			As at 31 December 2022		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	119,081,426	119,081,426	27.4911%	117,569,958	117,569,958	27.1422%
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%	15,160,706	15,160,706	3.5000%
Triodos Microfinance Fund	6,274,582	6,274,582	1.4485%	6,274,582	6,274,582	1.4485%
Triodos Fair Share Fund	5,365,844	5,365,844	1.2388%	5,365,844	5,365,844	1.2388%
Shareholders Legalised from ASA, Plc.	24,916,808	24,916,808	5.7524%	24,916,808	24,916,808	5.7524%
Public Shareholders	79,043,897	79,043,897	18.2481%	80,555,365	80,555,365	18.5970%
	<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>1,732,652,076</u>			<u>1,732,652,076</u>	

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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%.

#### 27. Interest income

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Loans and advances	176,822,541	155,516,978	722,143,257	631,554,448	169,227,631	147,228,885	691,125,645	597,896,502
Financial investments	2,100,631	872,831	8,578,977	3,544,567	2,100,631	872,831	8,578,977	3,544,567
Deposits and placements with other banks:								
Banks inside Cambodia	1,560,057	630,157	6,371,273	2,559,066	1,553,956	630,157	6,346,355	2,559,066
Banks outside Cambodia	3,216,758	85,734	13,137,240	348,166	3,216,758	91,349	13,137,241	370,969
National Bank of Cambodia	127,615	8,600	521,180	34,925	127,615	8,600	521,180	34,925
	<u>183,827,602</u>	<u>157,114,300</u>	<u>750,751,927</u>	<u>638,041,172</u>	<u>176,226,591</u>	<u>148,831,822</u>	<u>719,709,398</u>	<u>604,406,029</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 28. Interest expense

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	3,965,609	3,378,965	16,195,547	13,721,977	3,499,867	2,974,772	14,293,457	12,080,549
Savings deposits	18,686	10,175	76,314	41,321	15,418	5,926	62,967	24,065
Current accounts	47,219	892	192,842	3,622	47,219	892	192,842	3,622
Deposits from customers:								
Fixed deposits	44,251,551	30,688,232	180,723,334	124,624,910	43,456,689	29,722,609	177,477,118	120,703,515
Savings deposits	5,347,416	1,952,959	21,838,847	7,930,966	5,192,273	1,794,478	21,205,243	7,287,375
Current accounts	1,623,487	161,423	6,630,321	655,539	1,623,123	161,190	6,628,834	654,593
Borrowings	17,465,262	8,490,443	71,328,130	34,479,689	17,243,541	8,058,487	70,422,621	32,725,516
Subordinated debts	2,214,632	2,703,637	9,044,557	10,979,470	2,214,632	2,703,637	9,044,558	10,979,471
Interest expenses on lease	454,795	478,264	1,857,383	1,942,230	420,063	434,532	1,715,537	1,764,634
	<u>75,388,657</u>	<u>47,864,990</u>	<u>307,887,275</u>	<u>194,379,724</u>	<u>73,712,825</u>	<u>45,856,523</u>	<u>301,043,177</u>	<u>186,223,340</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 29. Fee and commission income

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Commission fees	3,189,234	3,945,851	13,024,832	16,024,101	3,079,085	3,708,854	12,574,983	15,061,656
ATM fee	2,398,251	2,138,801	9,794,457	8,685,671	2,385,767	2,122,179	9,743,472	8,618,169
Early loan redemption fees	2,182,072	2,155,706	8,911,582	8,754,322	1,816,641	1,711,465	7,419,162	6,950,259
Commission fee collected for assurance agency	1,643,718	1,041,057	6,712,944	4,227,732	1,617,217	1,008,716	6,604,714	4,096,396
Training fees	641,417	559,705	2,619,547	2,272,962	9,005	9,434	36,776	38,311
Fee income from guarantee	191,656	113,253	782,723	459,920	191,289	113,209	781,224	459,742
Deposit fee charged	175,375	479,700	716,232	1,948,062	116,770	393,108	476,889	1,596,412
Others	1,168,563	1,264,004	4,772,411	5,133,121	1,160,402	1,254,014	4,739,083	5,092,551
	<u>11,590,286</u>	<u>11,698,077</u>	<u>47,334,728</u>	<u>47,505,891</u>	<u>10,376,176</u>	<u>10,320,979</u>	<u>42,376,303</u>	<u>41,913,496</u>

Settlement fees amounting to KHR1,579,000 (equivalent to US\$387) and US\$15,509 for the operations of cash settlement agents were recognized for the three-month period ended 31 March 2023 (31 March 2022: KHR11,028,800 (equivalent to US\$2,723) and US\$ 19,483, respectively).



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 30. Other income, net

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Foreign exchange gain, net	4,419,827	3,462,920	18,050,573	14,062,918	4,377,814	3,408,927	17,878,992	13,843,653
Recovery from loans and advances written off	1,776,437	1,659,024	7,254,969	6,737,296	1,401,134	1,275,662	5,722,231	5,180,463
Dividends on FVTPL	205,462	117,333	839,107	476,489	205,462	117,333	839,107	476,489
Gain on disposals of property and equipment and lease	86,376	26,947	352,760	109,432	85,175	27,423	347,855	111,365
Others	535,241	680,435	2,185,924	2,763,247	141,725	142,395	578,805	578,266
	<u>7,023,343</u>	<u>5,946,659</u>	<u>28,683,333</u>	<u>24,149,382</u>	<u>6,211,310</u>	<u>4,971,740</u>	<u>25,366,990</u>	<u>20,190,236</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 31. General and administrative expenses

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Salaries and wages	39,655,674	37,720,074	161,953,773	153,181,221	37,758,547	35,457,870	154,205,906	143,994,410
Depreciation of property and equipment (Note 14)	5,554,840	5,424,155	22,685,967	22,027,493	5,182,884	4,975,533	21,166,898	20,205,640
Other employee expense	4,235,130	2,877,270	17,296,271	11,684,593	4,561,147	2,954,354	18,627,724	11,997,632
Repair and maintenance	3,897,245	3,282,314	15,916,349	13,329,477	3,816,932	3,178,456	15,588,350	12,907,710
Depreciation of right-of-use assets (Note 16)	2,988,956	2,856,436	12,206,896	11,599,987	2,868,692	2,675,655	11,715,738	10,865,835
Seniority indemnity (Note 25(c))	2,703,080	2,573,609	11,039,379	10,451,426	2,665,071	2,593,569	10,884,150	10,532,484
Communication	1,590,709	1,156,431	6,496,456	4,696,266	1,307,637	889,552	5,340,390	3,612,471
Office supplies	1,412,510	1,345,867	5,768,691	5,465,566	1,317,199	1,246,508	5,379,441	5,062,069
Utilities	1,336,709	1,354,113	5,459,120	5,499,053	1,250,846	1,278,438	5,108,455	5,191,737
Travelling expenses	707,608	579,626	2,889,871	2,353,861	617,951	516,511	2,523,712	2,097,551
Amortisation charges (Note 15)	675,524	809,326	2,758,840	3,286,673	623,489	735,340	2,546,329	2,986,216
Career development expense (Note 25(b))	419,464	461,143	1,713,091	1,872,702	388,427	404,753	1,586,336	1,643,702
License fees	294,321	282,357	1,202,007	1,146,652	287,874	275,207	1,175,677	1,117,616
Others	3,895,104	4,776,606	15,907,602	19,397,797	4,009,863	4,332,963	16,376,281	17,596,160
	<u>69,366,874</u>	<u>65,499,327</u>	<u>283,294,313</u>	<u>265,992,767</u>	<u>66,656,559</u>	<u>61,514,709</u>	<u>272,225,387</u>	<u>249,811,233</u>

For the three-month period ended 31 March 2023, the salaries and wages of the Bank's staff, who are responsible for the operations of cash settlement agents, amounted to US\$9,648 (31 March 2022: US\$11,478). For the three-month period ended 31 March 2023, above expenses included costs incurred for the operations of cash settlement agents, which consist office supplies amounting to US\$69, expendable costs amounting to US\$64, furniture and fixtures amounting to US\$375, and membership fees amounting to US\$3,163 (KHR12,916,667) (31 March 2022: office supplies amounting to US\$66, furniture and fixtures amounting to US\$259, and membership fees amounting to US\$3,189 (KHR12,916,667)).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 32. Taxation

##### (a) Current income tax liabilities

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current income tax liabilities	2,661,880	34,428,462	10,791,262	141,741,978	1,973,768	33,911,933	8,001,655	139,615,428

  

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
At the beginning of the period	34,428,462	36,315,767	141,741,978	147,950,435	33,911,933	35,491,329	139,615,428	144,591,674
Income tax expense	4,197,504	9,372,283	17,142,606	38,060,841	3,535,167	8,441,202	14,437,622	34,279,721
Income tax paid	(35,964,086)	(35,584,628)	(146,877,327)	(144,509,174)	(35,473,332)	(34,656,370)	(144,873,088)	(140,739,519)
Exchange differences	-	-	(1,215,995)	(583,243)	-	-	(1,178,307)	(563,424)
At the end of the period	2,661,880	10,103,422	10,791,262	40,918,859	1,973,768	9,276,161	8,001,655	37,568,452

##### (b) Income tax expense

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Current income tax	4,197,504	9,372,283	17,142,606	38,060,841	3,535,167	8,441,202	14,437,622	34,279,721
Deferred tax	4,108,198	(489,745)	16,777,881	(1,988,854)	4,093,312	62,342	16,717,086	253,171
	8,305,702	8,882,538	33,920,487	36,071,987	7,628,479	8,503,544	31,154,708	34,532,892

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 32. Taxation (continued)

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Profit before income tax	46,852,314	44,245,711	191,344,851	179,681,833	42,523,987	43,330,590	173,667,963	175,965,526
Tax calculated at domestic tax rates applicable to profits in the respective countries	9,380,016	8,843,952	38,307,985	35,915,289	8,504,797	8,666,118	34,733,591	35,193,105
Effect of net non-deductible expense/(non-taxable income)	(1,074,314)	38,586	(4,387,498)	156,698	(876,318)	(162,574)	(3,578,883)	(660,213)
	<u>8,305,702</u>	<u>8,882,538</u>	<u>33,920,487</u>	<u>36,071,987</u>	<u>7,628,479</u>	<u>8,503,544</u>	<u>31,154,708</u>	<u>34,532,892</u>

Accordance with the Sub-Decree No. 01 of the Royal Government of Cambodia dated 4 January 2019, on Tax incentives in Securities Sector, to grant tax incentive to the Bank by reduction of 50% on Tax on Income 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 Income for the IPO enterprise) and waiver of other tax liabilities, including Tax on Income and withholding taxes for the period from year N-3 to N-10, where N is the IPO year ("N-3 to N-10"), 2022 was the last year that the Bank received tax incentives.

##### d) Other tax matters

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 33. Earnings per share

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

	For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Profit attributable to the shareholders of the Bank	38,504,113	35,336,585	157,250,798	143,501,872
Weighted average numbers of shares	433,163,019	433,163,019	433,163,019	433,163,019
Basic EPS	0.09	0.08	0.36	0.33
Diluted EPS	0.09	0.08	0.36	0.33

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

#### 34. Cash and cash equivalents

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
Cash on hand (Note 7)	503,142,929	460,428,067	2,039,741,434	1,864,733,671	492,980,722	449,047,645	1,998,543,847	1,818,642,962
Deposits and placements with other banks:								
<i>Balances with the National Bank of Cambodia:</i>								
Current accounts	753,693,287	333,228,713	3,055,472,585	1,349,576,288	753,693,287	333,228,713	3,055,472,585	1,349,576,288
Negotiable certificate of deposits, term of three months or less	52,328,492	580,105,951	212,139,707	2,349,429,102	52,328,492	580,105,951	212,139,707	2,349,429,102
<i>Balances with other banks:</i>								
Current accounts	104,394,806	98,122,164	423,216,544	397,394,764	78,435,480	70,541,641	317,977,436	285,693,646
Fixed deposits, term of three months or less	452,198,377	199,552,285	1,833,212,220	808,186,754	450,801,210	200,557,390	1,827,548,105	812,257,429
	1,865,757,891	1,671,437,180	7,563,782,490	6,769,320,579	1,828,239,191	1,633,481,340	7,411,681,680	6,615,599,427

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 35. Commitment and contingencies

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

##### (a) Loan commitment, guarantee and other financial liabilities

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Unused portion of overdrafts	190,900,509	175,132,489	773,910,663	721,020,457	190,422,179	174,716,731	771,971,514	719,308,782
Bank guarantees	63,729,404	62,873,329	258,359,004	258,849,495	63,574,450	62,741,984	257,730,820	258,308,748
Letters of credit	7,288,542	9,176,130	29,547,749	37,778,127	7,288,542	9,176,130	29,547,749	37,778,127
Foreign exchange spot transactions	916,693	-	3,716,273	-	916,693	-	3,716,273	-
	<u>262,835,148</u>	<u>247,181,948</u>	<u>1,065,533,689</u>	<u>1,017,648,079</u>	<u>262,201,864</u>	<u>246,634,845</u>	<u>1,062,966,356</u>	<u>1,015,395,657</u>

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

##### (b) Capital expenditure commitments

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Not later than 1 year	5,681,636	6,030,204	23,033,352	24,826,350	3,887,494	5,027,569	15,759,901	20,698,502
Later than 1 but not later than 5 years	330,957	268,961	1,341,700	1,107,312	-	-	-	-
	<u>6,012,593</u>	<u>6,299,165</u>	<u>24,375,052</u>	<u>25,933,662</u>	<u>3,887,494</u>	<u>5,027,569</u>	<u>15,759,901</u>	<u>20,698,502</u>

As at 31 March 2023, the balances of these commitments are related to the purchases of property and equipment and intangible assets of the Bank amounting to US\$3,887,494, 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\$1,794,142, the assessment T24 system for upgrading R12 to R21 amounting to 53,899, the upgrade of Nutanix amounting to US\$166,000, Smart Vista implementation fee amounting to US\$39,550, development of Numpapa bills payment system amounting to US\$7,583, and the development of LAPS System Phase 2 amounting to US\$54,019.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 35. Commitments and contingencies (continued)

##### (c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026. As at 31 March 2023, remaining balance is US\$7,370,198 (31 December 2022: US\$7,234,793).

The Bank has made allowance for impairment losses of US\$60,231 (31 December 2022: US\$65,217) with respect to this guarantee.

#### 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)
<b>As at 1 January 2023</b>	524,311,587	2,158,590,804	9,630,593	39,649,151	155,706,835	641,045,041	(53,815,086)	(221,556,709)	3,028,319	12,467,589	76,356,446	638,862,248	2,706,552,320
<b>Other comprehensive income:</b>													
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	(780,991)	(3,189,567)	-	-	-	-	-	-	-	(780,991)	(3,189,567)
Currency translation differences - foreign subsidiaries	-	-	-	-	-	-	(554,087)	(2,262,891)	-	-	-	(554,087)	(2,262,891)
<b>Total comprehensive loss for the period</b>	-	-	(780,991)	(3,189,567)	-	-	(554,087)	(2,262,891)	-	-	-	(1,335,078)	(5,452,458)
<b>Transactions with owners:</b>													
Transfer from retained earnings to regulatory reserves	-	-	-	-	8,766,512	35,802,435	-	-	-	-	-	8,766,512	35,802,435
Exchange differences	-	(33,031,630)	-	(583,297)	-	(10,072,527)	-	3,406,973	-	(190,784)	(43,210,848)	-	(83,682,113)
<b>Total transactions with owners</b>	-	(33,031,630)	-	(583,297)	8,766,512	25,729,908	-	3,406,973	-	(190,784)	(43,210,848)	8,766,512	(47,879,678)
<b>As at 31 March 2023</b>	<u>524,311,587</u>	<u>2,125,559,174</u>	<u>8,849,602</u>	<u>35,876,287</u>	<u>164,473,347</u>	<u>666,774,949</u>	<u>(54,369,173)</u>	<u>(220,412,627)</u>	<u>3,028,319</u>	<u>12,276,805</u>	<u>(17,493,503)</u>	<u>646,293,682</u>	<u>2,653,220,184</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 36. Reserves (continued)

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 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)
<b>As at 1 January 2022</b>	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
<b>Comprehensive income:</b>											
Currency translation differences - foreign subsidiaries	-	-	-	-	(2,640,651)	(10,723,684)	-	-	-	(2,640,651)	(10,723,684)
Exchange differences	-	-	-	-	-	-	-	-	(4,273,658)	-	(4,273,658)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(2,640,651)	(10,723,684)	-	-	(4,273,658)	(2,640,651)	(14,997,342)
<b>Transactions with owners:</b>											
Transfer from retained earnings to regulatory reserves	-	-	13,571,829	55,115,198	-	-	-	-	-	13,571,829	55,115,198
Exchange differences	-	(12,583,479)	-	(2,571,089)	-	877,170	-	(72,679)	149,291	-	(14,200,786)
<b>Total transactions with owners</b>	-	(12,583,479)	13,571,829	52,544,109	-	877,170	-	(72,679)	149,291	13,571,829	40,914,412
<b>As at 31 March 2022</b>	<u>524,311,587</u>	<u>2,123,461,927</u>	<u>114,480,129</u>	<u>463,644,522</u>	<u>(37,979,113)</u>	<u>(153,815,408)</u>	<u>3,028,319</u>	<u>12,264,692</u>	<u>13,794,252</u>	<u>603,840,922</u>	<u>2,459,349,985</u>



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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)
<b>Balance at 1 January 2023</b>	510,741,556	2,102,722,986	9,630,593	39,649,151	155,706,835	641,045,040	75,402,095	676,078,984	2,858,819,277
<b>Other comprehensive income:</b>									
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	(780,991)	(3,189,567)	-	-	-	(780,991)	(3,189,567)
Total comprehensive loss for the period	-	-	(780,991)	(3,189,567)	-	-	-	(780,991)	(3,189,567)
<b>Transactions with owners:</b>									
Transfer from retained earnings to regulatory reserves	-	-	-	-	8,556,995	34,946,768	-	8,556,995	34,946,768
Exchange differences	-	(32,176,718)	-	(583,296)	-	(10,066,240)	(42,055,614)	-	(84,881,873)
<b>Total transactions with owners</b>	-	(32,176,718)	-	(583,296)	8,556,995	24,880,528	(42,055,614)	8,556,995	(49,935,105)
<b>As at 31 March 2023</b>	<u>510,741,556</u>	<u>2,070,546,268</u>	<u>8,849,602</u>	<u>35,876,288</u>	<u>164,263,830</u>	<u>665,925,568</u>	<u>33,346,481</u>	<u>683,854,988</u>	<u>2,805,694,605</u>
<b>Balance at 1 January 2022</b>	510,741,556	2,080,761,099	-	-	97,140,004	395,748,379	17,529,804	607,881,560	2,494,039,282
<b>Other comprehensive income:</b>									
Exchange differences	-	-	-	-	-	-	(4,149,299)	-	(4,149,299)
Total comprehensive loss for the period	-	-	-	-	-	-	(4,149,299)	-	(4,149,299)
<b>Transactions with owners:</b>									
Transfer from retained earnings to regulatory reserves	-	-	-	-	14,891,126	60,472,863	-	14,891,126	60,472,863
Exchange differences	-	(12,257,797)	-	-	-	(2,495,165)	163,803	-	(14,589,159)
<b>Total transactions with owners</b>	-	(12,257,797)	-	-	14,891,126	57,977,698	163,803	14,891,126	45,883,704
<b>As at 31 March 2022</b>	<u>510,741,556</u>	<u>2,068,503,302</u>	-	-	<u>112,031,130</u>	<u>453,726,077</u>	<u>13,544,308</u>	<u>622,772,686</u>	<u>2,535,773,687</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 37. Related party transactions and balances

#### (a) Related parties and relationships

The related parties of, and their 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 management personnel	The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all Directors of the Group and the Bank and members of senior management of the Group and the Bank.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 37. Related party transactions and balances (continued)

#### (b) Related parties balances

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>i) Loans and advances</b>								
Key management personnel	13,536,131	14,651,796	54,875,475	60,321,444	13,054,031	14,171,853	52,921,042	58,345,519
<b>ii) Balances with related parties</b>								
Shareholders	476,697	725,388	1,932,530	2,986,422	476,697	725,388	1,932,530	2,986,422
<b>iii) Receivables from/(payables to) related parties</b>								
Key management personnel								
Other payables	(74,941)	(68,978)	(303,811)	(283,982)	(63,626)	(56,820)	(257,940)	(233,928)
Shareholders								
Other payables	(1,339,546)	(488,930)	(5,430,519)	(2,012,924)	(1,339,546)	(488,930)	(5,430,519)	(2,012,924)
Subsidiaries								
Other receivables	-	-	-	-	335,830	259,910	1,361,455	1,070,049
Other payables	-	-	-	-	(92,989)	(28,709)	(376,977)	(118,195)
	<u>(1,414,487)</u>	<u>(557,908)</u>	<u>(5,734,330)</u>	<u>(2,296,906)</u>	<u>(1,160,331)</u>	<u>(314,549)</u>	<u>(4,703,981)</u>	<u>(1,294,998)</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 37. Related party transactions and balances (continued)

#### (b) Related parties balances (continued)

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>iv) Deposits from related parties</b>								
Key management personnel	7,565,568	6,209,960	30,670,813	25,566,405	7,046,092	5,730,308	28,564,857	23,591,678
Shareholders								
Current accounts	2,580,822	7,016,846	10,462,652	28,888,355	2,036,176	6,298,570	8,254,657	25,931,213
Savings accounts	727,329	902,605	2,948,593	3,716,026	727,329	902,605	2,948,593	3,716,026
Fixed deposits	3,025,781	2,966,448	12,266,516	12,212,866	3,025,781	2,966,448	12,266,516	12,212,866
Subsidiaries								
Current accounts	-	-	-	-	4,178,399	4,274,570	16,939,229	17,598,404
Savings accounts	-	-	-	-	54,769	258,388	222,034	1,063,783
Fixed deposits	-	-	-	-	4,382,933	3,454,526	17,768,410	14,222,283
	<u>13,899,500</u>	<u>17,095,859</u>	<u>56,348,574</u>	<u>70,383,652</u>	<u>21,451,479</u>	<u>23,885,415</u>	<u>86,964,296</u>	<u>98,336,253</u>
<b>v) Borrowing from related parties</b>								
Shareholder	<u>49,684,107</u>	<u>48,847,528</u>	<u>201,419,370</u>	<u>201,105,273</u>	<u>49,684,107</u>	<u>48,847,528</u>	<u>201,419,370</u>	<u>201,105,273</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 37. Related party transactions and balances (continued)

#### (c) Related parties transactions

	The Group				The Bank			
	For three-month period ended				For three-month period ended			
	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 March 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 March 2022 KHR'000 (Note 5)
<b>i) Interest income from related parties</b>								
Loans and advances to key management personnel	349,004	250,748	1,425,332	1,018,288	348,964	244,728	1,425,169	993,840
Deposits with subsidiary	-	-	-	-	-	5,615	-	22,803
	<u>349,004</u>	<u>250,748</u>	<u>1,425,332</u>	<u>1,018,288</u>	<u>348,964</u>	<u>250,343</u>	<u>1,425,169</u>	<u>1,016,643</u>
<b>ii) Fee and commission income from related parties</b>								
Shareholders	10,794	10,329	44,083	41,946	10,794	10,329	44,083	41,946
Subsidiaries	-	-	-	-	203	360	829	1,462
	<u>10,794</u>	<u>10,329</u>	<u>44,083</u>	<u>41,946</u>	<u>10,997</u>	<u>10,689</u>	<u>44,912</u>	<u>43,408</u>
<b>iii) Interest expenses to related parties</b>								
Deposits of key management personnel	36,331	17,884	148,376	72,627	28,261	13,935	115,418	56,590
Borrowing from shareholders	948,229	-	3,872,567	-	948,229	-	3,872,567	-
Deposits of shareholders	42,053	41,215	171,744	167,374	42,053	41,215	171,744	167,374
Deposits of subsidiaries	-	-	-	-	58,006	51,263	236,896	208,179
	<u>1,026,613</u>	<u>59,099</u>	<u>4,192,687</u>	<u>240,001</u>	<u>1,076,549</u>	<u>106,413</u>	<u>4,396,625</u>	<u>432,143</u>
<b>iv) Fee and remuneration expenses to related parties</b>								
Board of Directors	160,335	129,465	654,808	525,757	96,269	75,185	393,163	305,326
Key management personnel	4,848,703	4,854,286	19,802,103	19,713,255	4,201,217	4,297,857	17,157,770	17,453,597
Subsidiary	-	-	-	-	754,304	706,603	3,080,578	2,869,515
	<u>5,009,038</u>	<u>4,983,751</u>	<u>20,456,911</u>	<u>20,239,012</u>	<u>5,051,790</u>	<u>5,079,645</u>	<u>20,631,511</u>	<u>20,628,438</u>
<b>v) Other commitments</b>								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(4,986)	(32,409)	(20,363)	(131,613)

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Financial assets</b>								
Cash on hand	503,142,929	497,027,041	2,039,741,434	2,046,260,328	492,980,722	486,665,483	1,998,543,847	2,003,601,794
Deposits and placements with other banks, net	1,327,267,890	846,602,175	5,380,744,026	3,485,461,154	1,300,039,904	828,396,425	5,270,361,771	3,410,508,082
Statutory deposits	636,059,373	482,330,993	2,578,584,698	1,985,756,698	632,097,818	479,556,076	2,562,524,554	1,974,332,365
Financial investments	179,946,335	555,847,862	729,502,442	2,288,425,648	179,946,335	555,847,862	729,502,442	2,288,425,648
Loans and advances, net	6,533,355,545	6,379,406,093	26,486,223,379	26,264,014,885	6,390,177,745	6,246,269,485	25,905,780,578	25,715,891,470
Other assets	35,495,593	44,777,965	143,899,134	184,350,882	35,539,066	44,724,815	144,075,374	184,132,063
<b>Total financial assets</b>	<b>9,215,267,665</b>	<b>8,805,992,129</b>	<b>37,358,695,113</b>	<b>36,254,269,595</b>	<b>9,030,781,590</b>	<b>8,641,460,146</b>	<b>36,610,788,566</b>	<b>35,576,891,422</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	415,688,843	417,826,399	1,685,202,570	1,720,191,285	383,220,032	390,611,644	1,553,574,010	1,608,148,138
Deposits from customers	6,372,861,966	5,971,164,302	25,835,582,410	24,583,283,431	6,281,904,785	5,889,433,410	25,466,841,998	24,246,797,349
Lease liabilities	28,252,938	28,448,770	114,537,411	117,123,586	26,271,174	26,457,635	106,503,339	108,926,083
Borrowings	984,594,924	957,335,868	3,991,547,822	3,941,351,769	969,907,077	944,275,857	3,932,003,290	3,887,583,703
Subordinated debts	129,878,728	127,762,328	526,528,363	525,997,504	129,878,728	127,762,328	526,528,363	525,997,504
Other liabilities	52,406,361	95,830,215	212,455,387	394,532,995	52,006,795	95,593,093	210,835,547	393,556,764
<b>Total financial liabilities</b>	<b>7,983,683,760</b>	<b>7,598,367,882</b>	<b>32,365,853,963</b>	<b>31,282,480,570</b>	<b>7,843,188,591</b>	<b>7,474,133,967</b>	<b>31,796,286,547</b>	<b>30,771,009,541</b>
<b>Net financial instruments</b>	<b>1,231,583,905</b>	<b>1,207,624,247</b>	<b>4,992,841,150</b>	<b>4,971,789,025</b>	<b>1,187,592,999</b>	<b>1,167,326,179</b>	<b>4,814,502,019</b>	<b>4,805,881,881</b>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Financial assets</b>								
Financial investments	189,670	189,670	768,922	780,871	189,670	189,670	768,922	780,871
Derivative financial instruments	8,849,602	9,630,593	35,876,287	39,649,151	8,849,602	9,630,593	35,876,287	39,649,151
<b>Total financial assets</b>	<b>9,039,272</b>	<b>9,820,263</b>	<b>36,645,209</b>	<b>40,430,022</b>	<b>9,039,272</b>	<b>9,820,263</b>	<b>36,645,209</b>	<b>40,430,022</b>
<b>Net financial instruments</b>	<b>9,039,272</b>	<b>9,820,263</b>	<b>36,645,209</b>	<b>40,430,022</b>	<b>9,039,272</b>	<b>9,820,263</b>	<b>36,645,209</b>	<b>40,430,022</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(a) Credit risk management (continued)

The Group'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 interim 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

	The Group				The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	503,142,929	497,027,041	2,039,741,434	2,046,260,328	492,980,722	486,665,483	1,998,543,847	2,003,601,794
Deposits and placements with other banks, net	1,327,267,890	846,602,175	5,380,744,026	3,485,461,154	1,300,039,904	828,396,425	5,270,361,771	3,410,508,082
Statutory deposits	636,059,373	482,330,993	2,578,584,698	1,985,756,698	632,097,818	479,556,076	2,562,524,554	1,974,332,365
Financial investments	180,136,005	556,037,532	730,271,364	2,289,206,519	180,136,005	556,037,532	730,271,364	2,289,206,519
Loans and advances, net	6,533,355,545	6,379,406,093	26,486,223,379	26,264,014,885	6,390,177,745	6,246,269,485	25,905,780,578	25,715,891,470
Derivative financial instruments	8,849,602	9,630,593	35,876,287	39,649,151	8,849,602	9,630,593	35,876,287	39,649,151
Other assets	35,495,593	44,777,965	143,899,134	184,350,882	35,539,066	44,724,815	144,075,374	184,132,063
	<u>9,224,306,937</u>	<u>8,815,812,392</u>	<u>37,395,340,322</u>	<u>36,294,699,617</u>	<u>9,039,820,862</u>	<u>8,651,280,409</u>	<u>36,647,433,775</u>	<u>35,617,321,444</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	190,900,509	175,132,489	773,910,663	721,020,457	190,422,179	174,716,731	771,971,514	719,308,782
Bank guarantees	63,729,404	62,873,329	258,359,004	258,849,495	63,574,450	62,741,984	257,730,820	258,308,748
Letters of credit	7,288,542	9,176,130	29,547,749	37,778,127	7,288,542	9,176,130	29,547,749	37,778,127
Foreign exchange spot transactions	916,693	-	3,716,273	-	916,693	-	3,716,273	-
	<u>262,835,148</u>	<u>247,181,948</u>	<u>1,065,533,689</u>	<u>1,017,648,079</u>	<u>262,201,864</u>	<u>246,634,845</u>	<u>1,062,966,356</u>	<u>1,015,395,657</u>
<b>Total maximum credit risk exposure</b>	<u>9,487,142,085</u>	<u>9,062,994,340</u>	<u>38,460,874,011</u>	<u>37,312,347,696</u>	<u>9,302,022,726</u>	<u>8,897,915,254</u>	<u>37,710,400,131</u>	<u>36,632,717,101</u>

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank as at 31 March 2023 and 31 December 2022, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

## **ACLEDA BANK PLC. AND ITS SUBSIDIARIES**

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED**

#### **38. Financial risk management (continued)**

##### **38.1 Credit risk (continued)**

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

As shown in the table in the previous page, as at 31 March 2023, 68.87% for the Group and 68.70% for the Bank of total maximum exposure is derived from loans and advances to customers (31 December 2022: 70.39% and 70.20% 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 March 2023, approximately 96.11% (31 December 2022: 96.42%) 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 March 2023 and 31 December 2022 are as follows:

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
<b>As at 31 March 2023</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	493,004,985	-	-	9,367,523	-	-	770,421	-	503,142,929
Deposits and placements with other banks, net	861,580,692	672,963	192,206	385,864,755	16,191,759	50,668,391	311,383	11,785,741	1,327,267,890
Statutory deposits	632,344,488	-	-	3,714,885	-	-	-	-	636,059,373
Financial investments	180,136,005	-	-	-	-	-	-	-	180,136,005
Loans and advances, net	6,390,177,745	-	-	126,133,033	-	-	17,044,767	-	6,533,355,545
Derivative financial instruments	8,849,602	-	-	-	-	-	-	-	8,849,602
Other assets	35,232,252	-	-	242,341	-	-	21,000	-	35,495,593
	<u>8,601,325,769</u>	<u>672,963</u>	<u>192,206</u>	<u>525,322,537</u>	<u>16,191,759</u>	<u>50,668,391</u>	<u>18,147,571</u>	<u>11,785,741</u>	<u>9,224,306,937</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitment	190,422,179	-	-	478,330	-	-	-	-	190,900,509
Bank guarantees	63,574,450	-	-	154,954	-	-	-	-	63,729,404
Letters of credit	7,288,542	-	-	-	-	-	-	-	7,288,542
Foreign exchange spot transactions	916,693	-	-	-	-	-	-	-	916,693
	<u>262,201,864</u>	<u>-</u>	<u>-</u>	<u>633,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,835,148</u>
<b>Total maximum credit risk exposure</b>	<u>8,863,527,633</u>	<u>672,963</u>	<u>192,206</u>	<u>525,955,821</u>	<u>16,191,759</u>	<u>50,668,391</u>	<u>18,147,571</u>	<u>11,785,741</u>	<u>9,487,142,085</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>35,932,741,023</u>	<u>2,728,192</u>	<u>779,203</u>	<u>2,132,224,898</u>	<u>65,641,391</u>	<u>205,409,657</u>	<u>73,570,253</u>	<u>47,779,394</u>	<u>38,460,874,011</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
<b>As at 31 December 2022</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
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>
<b>Credit exposure for off-balance sheet items:</b>									
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
	<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>
<b>Total maximum credit risk exposure</b>	<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>
<b>In KHR'000 equivalent (Note 5)</b>	<u>35,555,705,709</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>37,312,347,696</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
<b>As at 31 March 2023</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	492,980,722	-	-	-	-	-	-	-	492,980,722
Deposits and placements with other banks, net	857,534,797	672,963	192,206	364,793,362	16,191,759	50,668,391	46,763	9,939,663	1,300,039,904
Statutory deposits	632,097,818	-	-	-	-	-	-	-	632,097,818
Financial investments	180,136,005	-	-	-	-	-	-	-	180,136,005
Loans and advances, net	6,390,177,745	-	-	-	-	-	-	-	6,390,177,745
Derivative financial instruments	8,849,602	-	-	-	-	-	-	-	8,849,602
Other assets	35,202,864	-	-	371	-	-	335,831	-	35,539,066
	<u>8,596,979,553</u>	<u>672,963</u>	<u>192,206</u>	<u>364,793,733</u>	<u>16,191,759</u>	<u>50,668,391</u>	<u>382,594</u>	<u>9,939,663</u>	<u>9,039,820,862</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitment	190,422,179	-	-	-	-	-	-	-	190,422,179
Bank guarantees	63,574,450	-	-	-	-	-	-	-	63,574,450
Letters of credit	7,288,542	-	-	-	-	-	-	-	7,288,542
Foreign exchange spot transactions	916,693	-	-	-	-	-	-	-	916,693
	<u>262,201,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,201,864</u>
<b>Total maximum credit risk exposure</b>	<u>8,859,181,417</u>	<u>672,963</u>	<u>192,206</u>	<u>364,793,733</u>	<u>16,191,759</u>	<u>50,668,391</u>	<u>382,594</u>	<u>9,939,663</u>	<u>9,302,022,726</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>35,915,121,464</u>	<u>2,728,192</u>	<u>779,203</u>	<u>1,478,873,794</u>	<u>65,641,391</u>	<u>205,409,657</u>	<u>1,551,036</u>	<u>40,295,394</u>	<u>37,710,400,131</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
<b>As at 31 December 2022</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
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>
<b>Credit exposure for off-balance sheet items:</b>									
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
	<u>246,634,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,634,845</u>
<b>Total maximum credit risk exposure</b>	<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>
<i>In KHR'000 equivalent (Note 5)</i>	<u>35,536,703,821</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>36,632,717,101</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) at carrying amount as at 31 March 2023 and 31 December 2022 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\$	
<b>As at 31 March 2023</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	503,142,929	-	-	-	-	-	-	503,142,929
Deposits and placements with other banks, net	1,327,267,890	-	-	-	-	-	-	1,327,267,890
Statutory deposits	-	-	-	-	-	-	636,059,373	636,059,373
Financial investments	-	-	-	-	-	-	180,136,005	180,136,005
Loans and advances, net	4,842,696	2,149,322,882	1,618,228,548	205,979,285	235,918,714	1,427,498,837	891,564,583	6,533,355,545
Derivative financial instruments	8,849,602	-	-	-	-	-	-	8,849,602
Other assets	2,761,833	-	-	-	-	-	32,733,760	35,495,593
	<u>1,846,864,950</u>	<u>2,149,322,882</u>	<u>1,618,228,548</u>	<u>205,979,285</u>	<u>235,918,714</u>	<u>1,427,498,837</u>	<u>1,740,493,721</u>	<u>9,224,306,937</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	-	-	-	-	-	-	190,900,509	190,900,509
Bank guarantees	-	-	-	-	-	-	63,729,404	63,729,404
Letters of credit	-	-	-	-	-	-	7,288,542	7,288,542
Foreign exchange spot transactions	-	-	-	-	-	-	916,693	916,693
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,835,148</u>	<u>262,835,148</u>
<b>Total maximum credit risk exposure</b>	<u>1,846,864,950</u>	<u>2,149,322,882</u>	<u>1,618,228,548</u>	<u>205,979,285</u>	<u>235,918,714</u>	<u>1,427,498,837</u>	<u>2,003,328,869</u>	<u>9,487,142,085</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>7,487,190,505</u>	<u>8,713,354,964</u>	<u>6,560,298,534</u>	<u>835,040,021</u>	<u>956,414,467</u>	<u>5,787,080,285</u>	<u>8,121,495,235</u>	<u>38,460,874,011</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
<b>As at 31 December 2022</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
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>
<b>Credit exposure for off-balance sheet items:</b>								
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
	-	-	-	-	-	-	<u>247,181,948</u>	<u>247,181,948</u>
<b>Total maximum credit risk exposure</b>	<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>
<b>In KHR'000 equivalent (Note 5)</b>	<u>5,644,553,255</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>37,312,347,696</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank						Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	
<b>As at 31 March 2023</b>							
<b>Credit exposure for on-balance sheet financial assets:</b>							
Cash on hand	492,980,722	-	-	-	-	-	492,980,722
Deposits and placements with other banks, net	1,300,039,904	-	-	-	-	-	1,300,039,904
Statutory deposits	-	-	-	-	-	632,097,818	632,097,818
Financial investments	-	-	-	-	-	180,136,005	180,136,005
Loans and advances, net	4,842,696	2,090,301,172	1,588,767,205	195,501,481	230,826,706	1,397,032,675	6,390,177,745
Derivative financial instruments	8,849,602	-	-	-	-	-	8,849,602
Other assets	3,072,335	-	-	-	-	32,466,731	35,539,066
	<u>1,809,785,259</u>	<u>2,090,301,172</u>	<u>1,588,767,205</u>	<u>195,501,481</u>	<u>230,826,706</u>	<u>1,397,032,675</u>	<u>9,039,820,862</u>
<b>Credit exposure for off-balance sheet items:</b>							
Unused portion of loan commitment	-	-	-	-	-	190,422,179	190,422,179
Bank guarantees	-	-	-	-	-	63,574,450	63,574,450
Letters of credit	-	-	-	-	-	7,288,542	7,288,542
Foreign exchange spot transactions	-	-	-	-	-	916,693	916,693
	-	-	-	-	-	<u>262,201,864</u>	<u>262,201,864</u>
<b>Total maximum credit risk exposure</b>	<u>1,809,785,259</u>	<u>2,090,301,172</u>	<u>1,588,767,205</u>	<u>195,501,481</u>	<u>230,826,706</u>	<u>1,397,032,675</u>	<u>9,302,022,726</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>7,336,869,441</u>	<u>8,474,080,951</u>	<u>6,440,862,249</u>	<u>792,563,004</u>	<u>935,771,466</u>	<u>5,663,570,464</u>	<u>37,710,400,131</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
<b>As at 31 December 2022</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
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>
<b>Credit exposure for off-balance sheet items:</b>								
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
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,634,845</u>	<u>246,634,845</u>
<b>Total maximum credit risk exposure</b>	<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>
<b>In KHR'000 equivalent (Note 5)</b>	<u>5,527,670,322</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>36,632,717,101</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(e) Write-off policy

Financial instruments can be written off under the judgment of the Management Credit Committee in case when the Group and the Bank lose control on its contractual rights over that facility or when all or part of the facility is deemed uncollectable; this is particularly the case when there is no realistic prospect of recovery 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

###### *Recognition of ECL*

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

- Financial assets measured at amortised cost,
- Financial assets measured at FVOCI, and
- 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 INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Recognition of ECL (continued)*

ACLEDA Bank Lao Ltd.

Staging	Days Past Due	BOL's Classification	Indicator	Default Indicator
1	$0 \leq \text{DPD} \leq 29$	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 INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Recognition of ECL (continued)*

*Credit classification for financial assets*

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

- (f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p><b>3- SUBSTANDARD</b></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"> <li>▪ Inability of the counterparty to meet the contractual repayments' terms,</li> <li>▪ Unfavourable economic and market conditions that would affect the business and profitability of the counterparty in the future,</li> <li>▪ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments.</li> <li>▪ Difficulties experienced by the counterparty in repaying other facilities granted by the Bank or by other institutions when the information is available.</li> <li>▪ Breach of financial covenants by the counterparty.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due from 90 days to 179 days.</li> <li>- When interest payments for 90 to 179 days have been capitalised, refinanced, or rolled over into a new facility.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due for maximum 60 days.</li> <li>- When interest payments for maximum 60 days have been capitalised, refinanced, or rolled over into a new facility.</li> <li>- 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.</li> <li>- The overdraft that has had no net inflow for 60 days must be modified into a term loan.</li> </ul>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p><b>4- DOUBTFUL</b> 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"> <li>- When any facility is past due from 180 days to 359 days.</li> <li>- When interest payment for 180 to 359 days have been capitalised or rolled over into a new facility.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due for maximum 90 days.</li> <li>- When interest payment for maximum 90 days have been capitalised or rolled over into a new facility.</li> <li>- 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.</li> </ul>
<p><b>5- LOSS</b> 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"> <li>- When any facility is past due from 360 days.</li> <li>- When interest payment for 360 days or more have been capitalised or rolled over into a new facility.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due for maximum 180 days.</li> <li>- When interest payment for maximum 180 days have been capitalised or rolled over into a new facility.</li> <li>- 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.</li> </ul>

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

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

Loans and advances at amortised cost	31 March 2023			31 December 2022	
	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\$
<b>The Group</b>					
Normal	6,269,040,751	-	-	6,269,040,751	6,172,570,945
Special mention	204,714	79,655,201	-	79,859,915	62,601,379
Substandard	13,585	-	48,305,417	48,319,002	36,876,095
Doubtful	13,700	-	41,199,053	41,212,753	33,610,691
Loss	20,759,872	126,918	121,919,184	142,805,974	115,989,645
	6,290,032,622	79,782,119	211,423,654	6,581,238,395	6,421,648,755
ECL allowance	(22,723,466)	(5,838,390)	(19,320,994)	(47,882,850)	(42,242,662)
Carrying amount	6,267,309,156	73,943,729	192,102,660	6,533,355,545	6,379,406,093
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>25,407,671,318</b>	<b>299,767,877</b>	<b>778,784,184</b>	<b>26,486,223,379</b>	<b>26,264,014,885</b>
<b>The Bank</b>					
Normal	6,136,510,312	-	-	6,136,510,312	6,027,814,120
Special mention	186,347	76,744,490	-	76,930,837	61,876,573
Substandard	-	-	47,790,300	47,790,300	36,270,756
Doubtful	-	-	40,420,472	40,420,472	32,525,053
Loss	-	-	121,547,980	121,547,980	115,939,951
	6,136,696,659	76,744,490	209,758,752	6,423,199,901	6,274,426,453
ECL allowance	(8,607,003)	(5,418,083)	(18,997,070)	(33,022,156)	(28,156,968)
Carrying amount	6,128,089,656	71,326,407	190,761,682	6,390,177,745	6,246,269,485
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>24,843,275,465</b>	<b>289,157,254</b>	<b>773,347,859</b>	<b>25,905,780,578</b>	<b>25,715,891,470</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Financial investments at amortised cost	31 March 2023			31 December 2022	
	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\$
<b>The Group</b>					
Normal	180,550,532	-	-	180,550,532	556,464,067
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	180,550,532	-	-	180,550,532	556,464,067
ECL allowance	(604,197)	-	-	(604,197)	(616,205)
Carrying amount	179,946,335	-	-	179,946,335	555,847,862
<i>In KHR'000 equivalent (Note 5)</i>	<u>729,502,441</u>	<u>-</u>	<u>-</u>	<u>729,502,441</u>	<u>2,288,425,648</u>
<b>The Bank</b>					
Normal	180,550,532	-	-	180,550,532	556,464,067
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	180,550,532	-	-	180,550,532	556,464,067
ECL allowance	(604,197)	-	-	(604,197)	(616,205)
Carrying amount	179,946,335	-	-	179,946,335	555,847,862
<i>In KHR'000 equivalent (Note 5)</i>	<u>729,502,441</u>	<u>-</u>	<u>-</u>	<u>729,502,441</u>	<u>2,288,425,648</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Cash on hand and deposits and placements with other banks, net	31 March 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
<b>The Group</b>					
Normal	1,831,275,738	-	-	1,831,275,738	1,343,937,484
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,831,275,738</u>	<u>-</u>	<u>-</u>	<u>1,831,275,738</u>	<u>1,343,937,484</u>
ECL allowance	(864,919)	-	-	(864,919)	(308,268)
Carrying amount	<u>1,830,410,819</u>	<u>-</u>	<u>-</u>	<u>1,830,410,819</u>	<u>1,343,629,216</u>
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<u>7,420,485,460</u>	<u>-</u>	<u>-</u>	<u>7,420,485,460</u>	<u>5,531,721,482</u>
<b>The Bank</b>					
Normal	1,793,757,038	-	-	1,793,757,038	1,315,285,153
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,793,757,038</u>	<u>-</u>	<u>-</u>	<u>1,793,757,038</u>	<u>1,315,285,153</u>
ECL allowance	(736,412)	-	-	(736,412)	(223,245)
Carrying amount	<u>1,793,020,626</u>	<u>-</u>	<u>-</u>	<u>1,793,020,626</u>	<u>1,315,061,908</u>
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<u>7,268,905,618</u>	<u>-</u>	<u>-</u>	<u>7,268,905,618</u>	<u>5,414,109,876</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Statutory deposits	31 March 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
<b>The Group</b>					
Normal	636,059,373	-	-	636,059,373	482,330,993
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>636,059,373</u>	<u>-</u>	<u>-</u>	<u>636,059,373</u>	<u>482,330,993</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>636,059,373</u>	<u>-</u>	<u>-</u>	<u>636,059,373</u>	<u>482,330,993</u>
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<u>2,578,584,698</u>	<u>-</u>	<u>-</u>	<u>2,578,584,698</u>	<u>1,985,756,698</u>
<b>The Bank</b>					
Normal	632,097,818	-	-	632,097,818	479,556,076
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>632,097,818</u>	<u>-</u>	<u>-</u>	<u>632,097,818</u>	<u>479,556,076</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>632,097,818</u>	<u>-</u>	<u>-</u>	<u>632,097,818</u>	<u>479,556,076</u>
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<u>2,562,524,554</u>	<u>-</u>	<u>-</u>	<u>2,562,524,554</u>	<u>1,974,332,365</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Other Assets	31 March 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
<b>The Group</b>					
Normal	35,516,839	-	-	35,516,839	44,829,562
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>35,516,839</u>	<u>-</u>	<u>-</u>	<u>35,516,839</u>	<u>44,829,562</u>
ECL allowance	(21,246)	-	-	(21,246)	(51,597)
Carrying amount	<u>35,495,593</u>	<u>-</u>	<u>-</u>	<u>35,495,593</u>	<u>44,777,965</u>
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<u>143,899,134</u>	<u>-</u>	<u>-</u>	<u>143,899,134</u>	<u>184,350,882</u>
<b>The Bank</b>					
Normal	35,557,152	-	-	35,557,152	44,761,717
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>35,557,152</u>	<u>-</u>	<u>-</u>	<u>35,557,152</u>	<u>44,761,717</u>
ECL allowance	(18,086)	-	-	(18,086)	(36,902)
Carrying amount	<u>35,539,066</u>	<u>-</u>	<u>-</u>	<u>35,539,066</u>	<u>44,724,815</u>
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<u>144,075,374</u>	<u>-</u>	<u>-</u>	<u>144,075,374</u>	<u>184,132,063</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Financial guarantee contracts	31 March 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
<b>The Group</b>					
Normal	63,729,404	-	-	63,729,404	62,873,329
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	63,729,404	-	-	63,729,404	62,873,329
ELC allowance	(14,294)	-	-	(14,294)	(12,629)
Carrying amount	63,715,110	-	-	63,715,110	62,860,700
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>258,301,056</b>	<b>-</b>	<b>-</b>	<b>258,301,056</b>	<b>258,797,502</b>
<b>The Bank</b>					
Normal	76,574,450	-	-	76,574,450	75,741,984
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	76,574,450	-	-	76,574,450	75,741,984
ECL allowance	(73,705)	-	-	(73,705)	(77,815)
Carrying amount	76,500,745	-	-	76,500,745	75,664,169
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>310,134,020</b>	<b>-</b>	<b>-</b>	<b>310,134,020</b>	<b>311,509,384</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

- (g) Amounts arising from ECL

##### *Significant increase in credit risk*

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

###### *Definition of default*

The 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**: $31 \leq \text{DPD} \leq 60$	Special Mention		
LT*: $180 \leq \text{DPD} < 360$ ST**: $61 \leq \text{DPD} \leq 90$	Substandard		
LT*: $\text{DPD} \geq 360$ ST**: $\text{DPD} \geq 91$	Doubtful		Default / Non-performing
	Loss		

\*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
$30 \leq \text{DPD} < 90$		
$90 \leq \text{DPD} < 180$	Special Mention	
$180 \leq \text{DPD} < 360$	Substandard	
$\text{DPD} \geq 360$	Doubtful	Default / Non-performing
	Loss	

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Definition of default (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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Incorporation of forward-looking information (continued)*

The economic scenarios of the Bank's portfolio used included the following key indicators for Cambodia from years 2023 to 2027:

Exposure	2023	2024	2025	2026	2027
<b>1 - Small Loan</b>					
- 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 CPI All Items 2006=100					
Base	193.55	194.28	194.69	163.58	163.58
Upside	170.04	170.77	171.18	140.07	140.07
Downside	217.06	217.79	218.20	187.09	187.09
<b>2 - Public Housing Loan</b>					
- 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 INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Incorporation of forward-looking information (continued)*

Exposure	2023	2024	2025	2026	2027
- 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%
<b>3- Overdraft</b>					
- 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

##### *Modified financial assets (continued)*

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

##### *Loss allowance*

During the period, the allowance for/(reversal of) impairment losses recognised in the interim statement of profit or loss and other comprehensive income are as follows:

Type	The Group				The Bank			
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Deposits and placements with other banks	555,161	(157,751)	2,267,278	(644,728)	513,410	1,937	2,096,767	7,917
Loans and advances	9,682,175	20,045,313	39,542,003	81,925,194	8,833,212	12,763,402	36,074,838	52,164,024
Investments in debt securities	(12,009)	616,205	(49,045)	2,518,430	(12,009)	616,205	(49,045)	2,518,430
Other assets	(30,581)	77,440	(124,893)	316,497	(19,046)	31,409	(77,784)	128,369
	10,194,746	20,581,207	41,635,343	84,115,393	9,315,567	13,412,953	38,044,776	54,818,740
Financial guarantee contracts	1,656	(2,588)	6,763	(10,577)	(4,118)	(66,794)	(16,818)	(272,987)
<b>Total</b>	<b>10,196,402</b>	<b>20,578,619</b>	<b>41,642,106</b>	<b>84,104,816</b>	<b>9,311,449</b>	<b>13,346,159</b>	<b>38,027,958</b>	<b>54,545,753</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

The following tables show balance of the loss allowance by class of financial instrument:

Loans and advances at amortised cost	31 March 2023				31 December 2022			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<b>The Group</b>								
Beginning of the period	20,472,766	3,980,711	17,789,185	42,242,662	17,344,703	2,195,419	15,080,952	34,621,074
Transfers to:								
Stage 1	(418,286)	178,415	239,871	-	(349,461)	124,555	224,906	-
Stage 2	1,029,432	(2,199,088)	1,169,656	-	606,845	(1,412,526)	805,681	-
Stage 3	16,675	84,458	(101,133)	-	183,996	144,744	(328,740)	-
Net remeasurement of loss allowance	238,429	3,984,557	4,643,393	8,866,379	2,285,660	3,066,682	12,421,703	17,774,045
New financial assets originated	1,948,206	26,024	13,703	1,987,933	6,151,753	647,925	1,045,874	7,845,552
Derecognition of financial assets	(615,187)	(166,384)	(390,566)	(1,172,137)	(3,106,042)	(368,216)	(2,100,026)	(5,574,284)
Write offs	-	-	(4,036,883)	(4,036,883)	-	(243,658)	(8,550,812)	(8,794,470)
Currency translation difference	51,431	(50,303)	(6,232)	(5,104)	(2,644,688)	(174,214)	(810,353)	(3,629,255)
As at the end of the period	<u>22,723,466</u>	<u>5,838,390</u>	<u>19,320,994</u>	<u>47,882,850</u>	<u>20,472,766</u>	<u>3,980,711</u>	<u>17,789,185</u>	<u>42,242,662</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>92,120,931</u>	<u>23,668,833</u>	<u>78,327,310</u>	<u>194,117,074</u>	<u>84,286,378</u>	<u>16,388,587</u>	<u>73,238,074</u>	<u>173,913,039</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 38. Financial risk management (continued)

### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

The following tables show balance of the loss allowance by class of financial instrument: (continued)

Loans and advances at amortised cost	31 March 2023				31 December 2022			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<b>The Bank</b>								
Beginning of the period	6,861,363	3,832,274	17,463,331	28,156,968	6,781,999	1,696,685	14,109,821	22,588,505
Transfers to:								
Stage 1	(382,736)	147,395	235,341	-	(287,959)	100,266	187,693	-
Stage 2	1,014,097	(2,147,285)	1,133,188	-	395,756	(1,103,254)	707,498	-
Stage 3	429	73,690	(74,119)	-	34,154	132,164	(166,318)	-
Net remeasurement of loss allowance	195,422	3,691,194	4,519,951	8,406,567	(2,252,411)	2,722,616	10,599,013	11,069,218
New financial assets originated	1,200,423	24,803	13,703	1,238,929	3,749,825	618,472	1,000,553	5,368,850
Derecognition of financial assets	(294,781)	(160,202)	(357,301)	(812,284)	(1,546,827)	(284,998)	(1,842,841)	(3,674,666)
Write offs	-	-	(3,926,619)	(3,926,619)	-	-	(6,957,636)	(6,957,636)
Currency translation difference	12,786	(43,786)	(10,405)	(41,405)	(13,174)	(49,677)	(174,452)	(237,303)
As at the end of the period	<u>8,607,003</u>	<u>5,418,083</u>	<u>18,997,070</u>	<u>33,022,156</u>	<u>6,861,363</u>	<u>3,832,274</u>	<u>17,463,331</u>	<u>28,156,968</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>34,892,791</u>	<u>21,964,908</u>	<u>77,014,122</u>	<u>133,871,821</u>	<u>28,248,231</u>	<u>15,777,472</u>	<u>71,896,534</u>	<u>115,922,237</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Measurement of ECL (continued)*

*Loss allowance (continued)*

The following tables show balance of the loss allowance by class of financial instrument: (continued)

	31 March 2023				31 December 2022
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>Cash on hand and deposits and placements with other banks, net</b>					
<b>The Group</b>					
Beginning of the period	308,269	-	-	308,269	479,163
Allowance for/(reversal) of impairment losses during the period	555,161	-	-	555,161	(157,751)
Currency translation differences	1,489	-	-	1,489	(13,144)
As at the end of the period	864,919	-	-	864,919	308,268
<i>In KHR'000 equivalent (Note 5)</i>	3,506,382	-	-	3,506,382	1,269,140
<b>The Bank</b>					
Beginning of the period	223,245	-	-	223,245	220,282
Allowance for impairment losses during the period	513,410	-	-	513,410	1,937
Currency translation differences	(243)	-	-	(243)	1,026
As at the end of the period	736,412	-	-	736,412	223,245
<i>In KHR'000 equivalent (Note 5)</i>	2,985,414	-	-	2,985,413	919,100
	31 March 2023				31 December 2022
<b>Other assets</b>	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>The Group</b>					
Beginning of the period	51,597	-	-	51,597	7,889
Allowance for/(reversal) of impairment losses during the period	(30,581)	-	-	(30,581)	77,440
Currency translation differences	230	-	-	230	(33,732)
As at the end of the period	21,246	-	-	21,246	51,597
<i>In KHR'000 equivalent (Note 5)</i>	86,131	-	-	86,131	212,425
<b>The Bank</b>					
Beginning of the period	36,902	-	-	36,902	5,430
Allowance for/(reversal) of impairment losses during the period	(19,046)	-	-	(19,046)	31,409
Currency translation differences	230	-	-	230	63
As at the end of the period	18,086	-	-	18,086	36,902
<i>In KHR'000 equivalent (Note 5)</i>	73,321	-	-	73,321	151,926

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Measurement of ECL (continued)*

*Loss allowance (continued)*

	31 March 2023			31 December 2022	
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>Investments in debt securities</b>					
<b>The Group</b>					
Beginning of the period	616,205	-	-	616,205	-
Allowance for/(reversal of) impairment losses during the period	(12,009)	-	-	(12,009)	616,205
Currency translation differences	1	-	-	1	-
As at the end of the period	<u>604,197</u>	<u>-</u>	<u>-</u>	<u>604,197</u>	<u>616,205</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,449,415</u>	<u>-</u>	<u>-</u>	<u>2,449,415</u>	<u>2,536,916</u>
<b>The Bank</b>					
Beginning of the period	616,205	-	-	616,205	-
Allowance for/(reversal of) impairment losses during the period	(12,009)	-	-	(12,009)	616,205
Currency translation differences	1	-	-	1	-
As at the end of the period	<u>604,197</u>	<u>-</u>	<u>-</u>	<u>604,197</u>	<u>616,205</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,449,415</u>	<u>-</u>	<u>-</u>	<u>2,449,415</u>	<u>2,498,095</u>
	31 March 2023			31 December 2022	
<b>Financial guarantee contracts</b>	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>The Group</b>					
Beginning of the period	12,629	-	-	12,629	15,324
Allowance for/(reversal of) impairment losses during the period	1,656	-	-	1,656	(2,588)
Currency translation differences	9	-	-	9	(107)
As at the end of the period	<u>14,294</u>	<u>-</u>	<u>-</u>	<u>14,294</u>	<u>12,629</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>57,948</u>	<u>-</u>	<u>-</u>	<u>57,948</u>	<u>51,994</u>
<b>The Bank</b>					
Beginning of the period	77,815	-	-	77,815	144,625
Reversal of impairment losses during the period	(4,118)	-	-	(4,118)	(66,794)
Currency translation differences	8	-	-	8	(16)
As at the end of the period	<u>73,705</u>	<u>-</u>	<u>-</u>	<u>73,705</u>	<u>77,815</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>298,800</u>	<u>-</u>	<u>-</u>	<u>298,800</u>	<u>320,364</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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). 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 March 2023 and 2022 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 US\$	Downside Scenario US\$	Downside Scenario KHR'000	Downside Scenario KHR'000
<b>31 March 2023</b>						
<b>1 - Small Loan</b>			(2,522,161)	5,067,608	(10,224,841)	20,544,083
- Domestic credit to private sector (% of GDP)	-51.29%	51.29%				
- Cambodia CPI, All Items 2006=100	-23.51	23.51				
<b>2 - Public Housing Loan</b>			(354,864)	618,126	(1,438,619)	2,505,883
- GDP at Current Price, Industry (Year-on-Year, %)	12.17%	-12.17%				
- US 1-Year Treasury Yield Curve Rates	-167.24%	167.24%				
<b>3 - Overdraft</b>			(117,724)	593,903	(477,253)	2,407,683
- Domestic credit to private sector (% of GDP)	-0.59	0.59				

	Change in MEVs		Impact on ECL			
	Upside Scenario	Downside Scenario	Upside Scenario US\$	Downside Scenario US\$	Upside Scenario KHR'000	Downside Scenario KHR'000
<b>31 March 2022</b>						
<b>1 - Small</b>			(3,634,735)	6,286,863	(14,964,204)	25,883,015
- Domestic credit to private sector (% of GDP)	-51.29%	51.29%				
- Cambodia CPI, All Items 2006=100	-20.94	20.94				
<b>2 - Public Housing Loan</b>			(369,692)	839,757	(1,522,022)	3,457,280
- GDP at Current Price, Industry (Year-on-Year, %)	11.11%	-11.11%				
- US 1-Year Treasury Yield Curve Rates	-170.58%	170.58%				
<b>3 - Overdraft</b>			(167,397)	373,206	(689,173)	1,536,489
- Cambodia CPI, All Items 2006=100	-21.21	21.21				

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 March 2023 and 31 December 2022, 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

##### (i) Interest rate risk (continued)

	The Group						Total US\$
	Up to 1 month US\$	1-3 months US\$	3-12 months US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 March 2023</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	503,142,929	503,142,929
Deposits and placements with other banks, net	455,619,597	34,030,417	22,693,636	-	-	814,924,240	1,327,267,890
Statutory deposits	-	-	43,316,302	-	-	592,743,071	636,059,373
Financial investments	69,666,995	37,087,464	27,538,062	44,772,047	-	1,071,437	180,136,005
Loans and advances, net							
- Performing	161,790,756	275,835,270	1,092,297,261	3,779,873,936	1,003,755,949	35,347,494	6,348,900,666
- Non-performing	-	-	-	-	-	232,337,729	232,337,729
- Loss allowance	-	-	-	-	-	(47,882,850)	(47,882,850)
Derivative financial instruments	-	-	-	-	-	8,849,602	8,849,602
Other assets	-	-	-	-	-	35,495,593	35,495,593
<b>Total financial assets</b>	<b>687,077,348</b>	<b>346,953,151</b>	<b>1,185,845,261</b>	<b>3,824,645,983</b>	<b>1,003,755,949</b>	<b>2,176,029,245</b>	<b>9,224,306,937</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	43,463,577	34,148,389	118,757,534	46,149,283	81,450,000	91,720,060	415,688,843
Deposits from customers	2,646,370,828	418,498,151	1,699,220,239	817,086,817	95,027,230	696,658,701	6,372,861,966
Lease liabilities	1,163,183	1,935,619	7,476,708	16,795,466	957,628	(75,666)	28,252,938
Borrowings	804,881	263,058,862	515,203,908	189,423,408	7,855,148	8,248,717	984,594,924
Subordinated debts	-	14,899,081	10,911,162	73,573,069	28,096,458	2,398,958	129,878,728
Other liabilities	-	-	-	-	-	52,406,361	52,406,361
<b>Total financial liabilities</b>	<b>2,691,802,469</b>	<b>732,540,102</b>	<b>2,351,569,551</b>	<b>1,143,028,043</b>	<b>213,386,464</b>	<b>851,357,131</b>	<b>7,983,683,760</b>
Net interest sensitivity gap	(2,004,725,121)	(385,586,951)	(1,165,724,290)	2,681,617,940	790,369,485	1,324,672,114	1,240,623,177
<b>In KHR'000 equivalent (Note 5)</b>	<b>(8,127,155,641)</b>	<b>(1,563,169,499)</b>	<b>(4,725,846,272)</b>	<b>10,871,279,129</b>	<b>3,204,157,892</b>	<b>5,370,220,750</b>	<b>5,029,486,359</b>
Unused portion of overdrafts	-	-	-	-	-	190,900,509	190,900,509
Guarantees, acceptances and other financial facilities	-	-	-	-	-	71,017,946	71,017,946
Foreign exchange spot transactions	-	-	-	-	-	916,693	916,693
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262,835,148</b>	<b>262,835,148</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,065,533,689</b>	<b>1,065,533,689</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2022</b>							
<b>Financial assets</b>							
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
<b>Total financial assets</b>	<b>845,803,928</b>	<b>441,021,471</b>	<b>1,115,419,801</b>	<b>3,828,586,676</b>	<b>884,239,642</b>	<b>1,700,740,874</b>	<b>8,815,812,392</b>
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>	<b>2,861,340,921</b>	<b>846,125,734</b>	<b>1,879,928,530</b>	<b>1,102,569,884</b>	<b>156,032,489</b>	<b>752,370,324</b>	<b>7,598,367,882</b>
<b>Net interest sensitivity gap</b>	<b>(2,015,536,993)</b>	<b>(405,104,263)</b>	<b>(764,508,729)</b>	<b>2,726,016,792</b>	<b>728,207,153</b>	<b>948,370,550</b>	<b>1,217,444,510</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(8,297,965,800)</b>	<b>(1,667,814,251)</b>	<b>(3,147,482,437)</b>	<b>11,223,011,133</b>	<b>2,998,028,849</b>	<b>3,904,441,553</b>	<b>5,012,219,047</b>
Unused portion of overdrafts	-	-	-	-	-	175,132,489	175,132,489
Guarantees, acceptances and other financial facilities	-	-	-	-	-	72,049,459	72,049,459
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,181,948</b>	<b>247,181,948</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,017,648,079</b>	<b>1,017,648,079</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

##### (i) Interest rate risk (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 March 2023</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	492,980,722	492,980,722
Deposits and placements with other banks, net	454,822,826	33,433,646	22,693,636	-	-	789,089,796	1,300,039,904
Statutory deposits	-	-	43,316,302	-	-	588,781,516	632,097,818
Financial investments	69,666,995	37,087,464	27,538,062	44,772,047	-	1,071,437	180,136,005
Loans and advances, net							
- Performing	157,697,201	268,183,474	1,060,323,467	3,697,356,309	995,936,440	33,944,258	6,213,441,149
- Non-performing	-	-	-	-	-	209,758,752	209,758,752
- Loss allowance	-	-	-	-	-	(33,022,156)	(33,022,156)
Derivative financial instruments	-	-	-	-	-	8,849,602	8,849,602
Other assets	-	-	-	-	-	35,539,066	35,539,066
<b>Total financial assets</b>	<b>682,187,022</b>	<b>338,704,584</b>	<b>1,153,871,467</b>	<b>3,742,128,356</b>	<b>995,936,440</b>	<b>2,126,992,993</b>	<b>9,039,820,862</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	40,834,670	24,827,734	96,262,282	45,437,033	81,450,000	94,408,313	383,220,032
Deposits from customers	2,619,965,529	414,874,955	1,676,698,402	798,415,783	90,831,528	681,118,588	6,281,904,785
Lease liabilities	1,137,715	1,817,241	7,240,613	15,876,731	198,874	-	26,271,174
Borrowings	804,881	261,954,674	510,056,921	181,444,965	7,632,570	8,013,066	969,907,077
Subordinated debts	-	14,899,081	10,911,162	73,573,069	28,096,458	2,398,958	129,878,728
Other liabilities	-	-	-	-	-	52,006,795	52,006,795
Total financial liabilities	2,662,742,795	718,373,685	2,301,169,380	1,114,747,581	208,209,430	837,945,720	7,843,188,591
<b>Net interest sensitivity gap</b>	<b>(1,980,555,773)</b>	<b>(379,669,101)</b>	<b>(1,147,297,913)</b>	<b>2,627,380,775</b>	<b>787,727,010</b>	<b>1,289,047,273</b>	<b>1,196,632,271</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(8,029,173,104)</b>	<b>(1,539,178,535)</b>	<b>(4,651,145,739)</b>	<b>10,651,401,662</b>	<b>3,193,445,299</b>	<b>5,225,797,645</b>	<b>4,851,147,228</b>
Unused portion of overdrafts	-	-	-	-	-	190,422,179	190,422,179
Guarantees, acceptances and other financial facilities	-	-	-	-	-	70,862,992	70,862,992
Foreign exchange spot transactions	-	-	-	-	-	916,693	916,693
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262,201,864</b>	<b>262,201,864</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,062,966,356</b>	<b>1,062,966,356</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.2 Market risk (continued)

###### (i) Interest rate risk (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2022</b>							
<b>Financial assets</b>							
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
<b>Total financial assets</b>	<b>841,176,029</b>	<b>432,350,599</b>	<b>1,082,328,745</b>	<b>3,744,519,963</b>	<b>876,990,047</b>	<b>1,673,915,026</b>	<b>8,651,280,409</b>
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>	<b>2,834,922,453</b>	<b>833,878,669</b>	<b>1,837,501,437</b>	<b>1,075,719,434</b>	<b>150,500,403</b>	<b>741,611,571</b>	<b>7,474,133,967</b>
<b>Net interest sensitivity gap</b>	<b>(1,993,746,424)</b>	<b>(401,528,070)</b>	<b>(755,172,692)</b>	<b>2,668,800,529</b>	<b>726,489,644</b>	<b>932,303,455</b>	<b>1,177,146,442</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(8,208,254,028)</b>	<b>(1,653,091,062)</b>	<b>(3,109,045,973)</b>	<b>10,987,451,778</b>	<b>2,990,957,864</b>	<b>3,838,293,324</b>	<b>4,846,311,903</b>
Unused portion of overdrafts	-	-	-	-	-	174,716,731	174,716,731
Guarantees, acceptances and other financial facilities	-	-	-	-	-	71,918,114	71,918,114
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,634,845</b>	<b>246,634,845</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,015,395,657</b>	<b>1,015,395,657</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

##### **Fair value sensitivity analysis for fixed-rate instruments**

The Group and the Bank do not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect the interim statement of profit or loss and other comprehensive income.

##### **Cash flow sensitivity analysis for variable-rate instruments**

Interim 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 interim 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 interim 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 measures, closely monitors and manages foreign exchange risk on a daily basis and takes action on time as necessary. Enough net open currency position is maintained which follows the regulatory requirements and internal risk policies.

The tables in the next pages summarise the Group’s and the Bank’s exposure to foreign currency exchange rate risk. 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	The Group							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
<b>As at 31 March 2023</b>								
<b>Financial assets</b>								
Cash on hand	126,527,573	345,844,891	18,280,909	2,639,755	917,075	6,398,124	2,534,602	503,142,929
Deposits and placements with other banks, net	350,576,785	947,306,702	9,352,530	865,659	327,418	17,541,973	1,296,823	1,327,267,890
Statutory deposits	81,401,085	551,542,443	862,341	-	-	2,253,504	-	636,059,373
Financial investments	63,963,283	116,172,722	-	-	-	-	-	180,136,005
Loans and advances, net	945,511,928	5,417,779,284	26,916,103	-	-	126,103,463	17,044,767	6,533,355,545
Derivative financial instruments	-	8,849,602	-	-	-	-	-	8,849,602
Other assets	286,681	34,953,364	6	-	-	234,542	21,000	35,495,593
<b>Total financial assets</b>	<b>1,568,267,335</b>	<b>7,422,449,008</b>	<b>55,411,889</b>	<b>3,505,414</b>	<b>1,244,493</b>	<b>152,531,606</b>	<b>20,897,192</b>	<b>9,224,306,937</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	33,811,706	345,059,394	288,489	-	-	36,529,254	-	415,688,843
Deposits from customers	1,491,070,517	4,747,677,203	55,661,013	2,470,798	106	73,379,973	2,602,356	6,372,861,966
Lease liabilities	-	27,962,002	29,357	-	-	175,667	85,912	28,252,938
Borrowings	54,970,128	921,590,851	-	-	-	7,106,227	927,718	984,594,924
Subordinated debts	-	129,878,728	-	-	-	-	-	129,878,728
Other liabilities	6,990,699	44,252,721	13,130	315,302	1,025	275,585	557,899	52,406,361
<b>Total financial liabilities</b>	<b>1,586,843,050</b>	<b>6,216,420,899</b>	<b>55,991,989</b>	<b>2,786,100</b>	<b>1,131</b>	<b>117,466,706</b>	<b>4,173,885</b>	<b>7,983,683,760</b>
<b>Net on-balance sheet position</b>	<b>(18,575,715)</b>	<b>1,206,028,109</b>	<b>(580,100)</b>	<b>719,314</b>	<b>1,243,362</b>	<b>35,064,900</b>	<b>16,723,307</b>	<b>1,240,623,177</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(75,305,951)</b>	<b>4,889,237,954</b>	<b>(2,351,725)</b>	<b>2,916,099</b>	<b>5,040,590</b>	<b>142,153,105</b>	<b>67,796,287</b>	<b>5,029,486,359</b>
Unused portion of overdrafts	6,254,131	183,827,814	340,234	-	-	478,330	-	190,900,509
Guarantees, acceptances and other financial facilities	8,116,056	60,128,031	2,451,770	38,551	-	99,029	184,509	71,017,946
Foreign exchange spot transactions	-	916,693	-	-	-	-	-	916,693
<b>Credit commitment</b>	<b>14,370,187</b>	<b>244,872,538</b>	<b>2,792,004</b>	<b>38,551</b>	<b>-</b>	<b>577,359</b>	<b>184,509</b>	<b>262,835,148</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>58,256,738</b>	<b>992,713,269</b>	<b>11,318,784</b>	<b>156,286</b>	<b>-</b>	<b>2,340,613</b>	<b>747,999</b>	<b>1,065,533,689</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.2 Market risk (continued)

###### (ii) Foreign exchange risk (continued)

	The Group							Total
	KHR	USD	THB	In US\$ equivalent		LAK	Others	
				EUR	AUD			
<b>As at 31 December 2022</b>								
<b>Financial assets</b>								
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
<b>Total financial assets</b>	<b>1,476,609,491</b>	<b>7,121,580,151</b>	<b>57,519,723</b>	<b>2,854,217</b>	<b>1,182,654</b>	<b>136,442,521</b>	<b>19,623,635</b>	<b>8,815,812,392</b>
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>1,422,768,132</b>	<b>6,008,795,147</b>	<b>57,785,801</b>	<b>2,515,487</b>	<b>106</b>	<b>103,797,519</b>	<b>2,705,690</b>	<b>7,598,367,882</b>
<b>Net on-balance sheet position</b>	<b>53,841,359</b>	<b>1,112,785,004</b>	<b>(266,078)</b>	<b>338,730</b>	<b>1,182,548</b>	<b>32,645,002</b>	<b>16,917,945</b>	<b>1,217,444,510</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>221,664,875</u>	<u>4,581,335,861</u>	<u>(1,095,443)</u>	<u>1,394,551</u>	<u>4,868,550</u>	<u>134,399,473</u>	<u>69,651,180</u>	<u>5,012,219,047</u>
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
<b>Credit commitment</b>	<b>12,269,171</b>	<b>231,614,265</b>	<b>2,524,038</b>	<b>-</b>	<b>-</b>	<b>547,103</b>	<b>227,371</b>	<b>247,181,948</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>50,512,177</u>	<u>953,555,929</u>	<u>10,391,464</u>	<u>-</u>	<u>-</u>	<u>2,252,423</u>	<u>936,086</u>	<u>1,017,648,079</u>

#### 38. Financial risk management (continued)



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38.2 Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	The Bank							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 31 March 2023</b>								
<b>Financial assets</b>								
Cash on hand	126,517,584	344,407,095	16,720,606	2,638,259	915,153	1,204	1,780,821	492,980,722
Deposits and placements with other banks, net	350,576,783	943,484,967	3,493,517	865,659	327,418	-	1,291,560	1,300,039,904
Statutory deposits	81,154,415	550,943,403	-	-	-	-	-	632,097,818
Financial investments	63,963,283	116,172,722	-	-	-	-	-	180,136,005
Loans and advances net	945,511,928	5,417,749,714	26,916,103	-	-	-	-	6,390,177,745
Derivative financial instruments	-	8,849,602	-	-	-	-	-	8,849,602
Other assets	286,681	35,252,379	6	-	-	-	-	35,539,066
<b>Total financial assets</b>	<b>1,568,010,674</b>	<b>7,416,859,882</b>	<b>47,130,232</b>	<b>3,503,918</b>	<b>1,242,571</b>	<b>1,204</b>	<b>3,072,381</b>	<b>9,039,820,862</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	33,811,705	346,618,133	2,790,194	-	-	-	-	383,220,032
Deposits from customers	1,491,779,192	4,742,751,757	44,902,932	2,470,798	106	-	-	6,281,904,785
Lease liabilities	-	26,271,174	-	-	-	-	-	26,271,174
Borrowings	54,970,127	914,936,950	-	-	-	-	-	969,907,077
Subordinated debts	-	129,878,728	-	-	-	-	-	129,878,728
Other liabilities	6,978,442	44,153,947	10,132	315,302	1,025	371	547,576	52,006,795
<b>Total financial liabilities</b>	<b>1,587,539,466</b>	<b>6,204,610,689</b>	<b>47,703,258</b>	<b>2,786,100</b>	<b>1,131</b>	<b>371</b>	<b>547,576</b>	<b>7,843,188,591</b>
<b>Net on-balance sheet position</b>	<b>(19,528,792)</b>	<b>1,212,249,193</b>	<b>(573,026)</b>	<b>717,818</b>	<b>1,241,440</b>	<b>833</b>	<b>2,524,805</b>	<b>1,196,632,271</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(79,169,721)</b>	<b>4,914,458,228</b>	<b>(2,323,047)</b>	<b>2,910,034</b>	<b>5,032,798</b>	<b>3,377</b>	<b>10,235,559</b>	<b>4,851,147,228</b>
Unused portion of overdrafts	6,254,131	183,827,814	340,234	-	-	-	-	190,422,179
Guarantees, acceptances and other financial facilities	8,116,056	60,072,106	2,451,770	38,551	-	-	184,509	70,862,992
Foreign exchange spot transactions	-	916,693	-	-	-	-	-	916,693
<b>Credit commitment</b>	<b>14,370,187</b>	<b>244,816,613</b>	<b>2,792,004</b>	<b>38,551</b>	<b>-</b>	<b>-</b>	<b>184,509</b>	<b>262,201,864</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>58,256,738</b>	<b>992,486,549</b>	<b>11,318,784</b>	<b>156,286</b>	<b>-</b>	<b>-</b>	<b>747,999</b>	<b>1,062,966,356</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.2 Market risk (continued)

###### (ii) Foreign exchange risk (continued)

	The Bank							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
<b>As at 31 December 2022</b>								
<b>Financial assets</b>								
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
<b>Total financial assets</b>	<b>1,476,353,657</b>	<b>7,117,489,597</b>	<b>50,109,143</b>	<b>2,848,422</b>	<b>1,181,889</b>	<b>460</b>	<b>3,297,241</b>	<b>8,651,280,409</b>
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>1,423,567,633</b>	<b>5,997,511,012</b>	<b>50,378,113</b>	<b>2,515,487</b>	<b>106</b>	<b>-</b>	<b>161,616</b>	<b>7,474,133,967</b>
<b>Net on-balance sheet position</b>	<b>52,786,024</b>	<b>1,119,978,585</b>	<b>(268,970)</b>	<b>332,935</b>	<b>1,181,783</b>	<b>460</b>	<b>3,135,625</b>	<b>1,177,146,442</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>217,320,062</b>	<b>4,610,951,834</b>	<b>(1,107,349)</b>	<b>1,370,693</b>	<b>4,865,401</b>	<b>1,894</b>	<b>12,909,368</b>	<b>4,846,311,903</b>
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
<b>Credit commitment</b>	<b>12,269,171</b>	<b>231,614,265</b>	<b>2,524,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227,371</b>	<b>246,634,845</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>50,512,178</b>	<b>953,555,929</b>	<b>10,391,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>936,086</b>	<b>1,015,395,657</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

(ii) *Foreign exchange risk (continued)*

##### **Sensitivity analysis**

The Group and the Bank 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

*Principles of the liquidity risk:*

- At all times, the related senior management of the Treasury Department shall ensure that the 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

*Internal targets 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.3 Liquidity risk (continued)

###### a) Liquidity risk management process (continued)

The purpose of the LCR aims at promoting short-term resilience of each institution's liquidity risk profile, ensuring that each institution has an adequate stock of unencumbered liquid assets that can be converted into cash at no or little loss of value in markets, to meet its liquidity needs for a 30-day liquidity stress scenario, and ensuring that prompt corrective actions are taken by the 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 as 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 38. Financial risk management (continued)

### 38.3 Liquidity risk (continued)

#### c) Non-derivative cash flows (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
<b>As at 31 March 2023</b>							
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions, net	132,015,824	36,257,929	19,139,833	112,428,407	74,454,135	110,390,302	484,686,430
Deposits from customers	3,285,300,393	446,942,820	558,769,902	1,275,741,504	930,248,366	113,088,641	6,610,091,626
Lease liabilities	1,114,318	1,814,488	2,630,836	5,304,742	19,178,927	3,325,803	33,369,114
Borrowings*	902,186	64,006,006	159,422,075	74,032,707	813,781,581	59,479,871	1,171,624,426
Subordinated debts*	-	20,150,243	1,242,251	16,589,928	96,396,339	33,118,813	167,497,574
Other liabilities	51,974,231	-	-	422,224	9,906	-	52,406,361
<b>Total financial liabilities</b> (contractual maturity dates)	<b>3,471,306,952</b>	<b>569,171,486</b>	<b>741,204,897</b>	<b>1,484,519,512</b>	<b>1,934,069,254</b>	<b>319,403,430</b>	<b>8,519,675,531</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>14,072,678,383</u>	<u>2,307,421,204</u>	<u>3,004,844,652</u>	<u>6,018,242,102</u>	<u>7,840,716,756</u>	<u>1,294,861,505</u>	<u>34,538,764,602</u>
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)							
	2,200,489,255	428,420,655	551,492,064	999,898,360	4,865,481,930	1,977,398,120	11,023,180,384
<i>In KHR'000 equivalent (Note 5)</i>	<u>8,920,783,442</u>	<u>1,736,817,335</u>	<u>2,235,748,827</u>	<u>4,053,587,951</u>	<u>19,724,663,744</u>	<u>8,016,371,978</u>	<u>44,687,973,277</u>
<b>As at 31 December 2022</b>							
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b> (contractual maturity dates)	<b>3,453,537,111</b>	<b>626,007,053</b>	<b>641,728,614</b>	<b>1,265,099,625</b>	<b>1,842,031,710</b>	<b>202,996,885</b>	<b>8,031,400,998</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>14,218,212,286</u>	<u>2,577,271,037</u>	<u>2,641,996,704</u>	<u>5,208,415,156</u>	<u>7,583,644,550</u>	<u>835,738,176</u>	<u>33,065,277,909</u>
<b>Assets held for managing liquidity risk</b> (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
<i>In KHR'000 equivalent (Note 5)</i>	<u>8,544,272,238</u>	<u>2,052,039,554</u>	<u>2,046,429,932</u>	<u>4,011,650,630</u>	<u>19,879,433,822</u>	<u>6,874,476,347</u>	<u>43,408,302,523</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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

## 38. Financial risk management (continued)

### 38.3 Liquidity risk (continued)

#### c) Non-derivative cash flows (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
<b>As at 31 March 2023</b>							
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions, net	133,100,182	26,496,189	6,714,764	100,946,990	73,627,394	110,390,302	451,275,821
Deposits from customers	3,244,754,473	442,833,274	551,759,302	1,257,768,698	907,671,244	107,096,705	6,511,883,696
Lease liabilities	1,090,649	1,769,048	2,532,302	5,098,792	18,324,053	298,233	29,113,077
Borrowings*	902,186	62,311,620	159,110,109	68,407,398	804,624,153	59,244,168	1,154,599,634
Subordinated debts*	-	20,150,243	1,242,251	16,589,928	96,396,339	33,118,813	167,497,574
Other liabilities	51,923,552	-	-	83,243	-	-	52,006,795
<b>Total financial liabilities</b> (contractual maturity dates)	<u>3,431,771,042</u>	<u>553,560,374</u>	<u>721,358,728</u>	<u>1,448,895,049</u>	<u>1,900,643,183</u>	<u>310,148,221</u>	<u>8,366,376,597</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>13,912,399,804</u>	<u>2,244,133,756</u>	<u>2,924,388,283</u>	<u>5,873,820,529</u>	<u>7,705,207,464</u>	<u>1,257,340,888</u>	<u>33,917,290,724</u>
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)							
	<u>2,148,298,169</u>	<u>416,560,891</u>	<u>535,760,545</u>	<u>970,273,469</u>	<u>4,757,041,718</u>	<u>1,964,287,569</u>	<u>10,792,222,361</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>8,709,200,777</u>	<u>1,688,737,852</u>	<u>2,171,973,249</u>	<u>3,933,488,643</u>	<u>19,285,047,125</u>	<u>7,963,221,805</u>	<u>43,751,669,451</u>
<b>As at 31 December 2022</b>							
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b> (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>
<b>In KHR'000 equivalent (Note 5)</b>	<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>
<b>Assets held for managing liquidity risk</b> (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>
<b>In KHR'000 equivalent (Note 5)</b>	<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>

\* 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 as at the end of each reporting period.

	<b>The Group</b>					
	<b>Up to 1 month US\$</b>	<b>1 to 3 months US\$</b>	<b>3 to 12 months US\$</b>	<b>1 to 5 years US\$</b>	<b>Over 5 years US\$</b>	<b>Total US\$</b>
<b>At 31 March 2023</b>						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(2,136,096)	(3,247,555)	(7,839,012)	-	(13,222,663)
- outflow	-	639,626	479,467	863,005	-	1,982,098
<b>Net</b>	-	(1,496,470)	(2,768,088)	(6,976,007)	-	(11,240,565)
<i>In KHR'000 equivalent (Note 5)</i>	-	(6,066,689)	(11,221,829)	(28,280,732)	-	(45,569,251)

	<b>The Group</b>					
	<b>Up to 1 month US\$</b>	<b>1 to 3 months US\$</b>	<b>3 to 12 months US\$</b>	<b>1 to 5 years US\$</b>	<b>Over 5 years US\$</b>	<b>Total US\$</b>
<b>At 31 December 2022</b>						
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
<b>Net</b>	-	(777,040)	(5,104,664)	(7,145,767)	-	(13,027,471)
<i>In KHR'000 equivalent (Note 5)</i>	-	(3,199,074)	(21,015,902)	(29,419,123)	-	(53,634,098)

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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\$
<b>At 31 March 2023</b>						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(2,136,096)	(3,247,555)	(7,839,012)	-	(13,222,663)
- outflow	-	639,626	479,467	863,005	-	1,982,098
<b>Net</b>	-	(1,496,470)	(2,768,088)	(6,976,007)	-	(11,240,565)
<i>In KHR'000 equivalent (Note 5)</i>	-	(6,066,689)	(11,221,829)	(28,280,732)	-	(45,569,251)

	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\$
<b>At 31 December 2022</b>						
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
<b>Net</b>	-	(777,040)	(5,104,664)	(7,145,767)	-	(13,027,471)
<i>In KHR'000 equivalent (Note 5)</i>	-	(3,199,074)	(21,015,902)	(29,419,123)	-	(53,634,098)

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 38. Financial risk management (continued)

##### 38.3 Liquidity risk (continued)

(e) Off-balance sheet items

i. *Loan commitments and 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\$	
<b>At 31 March 2023</b>						
Unused portion of overdrafts	190,900,509	-	-	-	-	190,900,509
Bank guarantees	3,664,258	8,198,934	34,739,259	16,699,989	426,964	63,729,404
Letters of credit	1,853,354	1,522,802	3,912,386	-	-	7,288,542
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(922,311)	-	-	-	-	(922,311)
- outflow	916,693	-	-	-	-	916,693
Net	(5,618)	-	-	-	-	(5,618)
<b>Total</b>	<b>196,412,503</b>	<b>9,721,736</b>	<b>38,651,645</b>	<b>16,699,989</b>	<b>426,964</b>	<b>261,912,837</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>796,256,287</u>	<u>39,411,918</u>	<u>156,693,769</u>	<u>67,701,755</u>	<u>1,730,912</u>	<u>1,061,794,641</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and 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\$	
<b>At 31 December 2022</b>						
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
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
<b>Total</b>	<u>180,834,063</u>	<u>13,657,376</u>	<u>38,115,844</u>	<u>14,147,701</u>	<u>426,964</u>	<u>247,181,948</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>744,493,837</u>	<u>56,227,417</u>	<u>156,922,930</u>	<u>58,246,085</u>	<u>1,757,811</u>	<u>1,017,648,080</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and 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\$	
<b>At 31 March 2023</b>						
Unused portion of overdrafts	190,422,179	-	-	-	-	190,422,179
Bank guarantees	3,664,258	8,198,934	34,739,259	16,545,035	426,964	63,574,450
Letters of credit	1,853,354	1,522,802	3,912,386	-	-	7,288,542
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(922,311)	-	-	-	-	(922,311)
- outflow	916,693	-	-	-	-	916,693
Net	(5,618)	-	-	-	-	(5,618)
<b>Total</b>	<b>195,934,173</b>	<b>9,721,736</b>	<b>38,651,645</b>	<b>16,545,035</b>	<b>426,964</b>	<b>261,279,553</b>
<i>In KHR'000 equivalent (Note 5)</i>	<i>794,317,137</i>	<i>39,411,918</i>	<i>156,693,769</i>	<i>67,073,572</i>	<i>1,730,912</i>	<i>1,059,227,308</i>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and 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\$	
<b>At 31 December 2022</b>						
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
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
<b>Total</b>	<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>
<i>In KHR'000 equivalent (Note 5)</i>	<u>742,782,162</u>	<u>55,686,670</u>	<u>156,922,930</u>	<u>58,246,085</u>	<u>1,757,811</u>	<u>1,015,395,657</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 INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

(f) COVID-19 pandemic and impact on liquidity

In line with the additional measures of the NBC which provided additional liquidity to the banking and financial sector to mitigate the impact of COVID-19 pandemic, the Bank has also continued to place greater emphasis on liquidity management with introduced risk management measures and exit strategy to reduce liquidity risk and maintain business continuity, such as:

- The Bank has maintained the optimal level of fund or cash on hand for operation at 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); and
- Additionally, the Bank has communicated and negotiated with potential lenders for acquiring long-term loans (senior loans) in the current and following year.

### 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 INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 39. Fair value of financial instruments (continued)

#### Determination of fair value

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial assets and financial liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Financial assets and financial liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets and liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets and liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank determine fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to, yield curves, equity prices, volatilities, and foreign exchange rates.

Financial assets and financial liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations, or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data, such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

#### 39. Fair value of financial instruments (continued)

##### Determination of fair value (continued)

The following table shows the fair value of financial assets and liabilities analysed by various levels within the fair value hierarchy as at 31 March 2023 and 31 December 2022:

	The Group				The Bank			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 March 2023</b>								
<b>Financial assets</b>								
Financial investments	-	-	189,670	189,670	-	-	189,670	189,670
Derivative financial instruments	-	-	8,849,602	8,849,602	-	-	8,849,602	8,849,602
<b>Total financial assets</b>	-	-	<u>9,039,272</u>	<u>9,039,272</u>	-	-	<u>9,039,272</u>	<u>9,039,272</u>
<i>In KHR'000 equivalent (Note 5)</i>	-	-	<u>36,645,209</u>	<u>36,645,209</u>	-	-	<u>36,645,209</u>	<u>36,645,209</u>
	The Group				The Bank			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 December 2022</b>								
<b>Financial assets</b>								
Financial investments	-	-	189,670	189,670	-	-	189,670	189,670
Derivative financial instruments	-	-	9,630,593	9,630,593	-	-	9,630,593	9,630,593
<b>Total financial assets</b>	-	-	<u>9,820,263</u>	<u>9,820,263</u>	-	-	<u>9,820,263</u>	<u>9,820,263</u>
<i>In KHR'000 equivalent (Note 5)</i>	-	-	<u>40,430,022</u>	<u>40,430,022</u>	-	-	<u>40,430,022</u>	<u>40,430,022</u>

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurement during the three-month period ended 31 March 2023 (31 December 2022: Nil).

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 39. Fair value of financial instruments (continued)

#### Determination of fair value (continued)

(a) Financial instruments measured at fair value

As at 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 March 2023 (31 December 2022: \$153,529 and US\$36,141, respectively). 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 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 INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 39. Fair value of financial instruments (continued)

#### (b) Financial instruments not measured at fair value (continued)

##### *iii. Loans and advances*

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. 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 INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD 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 interim 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 interim financial statements as at 31 March 2023 and 31 December 2022.

	The Group			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Tier 1 capital</b>				
Share capital	433,163,019	433,163,019	1,756,042,879	1,783,332,149
Share premium	11,706,215	11,706,215	47,456,996	48,194,487
Retained earnings	258,453,936	231,996,118	1,047,772,257	955,128,018
General reserves based on NBC Prakas	524,576,552	524,576,552	2,126,633,342	2,159,681,665
Less: Intangible assets	(10,672,774)	(10,877,406)	(43,267,426)	(44,782,281)
Less: Loans to related parties	(13,536,131)	(14,651,796)	(54,875,475)	(60,321,444)
Less: Other losses	(54,369,211)	(53,814,891)	(220,412,781)	(221,555,906)
	<u>1,149,321,606</u>	<u>1,122,097,811</u>	<u>4,659,349,792</u>	<u>4,619,676,688</u>
<b>Tier 2 complementary capital</b>				
General provision based on NBC Prakas	68,301,562	65,015,870	276,894,532	267,670,337
Subordinated debts (*)	127,479,770	127,479,770	516,802,988	524,834,213
Less: Equity participation in banking or financial institutions	(2,010,000)	(2,010,000)	(8,148,540)	(8,275,170)
	<u>193,771,332</u>	<u>190,485,640</u>	<u>785,548,980</u>	<u>784,229,380</u>
	<u>1,343,092,938</u>	<u>1,312,583,451</u>	<u>5,444,898,772</u>	<u>5,403,906,068</u>

(\*) This represents subordinated debts approved by the NBC to be treated as part of complementary capital and only represent the outstanding principal amount.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 40. Capital risk management (continued)

	The Bank			
	31 March 2023 US\$	31 December 2022 US\$	31 March 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<b>Tier 1 capital</b>				
Share capital	433,163,019	433,163,019	1,756,042,879	1,783,332,149
Share premium	11,706,215	11,706,215	47,456,996	48,194,487
Retained earnings	236,476,575	213,267,101	958,676,035	878,020,655
General reserves based on NBC Prakas	510,741,556	510,741,556	2,070,546,268	2,102,722,986
Less: Intangible assets	(10,150,077)	(10,318,424)	(41,148,412)	(42,480,952)
Less: Loans to related parties	(13,054,031)	(14,171,853)	(52,921,042)	(58,345,519)
	<u>1,168,883,257</u>	<u>1,144,387,614</u>	<u>4,738,652,724</u>	<u>4,711,443,806</u>
<b>Tier 2 complementary capital</b>				
General provision based on NBC Prakas	66,902,491	63,704,948	271,222,699	262,273,271
Subordinated debts (*)	127,479,770	127,479,770	516,802,988	524,834,213
Less: Equity participation in banking or financial institutions	(71,312,716)	(71,312,716)	(289,101,751)	(293,594,452)
	<u>123,069,545</u>	<u>119,872,002</u>	<u>498,923,936</u>	<u>493,513,032</u>
	<u>1,291,952,802</u>	<u>1,264,259,616</u>	<u>5,237,576,660</u>	<u>5,204,956,838</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 6 March 2020, 6 August 2021 and 26 April 2022, the Department of Enterprise Tax Audit of the General Department of Taxation ("GDT") issued letters to the Bank to conduct a tax reassessment for the taxable years 2015 to 2018, 2019 and 2020 to 2021, respectively. The Bank has provided several requested documents to the GDT. As at the date of this report, GDT has not yet requested additional documents from the Bank nor issued the results of the tax reassessments.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 42. Reclassification of comparative amounts

Certain amounts in the comparative interim financial statements have been reclassified to conform with the current period'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 period's profit or loss.

Summary of changes arising from reclassifications are shown below.

#### Consolidated interim statement of financial position

	31 December 2022 (Prior to reclassification) US\$	Effects of reclassification US\$	31 December 2022 (As reclassified) US\$	31 December 2022 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	31 December 2022 (As reclassified) KHR'000 (Note 5)
Share capital	-	-	-	1,783,332,149	(50,680,073)	1,732,652,076
Share premium	-	-	-	48,194,487	40,972	48,235,459
Reserves	-	-	-	2,655,913,219	50,639,101	2,706,552,320

#### Consolidated interim statement of profit or loss and other comprehensive income

	For the three-month period ended					
	31 March 2022 (Prior to reclassification) US\$	Effects of reclassification US\$	31 March 2022 (As reclassified) US\$	31 March 2022 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	31 March 2022 (As reclassified) KHR'000 (Note 5)
<b>Items that will not be reclassified to profit or loss –</b>						
Exchange differences	-	-	-	-	(29,295,454)	(29,295,454)
Remeasurement of cash flow hedge	2,615,405	(2,615,405)	-	10,621,160	(10,621,160)	-
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Remeasurement of cash flow hedge	-	2,615,405	2,615,405	-	10,621,160	10,621,160
Currency translation differences - foreign subsidiaries	-	(2,641,269)	(2,641,269)	-	(10,726,194)	(10,726,194)
Exchange differences	-	-	-	(4,417,814)	4,417,814	-
<b>Total other comprehensive income attributable to:</b>						
Owners of the Bank	36,667,022	(2,640,651)	34,026,371	144,631,119	(35,745,480)	108,885,639
Non-controlling interests	29,942	(618)	29,324	(22,561)	141,646	119,085
	36,696,964	(2,641,269)	34,055,695	144,608,558	(35,603,834)	109,004,724

#### Separate interim statement of financial position

	31 December 2022 (Prior to reclassification) US\$	Effects of reclassification US\$	31 December 2022 (As reclassified) US\$	31 December 2022 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	31 December 2022 (As reclassified) KHR'000 (Note 5)
Share capital	-	-	-	1,783,332,149	(50,680,073)	1,732,652,076
Share premium	-	-	-	48,194,487	40,972	48,235,459
Reserves	-	-	-	2,808,180,176	50,639,101	2,858,819,277

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 31 MARCH 2023 AND FOR THE THREE-MONTH PERIOD THEN ENDED

### 42. Reclassification of comparative amounts (continued)

#### Separate interim statement of profit or loss and other comprehensive income

	For the three-month period ended					
	31 March 2022		31 March 2022	31 March 2022		31 March 2022
	(Prior to reclassification)	Effects of reclassification	(As reclassified)	(Prior to reclassification)	Effects of reclassification	(As reclassified)
	US\$	US\$	US\$	KHR'000	KHR'000	KHR'000
				(Note 5)	(Note 5)	(Note 5)
<i>Item that will not be reclassified to profit or loss–</i>						
Remeasurement of cash flow hedge	2,615,405	(2,615,405)	-	10,621,160	(10,621,160)	-
Exchange differences	-	-	-	-	(29,415,319)	(29,415,319)
<i>Item that are or may be reclassified subsequently to profit or loss–</i>						
Remeasurement of cash flow hedge	-	2,615,405	2,615,405	-	10,621,160	10,621,160
Exchange differences	-	-	-	(4,149,299)	4,149,299	-

### 43. Events after reporting period

On 22 March 2023, the Board of Directors approved the distribution of 40% of the profit attributable to the owners of the Bank for year 2022 of KHR742,764,670,000, which is equal to KHR297,105,865,000 and at KHR685.8985 per share in the form of cash, and with the remaining balance to be transferred to retained earnings. On 27 April 2023, the shareholders approved the recommendation in the Bank's 23<sup>rd</sup> Annual General Meeting. The dividends will be distributed on 19 May 2023.

Except for the matter discussed above and the ongoing impact of COVID-19 pandemic to the Group and the Bank as disclosed in Note 4 to the interim financial statements, no other significant events occurred after the end of the reporting period and the date of authorisation of these interim financial statements, which would require adjustments or disclosures to be made in the interim financial statements.

### 44. Authorisation of the interim financial statements

The consolidated and separate interim financial statements as at 31 March 2023 and for the three-month period then ended were approved and authorised for issue by the Board of Directors on 5 May 2023.