

PHNOM PENH COMMERCIAL BANK PLC.

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

PHNOM PENH COMMERCIAL BANK PLC.

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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DIRECTORS' REPORT

The Board of Directors (the "Directors") hereby submits their report and the audited consolidated financial statements of Phnom Penh Commercial Bank Plc (the "Bank") and its subsidiary, J&A (Cambodia) Investment Co., Ltd. (together referred to as the "Group") and the separate financial statements of the Bank for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Bank consist of the provision of various types of banking and related financial services.

The principal activities of the subsidiary, J&A (Cambodia) Investment Co., Ltd., are buying, selling, renting and operating the self-owned or leased real estate and development of building projects.

There were no significant changes in nature of the principal activities during the financial year.

RESULTS OF OPERATION AND DIVIDEND

The results of financial performance for the year ended 31 December 2021 are set out in the consolidated and separate statements of profit or loss and other comprehensive income on page 10 and page 14, respectively.

There was no dividend declared or paid in 2021.

SHARE CAPITAL

In 2021, the Bank increased its share capital from US\$92,000,000 to US\$102,000,000 by converting the retained earnings to the share capital, which was approved by the central bank on 2 June 2021.

BAD AND DOUBTFUL LOANS TO CUSTOMERS

Before the consolidated and separate financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans to customers or making of allowance for impairment losses, and satisfied themselves that all known bad loans to customers had been written off and that adequate loss allowance has been made for bad loans to customers.

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 to customers or the amount of the allowance for impairment losses in the consolidated and separate financial statements of the Group and the Bank inadequate to any material extent.

ASSETS

Before the consolidated and separate financial statements of the Group and the Bank were prepared, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business, at their value as shown in the accounting records of the 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 consolidated and separate financial statements of the Group and the Bank misleading in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

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

THE BOARD OF DIRECTORS

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

Mr. Yim Yong Taick	Chairman
Mr. Kim Sung Chul	Director
Mr. Sim Sang Ton	Director
Mr. Park Chong Tae	Independent Director
Mr. Lee Myungsang	Independent Director

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Bank as at 31 December 2021 and of its consolidated and separate financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRS").

In preparing these consolidated and separate financial statements, the Directors 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 CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the consolidated and separate financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;

- iv) prepare the consolidated and separate financial statements on the going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and
- v) effectively control and direct the Group and the Bank in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the consolidated and separate financial statements.

The Directors confirm that the Group and the Bank have complied with the above requirements in preparing the consolidated and separate financial statements.

APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The accompanying consolidated and separate financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2021 and the financial performance and cash flows of the Group and the Bank for the year then ended in accordance with the CIFRS, were approved by the Board of Directors.

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



Mr. Baek Jongil
President

Phnom Penh, Kingdom of Cambodia

28 MAR 2022



Independent Auditor's Report

To the Shareholders of Phnom Penh Commercial Bank Plc.

Our opinion

In our opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Phnom Penh Commercial Bank Plc. (the Bank) and its subsidiary, J&A (Cambodia) Investment Co., Ltd. (the Group) and separate financial position of the Bank as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

What we have audited

Phnom Penh Commercial Bank Plc.'s financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- separate statement of financial position as at 31 December 2021;
- separate statement of profit or loss and other comprehensive income for the year then ended;
- separate statement of changes in equity for the year then ended;
- separate statement of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

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 consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code) that are relevant to our audit of the consolidated and separate financial statements in Cambodia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KICPAA Code.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. We determine one key audit matter: Allowances for expected credit losses for loans to customers. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
<p>Allowances for expected credit losses on loans to customers</p> <p>Refer to:</p> <ul style="list-style-type: none"> • Note 2.8(e) – summary of significant accounting policies on impairment of loans to customers. • Note 3(ii) – critical accounting judgments and key sources of estimation uncertainty on measurement of allowances for expected credit losses of loans to customers. • Note 8(a) – Allowances for expected credit losses on loans to customers. • Note 35.1 – credit risk. <p>CIFRS 9 introduces an expected credit loss (ECL) impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.</p> <p>This is an area of focus as the management made significant judgments in applying the accounting requirements for measuring ECL, such as:</p> <ul style="list-style-type: none"> • Grouping similar financial assets for the purposes of measuring ECL • Choosing appropriate models and assumptions for measuring ECL • Determining criteria to identify loans to customers that have experienced a significant increase in credit risk (SICR), and • Applying assumptions and analysis on expected future cash flows and forward-looking information. <p>COVID-19's impact on ECL measurement:</p> <p>CIFRS 9 is a non-mechanistic approach. Management considered additional qualitative criteria for SICR on restructured loans due to COVID-19 and incorporated post-model adjustments (overlays) to ECL where the existing ECL models were not built for COVID-19.</p>	<p>We performed the following procedures:</p> <p>Overall governance and controls</p> <ul style="list-style-type: none"> • Gained an understanding and evaluated credit policies, procedures and controls put in place by management. • Gained an understanding and evaluated CIFRS 9 accounting policies. • Tested loan samples to check compliance with the Bank's credit policies and procedures. • Assessed the design and tested operating effectiveness of internal controls on approval on loan write-offs, and review and approval of ECL results. <p><u>Collective assessment approach</u></p> <ul style="list-style-type: none"> • Assessed the appropriateness of grouping similar financial assets. • Gained an understanding of and assessed ECL model methodology applied against the inherent nature of loan portfolios and CIFRS 9 requirements. • Assessed reasonableness of and tested model assumptions made by management including expected future cash flows, forward-looking information and other assumptions against CIFRS 9 requirements and benchmarked information used in the model to reasonable and supportable information. • On a sample basis, tested reliability of data inputs used in ECL model: historical loan data, loan data at 31 December 2021 and historical macroeconomic data. • Assessed criteria and threshold used to determine SICR against CIFRS 9 requirements. • On a sample basis, traced that transfers between loan stages conformed to criteria and threshold used to determine SICR, and that stages were reflected in ECL calculation. • On a sample basis, recomputed ECL and reconciled ECL balances to accounting records and tested ECL movement.



Key audit matter	How our audit addressed the key audit matter
	<p data-bbox="890 315 1278 342"><u>Individual assessment approach</u></p> <ul data-bbox="890 376 1481 712" style="list-style-type: none"> • Assessed criteria and threshold for individual assessment against the Bank’s policies and CIFRS 9 requirements. • Assessed reasonableness of expected future cash flows by testing management’s assumptions on collateral valuation and haircut, expected costs and time for collateral realisation. • Recomputed ECL and reconciled ECL balances to accounting records and tested movement. <p data-bbox="890 745 1410 772">COVID-19’s impact on ECL measurement</p> <ul data-bbox="890 806 1481 1332" style="list-style-type: none"> • Tested the design and operating effectiveness of internal controls on credit risk assessment and approval on loan restructuring. • On a sample basis, recomputed gain/loss from loan modification due to restructuring. • Assessed qualitative criteria for SICR for restructured loans due to COVID-19 against CIFRS 9 requirements. • On a sample basis, traced that transfers between stages due to COVID-19 conformed to SICR criteria and that stages were reflected in the ECL calculation. • Assessed reasonableness of and tested assumptions used for post-model adjustment (overlays) due to COVID-19, by benchmarking to reasonable and supportable information. <p data-bbox="890 1366 1481 1482">Based on the above procedures and the supporting evidence, the allowances for expected credit losses for loans to customers are consistent with the management’s assessment.</p>

Other information

Management is responsible for the other information. The other information obtained at the date of this auditor’s report are the directors’ report and the supplementary financial information and other disclosures required by the National Bank of Cambodia but do not include the consolidated and separate financial statements and our auditor’s report thereon which we obtained prior to the date of this auditor’s report, and the information included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

When we read the information included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements

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

In preparing the consolidated and separate 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.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and 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 consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters 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.

For PricewaterhouseCoopers (Cambodia) Ltd.




By Lim Kuy
Partner

Phnom Penh, Kingdom of Cambodia
28 March 2022

PHNOM PENH COMMERCIAL BANK PLC.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	35,428,236	144,334,633	36,272,455	146,722,080
Balances with the central bank	5	20,962,263	85,400,259	73,290,366	296,459,530
Balances with other banks and financial institutions	6	87,356,096	355,888,735	99,998,608	404,494,369
Statutory deposits with the central bank	7	60,603,162	246,897,282	59,535,255	240,820,106
Loans to customers	8	742,346,672	3,024,320,342	721,322,069	2,917,747,769
Investment securities	9	3,164,405	12,891,786	3,157,903	12,773,718
Intangible assets	10	6,658,228	27,125,620	8,028,928	32,477,014
Property and equipment	11	13,792,136	56,189,162	16,279,751	65,851,593
Right-of-use assets	12	9,697,968	39,509,521	9,780,184	39,560,844
Deferred tax assets	13	-	-	237,010	958,705
Other assets	14	5,518,811	22,483,636	5,295,459	21,420,132
TOTAL ASSETS		985,527,977	4,015,040,976	1,033,197,988	4,179,285,860
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other banks	15	97,992,038	399,219,563	88,565,577	358,247,759
Deposits from non-bank customers	16	646,376,177	2,633,336,545	718,342,962	2,905,697,281
Current income tax liabilities	17	3,853,020	15,697,203	3,522,712	14,249,370
Deferred tax liabilities	13	85,274	347,406	-	-
Borrowings	18	11,288,241	45,988,294	15,407,410	62,322,973
Debt securities issued	19	19,683,096	80,188,933	19,793,474	80,064,602
Lease liabilities	12	10,335,805	42,108,070	10,189,841	41,217,907
Employee benefit obligations		129,022	525,635	163,000	659,335
Other liabilities	20	1,908,320	7,774,495	1,538,547	6,223,423
Subordinated debts	21	20,037,128	81,631,259	20,037,128	81,050,182
TOTAL LIABILITIES		811,688,121	3,306,817,403	877,560,651	3,549,732,832
EQUITY					
Share capital	22	102,000,000	415,548,000	92,000,000	372,140,000
Regulatory reserves		14,852,049	62,086,079	11,683,167	49,195,067
Retained earnings		56,987,807	230,614,195	51,954,170	210,137,359
Other reserves		-	(24,701)	-	(1,919,398)
TOTAL EQUITY		173,839,856	708,223,573	155,637,337	629,553,028
TOTAL LIABILITIES AND EQUITY		985,527,977	4,015,040,976	1,033,197,988	4,179,285,860

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021		2020	
		US\$	KHR'000	US\$	KHR'000
Interest income	23	74,110,411	301,481,152	69,337,337	282,688,323
Interest expense	24	(26,858,808)	(109,261,631)	(28,235,649)	(115,116,741)
Net interest income		<u>47,251,603</u>	<u>192,219,521</u>	<u>41,101,688</u>	<u>167,571,582</u>
Fee and commission income	25	1,924,673	7,829,570	3,468,821	14,142,383
Fee and commission expense	25	(1,072,245)	(4,361,893)	(1,077,175)	(4,391,642)
Net fee and commission income		<u>852,428</u>	<u>3,467,677</u>	<u>2,391,646</u>	<u>9,750,741</u>
Impairment losses on financial assets	26	(2,334,727)	(9,497,669)	(458,452)	(1,869,109)
Other (losses)/gains – net		(80,251)	(326,461)	299,346	1,220,434
Other operating income		688,319	2,800,082	78,263	319,078
Net other operating loss		<u>(1,726,659)</u>	<u>(7,024,048)</u>	<u>(80,843)</u>	<u>(329,597)</u>
Personnel expenses	27	(8,176,152)	(33,260,586)	(7,758,532)	(31,631,535)
Depreciation and amortisation		(7,761,253)	(31,572,777)	(6,894,117)	(28,107,315)
Other operating expenses	28	(7,585,131)	(30,856,313)	(7,360,030)	(30,006,842)
Profit before income tax		<u>22,854,836</u>	<u>92,973,474</u>	<u>21,399,812</u>	<u>87,247,034</u>
Income tax expense	29	(4,652,317)	(18,925,626)	(4,261,958)	(17,376,003)
Profit for the year		<u>18,202,519</u>	<u>74,047,848</u>	<u>17,137,854</u>	<u>69,871,031</u>
Other comprehensive income <i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	1,894,697	-	(1,919,398)
		-	1,894,697	-	(1,919,398)
Total comprehensive income for the year		<u>18,202,519</u>	<u>75,942,545</u>	<u>17,137,854</u>	<u>67,951,633</u>
Profit attributable to owners of the Group		<u>18,202,519</u>	<u>74,047,848</u>	<u>17,137,854</u>	<u>69,871,031</u>
Total comprehensive income attributable to owners of the Group		<u>18,202,519</u>	<u>75,942,545</u>	<u>17,137,854</u>	<u>67,951,633</u>

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Group									
	Share capital		Regulatory reserves		Retained earnings		Other reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Balance at 1 January 2020	80,000,000	326,000,000	8,252,811	35,209,506	50,246,672	203,175,889	-	-	138,499,483	564,385,395
Profit for the year	-	-	-	-	17,137,854	69,871,031	-	-	17,137,854	69,871,031
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(1,919,398)	-	(1,919,398)
Total comprehensive income for the year	-	-	-	-	17,137,854	69,871,031	-	(1,919,398)	17,137,854	67,951,633
Transactions with owners in their capacity as owners:										
Conversion of retained earnings to share capital (Note 22)	12,000,000	48,924,000	-	-	(12,000,000)	(48,924,000)	-	-	-	-
Transfers from retained earnings to regulatory reserve	-	-	3,430,356	13,985,561	(3,430,356)	(13,985,561)	-	-	-	-
Currency translation differences	-	(2,784,000)	-	-	-	-	-	-	-	(2,784,000)
Total transactions with owners	12,000,000	46,140,000	3,430,356	13,985,561	(15,430,356)	(62,909,561)	-	-	-	(2,784,000)
Balance at 31 December 2020	92,000,000	372,140,000	11,683,167	49,195,067	51,954,170	210,137,359	-	(1,919,398)	155,637,337	629,553,028
Balance at 1 January 2021	92,000,000	372,140,000	11,683,167	49,195,067	51,954,170	210,137,359	-	(1,919,398)	155,637,337	629,553,028
Profit for the year	-	-	-	-	18,202,519	74,047,848	-	-	18,202,519	74,047,848
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	1,894,697	-	1,894,697
Total comprehensive income for the year	-	-	-	-	18,202,519	74,047,848	-	1,894,697	18,202,519	75,942,545
Transactions with owners in their capacity as owners:										
Conversion of retained earnings to share capital (Note 22)	10,000,000	40,680,000	-	-	(10,000,000)	(40,680,000)	-	-	-	-
Transfers from retained earnings to regulatory reserve	-	-	3,168,882	12,891,012	(3,168,882)	(12,891,012)	-	-	-	-
Currency translation differences	-	2,728,000	-	-	-	-	-	-	-	2,728,000
Total transactions with owners	10,000,000	43,408,000	3,168,882	12,891,012	(13,168,882)	(53,571,012)	-	-	-	2,728,000
Balance at 31 December 2021	102,000,000	415,548,000	14,852,049	62,086,079	56,987,807	230,614,195	-	(24,701)	173,839,856	708,223,573

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Notes	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities				
Profit before income tax	22,854,836	92,973,474	21,399,812	87,247,034
<i>Adjustments for:</i>				
Provision for employee benefit obligations	(33,978)	(138,223)	(139,243)	(567,694)
Depreciation and amortisation	7,761,253	31,572,777	6,894,117	28,107,315
Impairment losses on financial assets	26	2,334,727	458,452	1,869,109
Unrealised exchange (gains)/losses on investment securities	(6,963)	(28,325)	20,599	83,982
Unrealised exchange (gains)/losses on borrowings and debt securities	(206,423)	(839,729)	219,592	895,277
Gains on disposal of property and equipment	(80,582)	(327,808)	(2,680)	(10,926)
Interest income	(74,110,411)	(301,481,152)	(69,337,337)	(282,688,323)
Interest expense	26,858,808	109,261,631	28,235,649	115,116,741
<i>Changes in working capital</i>				
Reserve requirement with the central bank	(86,620)	(352,370)	24,669,819	100,578,852
Loans to customers	(22,172,461)	(90,197,571)	(73,204,241)	(298,453,691)
Other assets	(223,352)	(908,596)	282,890	1,153,343
Deposits from other banks	9,130,721	37,143,773	24,342,367	99,243,830
Deposits from non-bank customers	(69,753,074)	(283,755,505)	68,407,284	278,896,497
Other liabilities	293,658	1,194,601	(1,098,732)	(4,479,530)
Cash (used in)/generated from operations	(97,439,861)	(396,385,354)	31,148,348	126,991,816
Interest received	73,071,519	297,254,939	67,363,854	274,642,433
Interest paid	(28,691,222)	(116,715,891)	(24,214,141)	(98,721,053)
Income tax paid	17	(3,999,725)	(4,888,933)	(19,932,180)
Net cash (used in)/generated from operating activities	(57,059,289)	(232,117,187)	69,409,128	282,981,016
Cash flows from investing activities				
Placements of capital guarantee deposits	(1,000,000)	(4,068,000)	(1,200,000)	(4,892,400)
Purchases of property and equipment	11	(761,587)	(3,519,043)	(14,347,138)
Purchases of intangible assets	10	(701,421)	(2,853,381)	(6,177,670)
Proceeds from sale of property and equipment	80,582	327,808	2,680	10,926
Withdrawals of Negotiable Certificate of Deposits with the central bank	2,943,000	11,972,124	29,197,000	119,036,169
Balances with other banks and financial institutions	17,668,229	71,874,356	(59,057,409)	(240,777,056)
Net cash generated from/(used in) investing activities	18,228,803	74,154,771	(36,092,021)	(147,147,169)
Cash flows from financing activities				
Dividend paid	-	-	(1,000,000)	(4,077,000)
Proceeds from borrowings	16,717,258	68,005,806	21,031,377	85,744,924
Repayments of borrowings	(20,825,938)	(84,719,916)	(58,107,715)	(236,905,154)
Proceeds from issuance of debt securities	-	-	19,538,742	79,659,451
Principal elements of lease payments	(2,211,750)	(8,997,399)	(2,067,697)	(8,430,001)
Net cash used in financing activities	(6,320,430)	(25,711,509)	(20,605,293)	(84,007,780)
Net (decrease)/increase in cash and cash equivalents	(45,150,916)	(183,673,925)	12,711,814	51,826,067
Cash and cash equivalents at beginning of the year	110,973,850	448,889,223	98,262,036	397,469,936
Currency translation differences	-	2,947,335	-	(406,780)
Cash and cash equivalents at end of the year	30	<u>65,822,934</u>	<u>268,162,633</u>	<u>110,973,850</u>
		<u>268,162,633</u>	<u>110,973,850</u>	<u>448,889,223</u>

Significant non-cash financing and investing activities

Retained earnings amounting to US\$10,000,000 of the Bank was converted to share capital during the year (see note 22).

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

**SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	35,428,236	144,334,633	36,272,455	146,722,080
Balances with the central bank	5	20,962,263	85,400,258	73,290,366	296,459,530
Balances with other banks and financial institutions	6	87,356,097	355,888,739	99,998,609	404,494,373
Statutory deposits with the central bank	7	60,603,162	246,897,282	59,535,255	240,820,106
Loans to customers	8	748,576,949	3,049,702,491	727,553,634	2,942,954,450
Investment securities	9	3,164,405	12,891,786	3,157,903	12,773,718
Investment in subsidiary		490,000	1,996,260	490,000	1,982,050
Intangible assets	10	6,658,228	27,125,621	8,028,928	32,477,014
Property and equipment	11	7,161,337	29,175,287	9,636,834	38,980,994
Right-of-use assets	12	18,200,395	74,148,409	18,940,263	76,613,364
Deferred tax assets	13	82,960	337,979	371,863	1,504,186
Other assets	14	5,517,271	22,477,362	5,293,919	21,413,902
TOTAL ASSETS		<u>994,201,303</u>	<u>4,050,376,107</u>	<u>1,042,570,029</u>	<u>4,217,195,767</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other banks	15	97,992,038	399,219,563	88,565,577	358,247,759
Deposits from non-bank customers	16	646,768,326	2,634,934,160	718,446,765	2,906,117,165
Current income tax liabilities	17	3,859,106	15,721,998	3,478,708	14,071,374
Borrowings	18	11,288,241	45,988,294	15,407,410	62,322,973
Debt securities issued	19	19,683,096	80,188,933	19,793,474	80,064,602
Lease liabilities	12	19,756,232	80,486,889	20,094,146	81,280,821
Employee benefit obligations		129,022	525,636	163,000	659,335
Other liabilities	20	1,900,053	7,740,814	1,530,290	6,190,023
Subordinated debts	21	20,037,128	81,631,259	20,037,128	81,050,182
TOTAL LIABILITIES		<u>821,413,242</u>	<u>3,346,437,546</u>	<u>887,516,498</u>	<u>3,590,004,234</u>
EQUITY					
Share capital	22	102,000,000	415,548,000	92,000,000	372,140,000
Regulatory reserves		14,911,718	62,312,401	11,744,124	49,426,629
Retained earnings		55,876,343	226,104,698	51,309,407	207,526,401
Other reserves		-	(26,538)	-	(1,901,497)
TOTAL EQUITY		<u>172,788,061</u>	<u>703,938,561</u>	<u>155,053,531</u>	<u>627,191,533</u>
TOTAL LIABILITIES AND EQUITY		<u>994,201,303</u>	<u>4,050,376,107</u>	<u>1,042,570,029</u>	<u>4,217,195,767</u>

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021		2020	
		US\$	KHR'000	US\$	KHR'000
Interest income	23	74,638,867	303,630,911	69,864,356	284,836,979
Interest expense	24	(27,244,253)	(110,829,621)	(29,070,859)	(118,521,892)
Net interest income		<u>47,394,614</u>	<u>192,801,290</u>	<u>40,793,497</u>	<u>166,315,087</u>
Fee and commission income	25	1,924,673	7,829,570	3,468,821	14,142,383
Fee and commission expense	25	(1,072,245)	(4,361,893)	(1,077,143)	(4,391,512)
Net fee and commission income		<u>852,428</u>	<u>3,467,677</u>	<u>2,391,678</u>	<u>9,750,871</u>
Impairment losses on financial assets	26	(2,336,015)	(9,502,909)	(459,504)	(1,873,398)
Other gains – net		10,494	42,690	381,580	1,555,702
Other operating income		688,319	2,800,082	78,263	319,078
Net other operating (loss)/income		<u>(1,637,202)</u>	<u>(6,660,137)</u>	<u>339</u>	<u>1,382</u>
Personnel expenses	27	(8,176,152)	(33,260,586)	(7,758,532)	(31,631,535)
Depreciation and amortisation		(8,406,787)	(34,198,810)	(7,446,999)	(30,361,415)
Other operating expenses	28	(7,691,649)	(31,289,628)	(6,805,080)	(27,744,311)
Profit before income tax		<u>22,335,252</u>	<u>90,859,806</u>	<u>21,174,903</u>	<u>86,330,079</u>
Income tax expense	29	(4,600,722)	(18,715,737)	(4,229,181)	(17,242,371)
Profit for the year		<u>17,734,530</u>	<u>72,144,069</u>	<u>16,945,722</u>	<u>69,087,708</u>
Other comprehensive income <i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	1,874,959	-	(1,901,497)
		-	1,874,959	-	(1,901,497)
Total comprehensive income for the year		<u>17,734,530</u>	<u>74,019,028</u>	<u>16,945,722</u>	<u>67,186,211</u>
Profit attributable to owners of the Bank		<u>17,734,530</u>	<u>72,144,069</u>	<u>16,945,722</u>	<u>69,087,708</u>
Total comprehensive income attributable to owners of the Bank		<u>17,734,530</u>	<u>74,019,028</u>	<u>16,945,722</u>	<u>67,186,211</u>

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Attributable to owners of the Bank									
	Share capital		Regulatory reserves		Retained earnings		Other reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Balance at 1 January 2020	80,000,000	326,000,000	8,314,820	35,445,357	49,792,989	201,343,965	-	-	138,107,809	562,789,322
Profit for the year	-	-	-	-	16,945,722	69,087,708	-	-	16,945,722	69,087,708
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(1,901,497)	-	(1,901,497)
Total comprehensive income for the year	-	-	-	-	16,945,722	69,087,708	-	(1,901,497)	16,945,722	67,186,211
Transactions with owners in their capacity as owners:										
Conversion of retained earnings to share capital (Note 22)	12,000,000	48,924,000	-	-	(12,000,000)	(48,924,000)	-	-	-	-
Transfers from retained earnings to regulatory reserve	-	-	3,429,304	13,981,272	(3,429,304)	(13,981,272)	-	-	-	-
Currency translation differences	-	(2,784,000)	-	-	-	-	-	-	-	(2,784,000)
Total transactions with owners	12,000,000	46,140,000	3,429,304	13,981,272	(15,429,304)	(62,905,272)	-	-	-	(2,784,000)
Balance at 31 December 2020	92,000,000	372,140,000	11,744,124	49,426,629	51,309,407	207,526,401	-	(1,901,497)	155,053,531	627,191,533
Balance at 1 January 2021	92,000,000	372,140,000	11,744,124	49,426,629	51,309,407	207,526,401	-	(1,901,497)	155,053,531	627,191,533
Profit for the year	-	-	-	-	17,734,530	72,144,069	-	-	17,734,530	72,144,069
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	1,874,959	-	1,874,959
Total comprehensive income for the year	-	-	-	-	17,734,530	72,144,069	-	1,874,959	17,734,530	74,019,028
Transactions with owners in their capacity as owners:										
Conversion of retained earnings to share capital (Note 22)	10,000,000	40,680,000	-	-	(10,000,000)	(40,680,000)	-	-	-	-
Transfers from retained earnings to regulatory reserve	-	-	3,167,594	12,885,772	(3,167,594)	(12,885,772)	-	-	-	-
Currency translation differences	-	2,728,000	-	-	-	-	-	-	-	2,728,000
Total transactions with owners	10,000,000	43,408,000	3,167,594	12,885,772	(13,167,594)	(53,565,772)	-	-	-	2,728,000
Balance at 31 December 2021	102,000,000	415,548,000	14,911,718	62,312,401	55,876,343	226,104,698	-	(26,538)	172,788,061	703,938,561

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

**SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Notes	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities				
Profit before income tax	22,335,252	90,859,806	21,174,903	86,330,079
<i>Adjustments for:</i>				
Provision for employee benefit obligations	(33,978)	(138,223)	(139,243)	(567,694)
Depreciation and amortisation	8,406,787	34,198,810	7,446,999	30,361,415
Impairment losses on financial assets	26	2,336,015	459,504	1,873,398
Unrealised exchange (gains)/losses on investment securities	(6,963)	(28,325)	20,599	83,982
Unrealised exchange (gains)/losses on borrowings and debt securities	(206,423)	(839,729)	219,592	895,277
Gains on disposal of property and equipment	(80,582)	(327,808)	(2,680)	(10,926)
Interest income	(74,638,867)	(303,630,911)	(69,864,356)	(284,836,979)
Interest expense	27,244,253	110,829,621	29,070,859	118,521,892
<i>Changes in working capital:</i>				
Placements of reserve requirement with the central bank	(86,620)	(352,370)	24,669,819	100,578,852
Loans to customers	(22,172,461)	(90,197,571)	(73,204,241)	(298,453,691)
Other assets	(223,352)	(908,596)	277,773	1,132,481
Deposits from other banks	9,130,721	37,143,773	24,342,367	99,243,830
Deposits from non-bank customers	(69,464,728)	(282,582,514)	68,472,455	279,162,199
Other liabilities	293,649	1,194,564	(1,049,191)	(4,277,552)
Cash (used in)/generated from operations	(97,167,297)	(395,276,564)	31,895,159	130,036,563
Interest received	73,599,975	299,404,698	67,890,590	276,789,935
Interest paid	(29,076,668)	(118,283,885)	(25,049,351)	(102,126,204)
Income tax paid	17	(3,931,421)	(15,993,021)	(4,934,109)
Net cash (used in)/generate from operating activities	(56,575,411)	(230,148,772)	69,802,289	284,583,932
Cash flows from investing activities				
Placements of capital guarantee deposits	(1,000,000)	(4,068,000)	(1,200,000)	(4,892,400)
Purchases of property and equipment	11	(761,587)	(3,098,136)	(14,347,138)
Purchases of intangible assets	10	(701,421)	(2,853,381)	(6,177,670)
Proceeds from sale of property and equipment	80,582	327,808	2,680	10,926
Withdrawals of Negotiable Certificate of Deposits with the central bank	2,943,000	11,972,124	29,197,000	119,036,169
Balances with other banks and financial institutions	17,668,229	71,874,356	(59,057,409)	(240,777,056)
Net cash generated from/(used in) investing activities	18,228,803	74,154,771	(36,092,021)	(147,147,169)
Cash flows from financing activities				
Dividends paid	-	-	(1,000,000)	(4,077,000)
Proceeds from borrowings	16,717,258	68,005,806	21,031,377	85,744,924
Repayments of borrowings	(20,825,938)	(84,719,916)	(58,107,715)	(236,905,154)
Proceeds from issuance of debt securities	-	-	19,538,742	79,659,451
Principal elements of lease payments	(2,695,628)	(10,965,815)	(2,460,858)	(10,032,918)
Net cash used in from financing activities	(6,804,308)	(27,679,925)	(20,998,454)	(85,610,697)
Net (decrease)/increase in cash and cash equivalents	(45,150,916)	(183,673,926)	12,711,814	51,826,066
Cash and cash equivalents at beginning of the year	110,973,850	448,889,223	98,262,036	397,469,936
Currency translation differences	-	2,947,336	-	(406,779)
Cash and cash equivalents at end of the year	30	65,822,934	110,973,850	448,889,223

Non-cash from investing and financing activities

Retained earnings amounting to US\$10,000,000 of the Bank was converted to share capital during the year (see note 22).

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Phnom Penh Commercial Bank Plc. (the “Bank”) was registered with the Ministry of Commerce as a public limited liability company under the registration number 00015794, dated 20 May 2008 and obtained a licence from the National Bank of Cambodia (the “NBC”) to carry out banking operations effective from 27 August 2008. The Bank officially commenced its operations on 1 September 2008.

The principal activity of the Bank is the provision of all aspects of banking business and related financial services in the Kingdom of Cambodia. As at 31 December 2021, the Bank has a head office and sixteen branches in Phnom Penh and seven branches in Siem Reap, Battambang, Sihanoukville, Kampong Cham, Kampong Thom, Kandal and Kampot provinces.

Star & Crane Cam Co., Ltd. (the ‘Subsidiary’) is a private limited company, which was registered with the Ministry of Commerce under the registration number 00013276, dated 28 August 2014. On 23 April 2020, the Subsidiary has obtained an approval from the Ministry of Commerce on changing its legal name from Star & Crane Cam Co., Ltd. to J&A (Cambodia) Investment Co., Ltd. The principal activities of the subsidiary are buying, selling, renting and operating self-owned or leased real estate and development of building projects for the business operations of the Group.

The registered office of the Bank and its subsidiary (the ‘Group’) are located at No. 217, Norodom Boulevard (Street 41), Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Kingdom of Cambodia.

In 2019, the Bank requested the Cambodia Securities Exchange (“CSX”) and Securities and Exchange Regulator of Cambodia (“SERC”) to list its corporate bonds in the CSX. The request was approved in principle by CSX on 25 December 2019. The Bank obtained the final approval from SERC to list its corporate bonds on the CSX on 10 April 2020 and it issued its first bond securities on 13 April 2020.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 28 March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated and separate financial statements are prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) which are based on all standards published by the International Accounting Standard Board including other interpretations and amendments that may occur in any circumstances to each standard.

The consolidated and separate financial statements have been prepared under the historical cost convention, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The Group and the Bank disclose the amount for each asset and liability that expected to be recovered or settled no more than 12-month after the reporting period as current, and more than 12-month after the reporting period as non-current.

The preparation of the consolidated and separate financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

An English version of the consolidated and separate financial statements have been prepared from the consolidated and separate financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language consolidated and separate financial statements shall prevail.

2.2 New and amended standards adopted by the Group and the Bank

A number of amended standards became applicable for the current reporting period as follows:

- COVID-19 Related Rent Concessions – Amendments to CIFRS 16
- Interest rate benchmark reform – Phase 2 – Amendments to CIFRS 9, CIAS 39, CIFRS 7, and CIFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group and the Bank. Except for the amendments to CIAS 12- deferred tax related to assets and liabilities arising from a single transaction, these standards are not expected to have a material impact on the Group and the Bank in the current or future reporting periods and on foreseeable future transactions.

The Group and the Bank are in the process of making an assessment of the impact of the amendments to CIAS 12, which is effective from 1 January 2023.

2.4 Basis of consolidation

(a) Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity where the Group 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 the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of a subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Bank.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group 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.

(c) Investment in subsidiaries

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

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.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources to and assessing the performance of the operating segments, has been identified as the management team ("the executive committee"), which makes strategic decisions.

2.6 Foreign currencies

(i) Functional and presentation currency

Items included in the consolidated and separate financial statements of the Group and the Bank are measured using the currency of the primary economic environment in which the Group and the Bank operate ("the functional currency"). The functional currency is the US\$ because of the significant influence of the US\$ on their operations. The consolidated and separate financial statements are presented in United States dollars ("US\$") which is the Group and the Bank's functional and presentation currency.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currencies (continued)

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated and separate statements of profit or loss, within interest expense. All other foreign exchange gains and losses are presented in the consolidated and separate statements of profit or loss on a net basis within other gains/(losses) - net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, the consolidated and separate financial statements shall be expressed in Khmer Riel. The consolidated and separate statements of profit or loss and other comprehensive income and the consolidated and separate statements of cash flows are translated into KHR using the average exchange rates for the year. Assets and liabilities for each consolidated and separate statements of financial position presented and shareholders' capital are translated at the closing rates as at the reporting date. Resulting exchange differences arising from the translation of shareholders' capital is recognised directly in equity; all other resulting exchange differences are recognised in the other comprehensive income.

The Group and the Bank have used the official exchange rate published by the National Bank of Cambodia. As at the reporting date, the yearly average rate was US\$ 1 to Riel 4,068 (2020: US\$ 1 to Riel 4,077) and the closing rate was US\$1 to Riel 4,074 (2020: US\$ 1 to Riel 4,045).

2.7 Cash and cash equivalents

For the purpose of presentation in the consolidated and separate statements of cash flows, cash and cash equivalents comprise includes cash on hand, unrestricted deposits and placements with the central bank, deposits and placements with other banks and financial institutions, and other short-term highly liquid investments with original maturities of three months or less where the Group and the Bank have full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.

2.8 Financial assets

a) Classification

The Group and the Bank classify their financial assets in the following measurement categories:

- those to be measured at amortised cost such as cash on hand, deposits and placements with the central bank and other banks and financial institutions, loans to customers at amortised cost, other assets, and
- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss).

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

a) Classification (continued)

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

For assets measured at fair value, gains or losses will either be recorded in profit or loss or OCI. For investment in equity instruments that are held for trading, this will depend on whether the Group or the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(i) Financial assets at fair value through OCI comprise of:

- Equity securities which are not held for trading, and for which the Group or the Bank has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

(ii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:

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

b) Recognition and derecognition

Financial assets are recognised when the Group or the Bank becomes a party to the contractual provision of the instruments. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group or the Bank commits to purchase or sell the assets.

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

c) Measurement

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

Debt instruments

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

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

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value. Where the Group or the Bank's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss allowing the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group or the Bank's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d) Reclassification of financial assets

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes.

e) Impairment

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

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

The Group and the Bank apply a three-stage approach to measuring ECL for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdraft and revolving facilities) and financial guarantee contract

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

(a) Stage 1: 12-months ECL

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment (continued)

(b) Stage 2: Lifetime ECL – not credit impaired

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

(c) Stage 3: Lifetime ECL – credit impaired

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

2.9 Financial liabilities

Financial liabilities are recognised when the Group or the Bank becomes a party to the contractual provision of the instruments. Financial liabilities of the Group and Bank include deposits from other banks, deposits from non-bank customers, borrowings, subordinated debts, debt securities issued, and other financial liabilities.

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

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from other banks, deposits from non-bank customers, borrowings, subordinated debts, debt securities issued, and other liabilities.

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

2.10 Credit commitments and financial guarantee contracts

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

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

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

Financial guarantees are initially recognised at fair value and subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under CIFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers', where appropriate.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Offsetting financial instruments

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

2.12 Property and equipment

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

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

Work-in-progress and land is not depreciated. Depreciation on other property and equipment are depreciated using the following methods to allocate their cost to their residual value over their estimated useful lives:

	<u>Years</u>	<u>Depreciation method</u>
Buildings	40 years	Straight-line
Leasehold improvements	5 years	Straight-line
Furniture and fittings	4 years	Reducing balance
IT equipment	4 years	Reducing balance
Motor vehicles	4 years	Reducing balance

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.13 Intangible asset

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

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

2.14 Impairment of non-financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Impairment of non-financial assets (continued)

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

2.15 Leases

The Group and the Bank as a lessee

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

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group and the Bank where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct cost; and
- restoration cost, if any

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Bank are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Leases (continued)

The Group and the Bank as a lessee (continued)

The Group and the Bank remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Payments associated with all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise small items of office equipment.

2.16 Regulatory reserves

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

2.17 Income tax

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Income tax (continued)

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

2.18 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 has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.19 Employee benefits

i) Short-term employee benefits

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

ii) Other long-term employment benefits - seniority payments

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

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Group or the Bank. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

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

The past years of seniority service is classified as long-term employee benefits. Past seniority liability is recognised at the present value of defined obligations at the reporting period. The present value of the past seniority payment is determined by discounting the estimated future payments by references to the high-quality corporate bond of the currency that the liability is denominated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within “interest income” and “interest expense” respectively in the consolidated and separate statements of profit or loss using the effective interest method.

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

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

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

2.21 Fee and commission income

Fees and commissions are recognised as income when all conditions precedent is fulfilled (performance obligations are satisfied, and control is transferred over time or point in time).

Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

2.22 Rounding of amounts

Khmer riel amounts disclosed in the consolidated and separate financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(i) Consolidation of entities with less than 50% ownership

J&A (Cambodia) Investment Co., Ltd. is 49% owned by the Bank and 51% owned by Arun Susdey Investment Co., Ltd., a company incorporated in Cambodia.

Management has concluded that the Bank controls J&A (Cambodia) Investment Co., Ltd., even though it holds less than half of the share capital of this subsidiary. This is because the Bank has the practical ability to direct the relevant activities of J&A (Cambodia) Investment Co., Ltd. unilaterally. In addition, the Bank has a sufficiently dominant voting interest to direct the relevant activities of J&A (Cambodia) Investment Co., Ltd. Therefore, the Bank has included J&A (Cambodia) Investment Co., Ltd. in these consolidated financial statements.

(ii) Measurement of allowances for expected credit losses

The Group and the Bank assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from credit commitments (including overdraft and revolving facilities) and financial guarantee contracts. The measurement of allowance for ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL

Management noted the impact of COVID-19 pandemic on its assessment of the allowance for ECL on its financial assets including the restructured loans resulting from the impact of COVID-19 pandemic. The Group and the Bank have restructured loans for its borrowers who are having financial difficulties during the period. As a result, the Group and the Bank have applied additional qualitative criteria to downgrade the staging of the borrowers for allowance for ECL calculation purposes. In addition, because of the uncertainty associated with the COVID-19 pandemic, and the extent to which the actions of the government, businesses and consumers mitigate against potentially adverse credit outcomes are not fully incorporated into existing ECL models, management overlays have been applied to ensure allowance for ECL for its financial assets are appropriate. Management overlays which add to the modelled allowance for ECL have been made for the balance of loans to customers.

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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4. CASH ON HAND

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Current</i>								
US dollars	32,223,669	131,279,228	33,466,049	135,370,168	32,223,669	131,279,228	33,466,049	135,370,168
Khmer Riel	3,021,048	12,307,750	2,621,411	10,603,607	3,021,048	12,307,750	2,621,411	10,603,607
Euro	183,519	747,655	184,995	748,305	183,519	747,655	184,995	748,305
	<u>35,428,236</u>	<u>144,334,633</u>	<u>36,272,455</u>	<u>146,722,080</u>	<u>35,428,236</u>	<u>144,334,633</u>	<u>36,272,455</u>	<u>146,722,080</u>

5. BALANCES WITH THE CENTRAL BANK

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Current</i>								
Settlement accounts	3,832,453	15,613,414	41,479,625	167,785,083	3,832,453	15,613,414	41,479,625	167,785,083
Current accounts	5,558,241	22,644,273	17,282,035	69,905,831	5,558,241	22,644,272	17,282,035	69,905,831
Negotiable certificate of deposit (i)	11,571,569	47,142,572	14,528,706	58,768,616	11,571,569	47,142,572	14,528,706	58,768,616
	<u>20,962,263</u>	<u>85,400,259</u>	<u>73,290,366</u>	<u>296,459,530</u>	<u>20,962,263</u>	<u>85,400,258</u>	<u>73,290,366</u>	<u>296,459,530</u>

- (i) The Group and the Bank pledged negotiable certificate of deposits (“NCD”) amounting to US\$7,991,569 (2020: US\$13,155,706) as collaterals for Liquidity Providing Collateralised Operation (“LPCO”). The Group and the Bank also pledged NCD amounting to US\$3,580,000 (2020: US\$1,373,000) with the central bank as collateral for settlement clearing facility. As at 31 December 2021, the Group and the Bank had yet utilised the overdraft on settlement clearing facility.

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

(a) By residency status

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Deposits and placements with local banks	80,178,791	326,648,395	95,873,218	387,807,166	80,178,791	326,648,395	95,873,218	387,807,166
Deposits and placements with overseas banks	7,177,305	29,240,340	4,125,390	16,687,203	7,177,306	29,240,344	4,125,391	16,687,207
	<u>87,356,096</u>	<u>355,888,735</u>	<u>99,998,608</u>	<u>404,494,369</u>	<u>87,356,097</u>	<u>355,888,739</u>	<u>99,998,609</u>	<u>404,494,373</u>

(b) By account type

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Local banks:								
Savings accounts	2,783,679	11,340,708	1,450,053	5,865,464	2,783,679	11,340,708	1,450,053	5,865,464
Current accounts	375,960	1,531,661	364,292	1,473,561	375,960	1,531,661	364,292	1,473,561
Fixed deposits	77,019,152	313,776,025	94,058,873	380,468,141	77,019,152	313,776,025	94,058,873	380,468,141
Overseas banks:								
Current accounts	7,177,305	29,240,341	4,125,390	16,687,203	7,177,306	29,240,345	4,125,391	16,687,207
	<u>87,356,096</u>	<u>355,888,735</u>	<u>99,998,608</u>	<u>404,494,369</u>	<u>87,356,097</u>	<u>355,888,739</u>	<u>99,998,609</u>	<u>404,494,373</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

(c) By maturity

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	87,356,096	355,888,735	99,998,608	404,494,369	87,356,097	355,888,739	99,998,609	404,494,373
Non-current	-	-	-	-	-	-	-	-
	<u>87,356,096</u>	<u>355,888,735</u>	<u>99,998,608</u>	<u>404,494,369</u>	<u>87,356,097</u>	<u>355,888,739</u>	<u>99,998,609</u>	<u>404,494,373</u>

Annual interest rates of deposits and place with other banks and financial institutions are as follows:

	2021	2020
Current accounts	Nil	Nil
Savings accounts	0.20% - 1.25%	0.10% - 2.5%
Fixed deposits	1.65% - 5.5%	2.25% - 5.5%

7. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Current</i>								
Reserve requirement (i)	50,400,077	205,329,914	50,313,457	203,517,933	50,400,077	205,329,914	50,313,457	203,517,933
<i>Non-current</i>								
Capital guarantee deposits (ii)	10,203,085	41,567,368	9,221,798	37,302,173	10,203,085	41,567,368	9,221,798	37,302,173
	<u>60,603,162</u>	<u>246,897,282</u>	<u>59,535,255</u>	<u>240,820,106</u>	<u>60,603,162</u>	<u>246,897,282</u>	<u>59,535,255</u>	<u>240,820,106</u>

PHNOM PENH COMMERCIAL BANK PLC.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. STATUTORY DEPOSITS WITH THE CENTRAL BANK (continued)

(i) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 7% (2020: 7%) of both customers' deposits and borrowings in Khmer Riel (KHR) and other currencies. The reserve requirement on customers' deposits and borrowings bear no interest.

On 18 March 2020, as part of the Government's policy, among others, to mitigate the impact of COVID-19 on Cambodia's economy and to increase liquidity of banks and financial institutions, the NBC issued Prakas No. B7-020-230 on the Maintenance of Reserve Requirements against banks and financial Institutions' deposits and borrowings, which requires banks and financial institutions to maintain reserve requirements against their deposits and borrowings at an average daily balance equal to 7% in both local and foreign currencies with the NBC.

(ii) Capital guarantee deposits

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

Annual interest rates of statutory deposits with the central bank are as follows:

	<u>2021</u>	<u>2020</u>
Reserve requirement	Nil	Nil
Capital guarantee	0.04 - 0.06%	0.47% - 0.54%

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. LOANS TO CUSTOMERS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>At amortised cost</i>								
Business loans	620,689,969	2,528,690,934	610,652,554	2,470,089,581	626,922,677	2,554,082,986	616,885,262	2,495,300,885
Retail loans	124,997,483	509,239,746	111,759,971	452,069,083	124,997,483	509,239,747	111,759,971	452,069,083
Total gross loans	745,687,452	3,037,930,680	722,412,525	2,922,158,664	751,920,160	3,063,322,733	728,645,233	2,947,369,968
Less: Allowances for expected credit losses (Note 35.1(f)(i))	(3,340,780)	(13,610,338)	(1,090,456)	(4,410,895)	(3,343,211)	(13,620,242)	(1,091,599)	(4,415,518)
	742,346,672	3,024,320,342	721,322,069	2,917,747,769	748,576,949	3,049,702,491	727,553,634	2,942,954,450

(a) Allowances for expected credit losses on loans to customers

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
12-month ECL (Stage 1)	1,541,775	6,281,191	193,668	783,387	1,544,206	6,291,095	194,811	788,010
Lifetime ECL - not credit impaired (Stage 2)	281,993	1,148,839	85,127	344,339	281,993	1,148,839	85,127	344,339
Lifetime ECL - credit impaired (Stage 3)	1,517,012	6,180,308	811,661	3,283,169	1,517,012	6,180,308	811,661	3,283,169
	3,340,780	13,610,338	1,090,456	4,410,895	3,343,211	13,620,242	1,091,599	4,415,518

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. LOANS TO CUSTOMERS (continued)

(b) Analysis by industry

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Financial institutions	19,610,849	79,894,599	24,959,737	100,962,136	19,610,849	79,894,599	24,959,737	100,962,136
Construction	154,925,170	631,165,143	162,017,813	655,362,054	154,925,170	631,165,143	162,017,813	655,362,054
Agriculture	4,980,216	20,289,400	6,661,852	26,947,191	4,980,216	20,289,400	6,661,852	26,947,191
Household	139,365,482	567,774,974	102,655,606	415,241,926	139,365,482	567,774,974	102,655,606	415,241,926
Manufacturing	22,865,627	93,154,564	28,771,418	116,380,386	22,865,627	93,154,564	28,771,418	116,380,386
Real estate	67,235,849	273,918,848	45,408,552	183,677,593	73,468,557	299,310,901	51,641,260	208,888,897
Retail trade	142,893,959	582,149,989	122,942,532	497,302,542	142,893,959	582,149,989	122,942,532	497,302,542
Services	126,726,022	516,281,814	149,767,925	605,811,257	126,726,022	516,281,814	149,767,925	605,811,257
Transportation	13,441,046	54,758,821	14,107,160	57,063,462	13,441,046	54,758,821	14,107,160	57,063,462
Wholesale trade	25,845,514	105,294,624	39,651,100	160,388,700	25,845,514	105,294,624	39,651,100	160,388,700
Others	27,797,718	113,247,904	25,468,830	103,021,417	27,797,718	113,247,904	25,468,830	103,021,417
	<u>745,687,452</u>	<u>3,037,930,680</u>	<u>722,412,525</u>	<u>2,922,158,664</u>	<u>751,920,160</u>	<u>3,063,322,733</u>	<u>728,645,233</u>	<u>2,947,369,968</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. LOANS TO CUSTOMERS (continued)

(c) Analysis by loan classification

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Performing</i>								
Gross amount	678,966,924	2,766,111,248	666,526,674	2,696,100,396	685,199,632	2,791,503,301	672,759,382	2,721,311,700
Exposure at default	678,966,924	2,766,111,248	666,526,674	2,696,100,396	685,199,632	2,791,503,301	672,759,382	2,721,311,700
Allowances for expected credit losses	(1,541,775)	(6,281,191)	(193,668)	(783,387)	(1,544,206)	(6,291,095)	(194,811)	(788,010)
<i>Under-performing</i>								
Gross amount	53,181,963	216,663,317	48,365,778	195,639,572	53,181,963	216,663,317	48,365,778	195,639,572
Exposure at default	53,181,963	216,663,317	48,365,778	195,639,572	53,181,963	216,663,317	48,365,778	195,639,572
Allowances for expected credit losses	(281,993)	(1,148,839)	(85,127)	(344,339)	(281,993)	(1,148,839)	(85,127)	(344,339)
<i>Non-performing</i>								
Gross amount	13,538,565	55,156,115	7,520,073	30,418,696	13,538,565	55,156,115	7,520,073	30,418,696
Exposure at default	13,538,565	55,156,115	7,520,073	30,418,696	13,538,565	55,156,115	7,520,073	30,418,696
Allowances for expected credit losses	(1,517,012)	(6,180,308)	(811,661)	(3,283,169)	(1,517,012)	(6,180,308)	(811,661)	(3,283,169)
Total								
Gross amount	745,687,452	3,037,930,680	722,412,525	2,922,158,664	751,920,160	3,063,322,733	728,645,233	2,947,369,968
Exposure at default	745,687,452	3,037,930,680	722,412,525	2,922,158,664	751,920,160	3,063,322,733	728,645,233	2,947,369,968
Allowances for expected credit losses	(3,340,780)	(13,610,338)	(1,090,456)	(4,410,895)	(3,343,211)	(13,620,242)	(1,091,599)	(4,415,518)

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. LOANS TO CUSTOMERS (continued)

(d) Analysis by maturity

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Not later than 1 year	188,526,887	768,058,538	392,710,088	1,588,512,306	194,759,595	793,450,590	398,942,796	1,613,723,610
Later than 1 year and no later than 3 years	390,158,171	1,589,504,389	187,916,088	760,120,576	390,158,171	1,589,504,389	187,916,088	760,120,576
Later than 3 years and no later than 5 years	46,553,297	189,658,132	41,139,675	166,409,986	46,553,297	189,658,132	41,139,675	166,409,985
Later than 5 years	120,449,097	490,709,621	100,646,674	407,115,796	120,449,097	490,709,622	100,646,674	407,115,797
Total gross loans	<u>745,687,452</u>	<u>3,037,930,680</u>	<u>722,412,525</u>	<u>2,922,158,664</u>	<u>751,920,160</u>	<u>3,063,322,733</u>	<u>728,645,233</u>	<u>2,947,369,968</u>

(e) Analysis by exposure

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Large exposure	17,653,748	71,921,369	16,565,926	67,009,171	17,653,748	71,921,369	16,565,926	67,009,171
Non-large exposure	728,033,704	2,966,009,311	705,846,599	2,855,149,493	734,266,412	2,991,401,364	712,079,307	2,880,360,797
Total gross loans	<u>745,687,452</u>	<u>3,037,930,680</u>	<u>722,412,525</u>	<u>2,922,158,664</u>	<u>751,920,160</u>	<u>3,063,322,733</u>	<u>728,645,233</u>	<u>2,947,369,968</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. LOANS TO CUSTOMERS (continued)

(f) Analysis by relationship

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Related parties (Note 33(b))	427,228	1,740,528	682,073	2,758,986	6,133,720	24,988,776	6,391,161	25,852,247
Non-related parties	745,260,224	3,036,190,152	721,730,452	2,919,399,678	745,786,440	3,038,333,957	722,254,072	2,921,517,721
Total gross loans	745,687,452	3,037,930,680	722,412,525	2,922,158,664	751,920,160	3,063,322,733	728,645,233	2,947,369,968

(g) Analysis by residency

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Residents	745,687,452	3,037,930,680	722,412,525	2,922,158,664	751,920,160	3,063,322,733	728,645,233	2,947,369,968
Non-residents	-	-	-	-	-	-	-	-
Total gross loans	745,687,452	3,037,930,680	722,412,525	2,922,158,664	751,920,160	3,063,322,733	728,645,233	2,947,369,968

(h) Interest rate

These loans to customers earn annual interest rates as follows:

	2021	2020
Business loans	5.90% - 18%	5.90% - 18%
Retail loans	3.20% - 18%	3.20% - 18%
Overdrafts	7.20% - 12%	7.30% - 12%

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. INVESTMENT SECURITIES

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Non-current								
<i>Debt investment at amortised cost:</i>								
<i>Listed corporate bonds</i>								
LOLC (Cambodia) Co., Ltd.	2,965,058	12,079,646	2,993,434	12,108,441	2,965,058	12,079,646	2,993,434	12,108,441
Total debt investment at amortised cost	2,965,058	12,079,646	2,993,434	12,108,441	2,965,058	12,079,646	2,993,434	12,108,441
<i>Equity investment at FVOCI:</i>								
<i>Listed securities</i>								
Phnom Penh Autonomous Port	177,529	723,253	142,651	577,023	177,529	723,253	142,651	577,023
<i>Unlisted securities</i>								
Credit bureau (Cambodia) Co., Ltd.	21,818	88,887	21,818	88,254	21,818	88,887	21,818	88,254
Total equity investment at FVOCI	199,347	812,140	164,469	665,277	199,347	812,140	164,469	665,277
	3,164,405	12,891,786	3,157,903	12,773,718	3,164,405	12,891,786	3,157,903	12,773,718

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. INTANGIBLE ASSETS

	Consolidated financial statements				Separate financial statements			
	Computer software US\$	Swift and other intangible assets US\$	Work in progress US\$	Total US\$	Computer software US\$	Swift and other intangible assets US\$	Work in progress US\$	Total US\$
As at 1 January 2020								
Cost	9,530,340	39,416	1,526,254	11,096,010	9,530,340	39,416	1,526,254	11,096,010
Accumulated amortisation	(2,605,283)	(39,416)	-	(2,644,699)	(2,605,283)	(39,416)	-	(2,644,699)
Net book value	6,925,057	-	1,526,254	8,451,311	6,925,057	-	1,526,254	8,451,311
<i>In KHR'000 equivalents</i>	28,219,607	-	6,219,485	34,439,092	28,219,607	-	6,219,485	34,439,092
For the year ended 31 December 2020								
Opening net book value	6,925,057	-	1,526,254	8,451,311	6,925,057	-	1,526,254	8,451,311
Additions	460,817	-	1,054,432	1,515,249	460,817	-	1,054,432	1,515,249
Transfers	1,413,570	-	(1,413,570)	-	1,413,570	-	(1,413,570)	-
Amortisation charges	(1,937,632)	-	-	(1,937,632)	(1,937,632)	-	-	(1,937,632)
Closing net book value	6,861,812	-	1,167,116	8,028,928	6,861,812	-	1,167,116	8,028,928
As at 31 December 2020								
Cost	11,404,727	39,416	1,167,116	12,611,259	11,404,727	39,416	1,167,116	12,611,259
Accumulated amortisation	(4,542,915)	(39,416)	-	(4,582,331)	(4,542,915)	(39,416)	-	(4,582,331)
Net book value	6,861,812	-	1,167,116	8,028,928	6,861,812	-	1,167,116	8,028,928
<i>In KHR'000 equivalent</i>	27,756,030	-	4,720,984	32,477,014	27,756,030	-	4,720,984	32,477,014

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. INTANGIBLE ASSETS (continued)

	Consolidated financial statements				Separate financial statements			
	Computer software US\$	Swift and other intangible assets US\$	Work in progress US\$	Total US\$	Computer software US\$	Swift and other intangible assets US\$	Work in progress US\$	Total US\$
As at 1 January 2021								
Cost	11,404,727	39,416	1,167,116	12,611,259	11,404,727	39,416	1,167,116	12,611,259
Accumulated amortisation	(4,542,915)	(39,416)	-	(4,582,331)	(4,542,915)	(39,416)	-	(4,582,331)
Net book value	6,861,812	-	1,167,116	8,028,928	6,861,812	-	1,167,116	8,028,928
<i>In KHR'000 equivalents</i>	<u>27,756,030</u>	<u>-</u>	<u>4,720,984</u>	<u>32,477,014</u>	<u>27,756,030</u>	<u>-</u>	<u>4,720,984</u>	<u>32,477,014</u>
For the year ended 31 December 2021								
Opening net book value	6,861,812	-	1,167,116	8,028,928	6,861,812	-	1,167,116	8,028,928
Additions	131,715	-	569,706	701,421	131,715	-	569,706	701,421
Transfers	670,679	-	(670,679)	-	670,679	-	(670,679)	-
Amortisation charges	(2,072,121)	-	-	(2,072,121)	(2,072,121)	-	-	(2,072,121)
Closing net book value	5,592,085	-	1,066,143	6,658,228	5,592,085	-	1,066,143	6,658,228
As at 31 December 2021								
Cost	12,207,121	39,416	1,066,143	13,312,680	12,207,121	39,416	1,066,143	13,312,680
Accumulated amortisation	(6,615,036)	(39,416)	-	(6,654,452)	(6,615,036)	(39,416)	-	(6,654,452)
Net book value	5,592,085	-	1,066,143	6,658,228	5,592,085	-	1,066,143	6,658,228
<i>In KHR'000 equivalent</i>	<u>22,782,154</u>	<u>-</u>	<u>4,343,466</u>	<u>27,125,620</u>	<u>22,782,154</u>	<u>-</u>	<u>4,343,467</u>	<u>27,125,621</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. PROPERTY AND EQUIPMENT

	Consolidated financial statements							Total US\$
	Land US\$	Buildings US\$	Leasehold improvements US\$	Furniture and fittings US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	
As at 1 January 2020								
Cost	6,652,700	4,114,600	9,236,408	4,865,911	3,512,111	719,868	107,653	29,209,251
Accumulated depreciation	-	(1,073,350)	(5,174,015)	(3,456,062)	(3,012,826)	(587,453)	-	(13,303,706)
Net book value	<u>6,652,700</u>	<u>3,041,250</u>	<u>4,062,393</u>	<u>1,409,849</u>	<u>499,285</u>	<u>132,415</u>	<u>107,653</u>	<u>15,905,545</u>
<i>In KHR'000 equivalents</i>	<u>27,109,753</u>	<u>12,393,094</u>	<u>16,554,251</u>	<u>5,745,135</u>	<u>2,034,586</u>	<u>539,591</u>	<u>438,686</u>	<u>64,815,096</u>
For the year ended 31 December 2020								
Opening net book value	6,652,700	3,041,250	4,062,393	1,409,849	499,285	132,415	107,653	15,905,545
Additions	-	-	-	781,758	203,284	146,530	2,387,471	3,519,043
Transfers	-	-	1,849,854	545,150	10,428	-	(2,405,432)	-
Depreciation charges	-	(209,874)	(1,390,743)	(1,056,030)	(334,566)	(153,624)	-	(3,144,837)
Closing net book value	<u>6,652,700</u>	<u>2,831,376</u>	<u>4,521,504</u>	<u>1,680,727</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>16,279,751</u>
As at 31 December 2020								
Cost	6,652,700	4,114,600	11,086,262	6,174,997	3,696,007	866,398	89,692	32,680,656
Accumulated depreciation	-	(1,283,224)	(6,564,758)	(4,494,270)	(3,317,576)	(741,077)	-	(16,400,905)
Net book value	<u>6,652,700</u>	<u>2,831,376</u>	<u>4,521,504</u>	<u>1,680,727</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>16,279,751</u>
<i>In KHR'000 equivalent</i>	<u>26,910,172</u>	<u>11,452,916</u>	<u>18,289,484</u>	<u>6,798,541</u>	<u>1,530,753</u>	<u>506,923</u>	<u>362,804</u>	<u>65,851,593</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. PROPERTY AND EQUIPMENT (continued)

	Consolidated financial statements							Total US\$
	Land US\$	Buildings US\$	Leasehold improvements US\$	Furniture and fittings US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	
As at 1 January 2021								
Cost	6,652,700	4,114,600	11,086,262	6,174,997	3,696,007	866,398	89,692	32,680,656
Accumulated depreciation	-	(1,283,224)	(6,564,758)	(4,494,270)	(3,317,576)	(741,077)	-	(16,400,905)
Net book value	<u>6,652,700</u>	<u>2,831,376</u>	<u>4,521,504</u>	<u>1,680,727</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>16,279,751</u>
<i>In KHR'000 equivalents</i>	<u>26,910,172</u>	<u>11,452,916</u>	<u>18,289,484</u>	<u>6,798,541</u>	<u>1,530,753</u>	<u>506,923</u>	<u>362,804</u>	<u>65,851,593</u>
For the year ended 31 December 2021								
Opening net book value	6,652,700	2,831,376	4,521,504	1,680,727	378,431	125,321	89,692	16,279,751
Additions	-	-	57,257	72,352	286,541	252,500	92,937	761,587
Transfers	-	23,515	16,040	97,273	-	-	(136,828)	-
Depreciation charges	-	(205,712)	(1,477,100)	(961,531)	(411,703)	(193,156)	-	(3,249,202)
Closing net book value	<u>6,652,700</u>	<u>2,649,179</u>	<u>3,117,701</u>	<u>888,821</u>	<u>253,269</u>	<u>184,665</u>	<u>45,801</u>	<u>13,792,136</u>
As at 31 December 2021								
Cost	6,652,700	4,138,115	10,829,522	6,290,699	3,957,180	965,638	45,801	32,879,655
Accumulated depreciation	-	(1,488,936)	(7,711,821)	(5,401,878)	(3,703,911)	(780,973)	-	(19,087,519)
Net book value	<u>6,652,700</u>	<u>2,649,179</u>	<u>3,117,701</u>	<u>888,821</u>	<u>253,269</u>	<u>184,665</u>	<u>45,801</u>	<u>13,792,136</u>
<i>In KHR'000 equivalent</i>	<u>27,103,100</u>	<u>10,792,755</u>	<u>12,701,514</u>	<u>3,621,057</u>	<u>1,031,818</u>	<u>752,325</u>	<u>186,593</u>	<u>56,189,162</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. PROPERTY AND EQUIPMENT (continued)

	Separate financial statements						Total US\$
	Buildings US\$	Leasehold improvements US\$	Furniture and fittings US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	
As at 1 January 2020							
Cost	3,914,600	9,236,408	4,850,854	3,512,111	719,868	107,653	22,341,494
Accumulated depreciation	(867,212)	(5,174,015)	(3,449,478)	(3,012,826)	(587,453)	-	(13,090,984)
Net book value	<u>3,047,388</u>	<u>4,062,393</u>	<u>1,401,376</u>	<u>499,285</u>	<u>132,415</u>	<u>107,653</u>	<u>9,250,510</u>
<i>In KHR'000 equivalents</i>	<u>12,418,106</u>	<u>16,554,251</u>	<u>5,710,607</u>	<u>2,034,586</u>	<u>539,591</u>	<u>438,687</u>	<u>37,695,828</u>
For the year ended 31 December 2020							
Opening net book value	3,047,388	4,062,393	1,401,376	499,285	132,415	107,653	9,250,510
Additions	-	-	781,758	203,284	146,530	2,387,471	3,519,043
Transfers	-	1,849,854	545,150	10,428	-	(2,405,432)	-
Depreciation charges	(197,756)	(1,390,743)	(1,056,030)	(334,566)	(153,624)	-	(3,132,719)
Closing net book value	<u>2,849,632</u>	<u>4,521,504</u>	<u>1,672,254</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>9,636,834</u>
As at 31 December 2020							
Cost	3,914,600	11,086,262	6,159,940	3,696,007	866,398	89,692	25,812,899
Accumulated depreciation	(1,064,968)	(6,564,758)	(4,487,686)	(3,317,576)	(741,077)	-	(16,176,065)
Net book value	<u>2,849,632</u>	<u>4,521,504</u>	<u>1,672,254</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>9,636,834</u>
<i>In KHR'000 equivalent</i>	<u>11,526,761</u>	<u>18,289,484</u>	<u>6,764,267</u>	<u>1,530,753</u>	<u>506,925</u>	<u>362,804</u>	<u>38,980,994</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. PROPERTY AND EQUIPMENT (continued)

	Separate financial statements						Total US\$
	Buildings US\$	Leasehold improvements US\$	Furniture and fittings US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	
As at 1 January 2021							
Cost	3,914,600	11,086,262	6,159,940	3,696,007	866,398	89,692	25,812,899
Accumulated depreciation	(1,064,968)	(6,564,758)	(4,487,686)	(3,317,576)	(741,077)	-	(16,176,065)
Net book value	<u>2,849,632</u>	<u>4,521,504</u>	<u>1,672,254</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>9,636,834</u>
<i>In KHR'000 equivalents</i>	<u>11,526,761</u>	<u>18,289,484</u>	<u>6,764,267</u>	<u>1,530,753</u>	<u>506,925</u>	<u>362,804</u>	<u>38,980,994</u>
For the year ended 31 December 2021							
Opening net book value	2,849,632	4,521,504	1,672,254	378,431	125,321	89,692	9,636,834
Additions	-	57,257	72,351	286,541	252,500	92,937	761,586
Transfers	23,515	16,040	97,273	-	-	(136,828)	-
Depreciation charges	(193,593)	(1,477,100)	(961,531)	(411,703)	(193,156)	-	(3,237,083)
Closing net book value	<u>2,679,554</u>	<u>3,117,701</u>	<u>880,347</u>	<u>253,269</u>	<u>184,665</u>	<u>45,801</u>	<u>7,161,337</u>
As at 31 December 2021							
Cost	3,938,115	10,829,522	6,275,641	3,957,180	965,638	45,801	26,011,897
Accumulated depreciation	(1,258,561)	(7,711,821)	(5,395,294)	(3,703,911)	(780,973)	-	(18,850,560)
Net book value	<u>2,679,554</u>	<u>3,117,701</u>	<u>880,347</u>	<u>253,269</u>	<u>184,665</u>	<u>45,801</u>	<u>7,161,337</u>
<i>In KHR'000 equivalent</i>	<u>10,916,503</u>	<u>12,701,514</u>	<u>3,586,534</u>	<u>1,031,818</u>	<u>752,325</u>	<u>186,593</u>	<u>29,175,287</u>

PHNOM PENH COMMERCIAL BANK PLC.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. LEASES

This note provides information for leases where the Group and the Bank are the lessees.

The Group and the Bank lease various buildings for its head office and branch operations. Rental contracts are typically made for fixed periods of 1 to 20 years.

(i) Amounts recognised in the consolidated and separate statements of financial position

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets (Non-current)</i>								
Office space	9,487,195	38,650,832	9,417,649	38,094,390	17,989,622	73,289,720	18,577,728	75,146,910
ATM space	125,142	509,829	168,926	683,306	125,142	509,829	168,926	683,306
Billboard	29,375	119,674	95,872	387,802	29,375	119,674	95,872	387,802
Generator	36,790	149,882	57,561	232,834	36,790	149,882	57,561	232,834
Vehicle	19,466	79,304	40,176	162,512	19,466	79,304	40,176	162,512
	9,697,968	39,509,521	9,780,184	39,560,844	18,200,395	74,148,409	18,940,263	76,613,364
<i>Lease liabilities</i>								
Current	2,102,606	8,566,017	2,118,619	8,569,814	2,102,606	8,566,017	2,118,619	8,569,814
Non-current	8,233,199	33,542,053	8,071,222	32,648,093	17,653,626	71,920,872	17,975,527	72,711,007
	10,335,805	42,108,070	10,189,841	41,217,907	19,756,232	80,486,889	20,094,146	81,280,821

Right-of-use assets' additions for the Group and the Bank during the year were US\$2,357,714 (2020: US\$4,424,767).

PHNOM PENH COMMERCIAL BANK PLC.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. LEASES (continued)

(ii) Amounts recognised in the consolidated and separate statements of profit or loss and other comprehensive income

The consolidated and separate statements of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Depreciation of right-of-use assets</i>								
Office space	1,832,701	7,455,428	1,338,428	5,456,771	2,490,353	10,130,756	1,903,428	7,760,276
ATM space	186,701	759,500	80,127	326,678	186,701	759,500	80,127	326,678
Billboard	147,364	599,477	145,358	592,625	147,364	599,477	145,358	592,625
Generator	121,746	495,263	128,986	525,876	121,746	495,263	128,986	525,876
Vehicle	151,418	615,967	118,749	484,139	151,418	615,968	118,749	484,139
	<u>2,439,930</u>	<u>9,925,635</u>	<u>1,811,648</u>	<u>7,386,089</u>	<u>3,097,582</u>	<u>12,600,964</u>	<u>2,376,648</u>	<u>9,689,594</u>
Interest expenses	428,380	1,746,505	307,546	1,253,865	772,503	3,142,542	626,383	2,553,763
Expense relating to leases of low value assets (including in operating expenses)	71,843	292,904	61,874	252,260	71,843	292,257	61,874	252,260
	<u>500,223</u>	<u>2,039,409</u>	<u>369,420</u>	<u>1,506,125</u>	<u>844,346</u>	<u>3,434,799</u>	<u>688,257</u>	<u>2,806,023</u>

The total cash outflow for leases for the consolidated financial statements for the year ended 31 December 2021 was US\$2,640,130 (2020: US\$2,694,080) and for the separate financial statements for the year ended 31 December 2021 was US\$3,468,131 (2020: US\$3,087,241).

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. DEFERRED TAX ASSETS/LIABILITIES

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Non-current								
Deferred tax assets	1,210,329	4,930,880	759,343	3,071,542	1,390,520	5,664,978	906,398	3,666,380
Deferred tax liabilities	(1,295,603)	(5,278,286)	(522,333)	(2,112,837)	(1,307,560)	(5,326,999)	(534,535)	(2,162,194)
Deferred tax (liabilities)/assets - net	(85,274)	(347,406)	237,010	958,705	82,960	337,979	371,863	1,504,186

The movement of net deferred tax assets/(liabilities) during the year as follows:

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
At 1 January	237,010	958,705	500,163	2,038,164	371,863	1,504,186	602,239	2,454,124
Charged to profit or loss	(322,284)	(1,311,051)	(263,153)	(1,072,875)	(288,903)	(1,175,257)	(230,376)	(939,243)
Currency translation differences	-	4,940	-	(6,584)	-	9,050	-	(10,695)
At 31 December	(85,274)	(347,406)	237,010	958,705	82,960	337,979	371,863	1,504,186

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax assets:

	Consolidated financial statements					Total US\$
	Unamortised loan processing fees US\$	Unrealised exchange loss US\$	Leases US\$	Seniority payment US\$	Accelerated depreciation US\$	
	At 1 January 2020 (Charged)/credited to profit or loss	642,776 (179,910)	8,206 (8,206)	133,141 (104,184)	- 24,864	
At 31 December 2020	462,866	-	28,957	24,864	242,656	759,343
<i>In KHR'000 equivalent</i>	<u>1,872,293</u>	<u>-</u>	<u>117,131</u>	<u>100,575</u>	<u>981,543</u>	<u>3,071,542</u>
At 1 January 2021 (Charged)/credited to profit or loss	462,866 178,227	- 20,256	28,957 87,270	24,864 (283)	242,656 165,516	759,343 450,986
At 31 December 2021	641,093	20,256	116,227	24,581	408,172	1,210,329
<i>In KHR'000 equivalent</i>	<u>2,611,813</u>	<u>82,523</u>	<u>473,509</u>	<u>100,143</u>	<u>1,662,892</u>	<u>4,930,880</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax assets (continued):

	Separate financial statements					Total US\$
	Unamortised loan processing fees US\$	Unrealised exchange loss US\$	Leases US\$	Seniority payment US\$	Accelerated depreciation US\$	
	At 1 January 2020	642,776	8,206	247,619	-	
(Charged)/credited to profit or loss	(179,910)	(8,206)	(71,607)	24,864	242,656	7,797
At 31 December 2020	462,866	-	176,012	24,864	242,656	906,398
<i>In KHR'000 equivalent</i>	<u>1,872,293</u>	<u>-</u>	<u>711,969</u>	<u>100,575</u>	<u>981,543</u>	<u>3,666,380</u>
At 1 January 2021	462,866	-	176,012	24,864	242,656	906,398
(Charged)/credited to profit or loss	178,227	20,256	120,406	(283)	165,516	484,122
At 31 December 2021	641,093	20,256	296,418	24,581	408,172	1,390,520
<i>In KHR'000 equivalent</i>	<u>2,611,813</u>	<u>82,523</u>	<u>1,207,607</u>	<u>100,143</u>	<u>1,662,892</u>	<u>5,664,978</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax liabilities:

	Consolidated financial statements				Separate financial statements			
	Impairment loss on financial assets US\$	Unrealised exchange gain US\$	Accelerated depreciation US\$	Total US\$	Impairment loss on financial assets US\$	Unrealised exchange gain US\$	Accelerated depreciation US\$	Total US\$
As at 1 January 2020	203,034	-	80,926	283,960	215,436	-	80,926	296,362
Charged/(credited) to profit or loss	259,642	59,657	(80,926)	238,373	259,442	59,657	(80,926)	238,173
As at 31 December 2020	462,676	59,657	-	522,333	474,878	59,657	-	534,535
<i>In KHR'000 equivalent</i>	1,871,524	241,313	-	2,112,837	1,920,881	241,313	-	2,162,194
As at 1 January 2021	462,676	59,657	-	522,333	474,878	59,657	-	534,535
Charged/(credited) to profit or loss	832,927	(59,657)	-	773,270	832,682	(59,657)	-	773,025
As at 31 December 2021	1,295,603	-	-	1,295,603	1,307,560	-	-	1,307,560
<i>In KHR'000 equivalent</i>	5,278,286	-	-	5,278,286	5,326,999	-	-	5,326,999

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. OTHER ASSETS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Advanced payments	1,575,400	6,418,180	1,744,942	7,058,290	1,575,400	6,418,180	1,744,942	7,058,290
Rental deposits	1,536,695	6,260,495	1,538,549	6,223,431	1,536,695	6,260,495	1,538,549	6,223,431
Prepayments	694,494	2,829,369	762,518	3,084,385	694,494	2,829,369	762,518	3,084,385
Others	1,712,222	6,975,592	1,249,450	5,054,026	1,710,682	6,969,318	1,247,910	5,047,796
	<u>5,518,811</u>	<u>22,483,636</u>	<u>5,295,459</u>	<u>21,420,132</u>	<u>5,517,271</u>	<u>22,477,362</u>	<u>5,293,919</u>	<u>21,413,902</u>

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	3,633,568	14,803,156	2,715,069	10,982,454	3,632,028	14,796,882	2,713,529	10,976,224
Non-current	1,885,243	7,680,480	2,580,390	10,437,678	1,885,243	7,680,480	2,580,390	10,437,678
	<u>5,518,811</u>	<u>22,483,636</u>	<u>5,295,459</u>	<u>21,420,132</u>	<u>5,517,271</u>	<u>22,477,362</u>	<u>5,293,919</u>	<u>21,413,902</u>

15. DEPOSITS FROM OTHER BANKS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current accounts	3,596,988	14,654,129	11,169,044	45,178,783	3,596,988	14,654,129	11,169,044	45,178,783
Savings accounts	21,880,743	89,142,147	12,870,923	52,062,884	21,880,743	89,142,147	12,870,923	52,062,884
Fixed deposits	72,514,307	295,423,287	64,525,610	261,006,092	72,514,307	295,423,287	64,525,610	261,006,092
	<u>97,992,038</u>	<u>399,219,563</u>	<u>88,565,577</u>	<u>358,247,759</u>	<u>97,992,038</u>	<u>399,219,563</u>	<u>88,565,577</u>	<u>358,247,759</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. DEPOSITS FROM OTHER BANKS (continued)

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	56,704,946	231,015,950	75,315,577	304,651,509	56,704,946	231,015,950	75,315,577	304,651,509
Non-current	41,287,092	168,203,613	13,250,000	53,596,250	41,287,092	168,203,613	13,250,000	53,596,250
	<u>97,992,038</u>	<u>399,219,563</u>	<u>88,565,577</u>	<u>358,247,759</u>	<u>97,992,038</u>	<u>399,219,563</u>	<u>88,565,577</u>	<u>358,247,759</u>

Annual interest rates for deposits from customers are as follows:

	2021	2020
Current accounts	0%	0%
Savings accounts	0.2% - 1.00%	0.20% - 1.00%
Fixed deposits	1.75% - 6.5%	2.00% - 6.30%

16. DEPOSITS FROM NON-BANK CUSTOMERS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Fixed deposits	384,435,883	1,566,191,787	455,421,883	1,842,181,517	384,435,883	1,566,191,787	455,421,883	1,842,181,517
Savings accounts	171,355,621	698,102,800	181,166,203	732,817,291	171,355,621	698,102,800	181,166,203	732,817,291
Current accounts	73,901,641	301,075,285	64,154,132	259,503,463	74,293,790	302,672,900	64,257,935	259,923,347
Margin deposits (*)	10,013,281	40,794,107	10,310,302	41,705,172	10,013,281	40,794,107	10,310,302	41,705,172
Instalment deposits	6,669,751	27,172,566	7,290,442	29,489,838	6,669,751	27,172,566	7,290,442	29,489,838
	<u>646,376,177</u>	<u>2,633,336,545</u>	<u>718,342,962</u>	<u>2,905,697,281</u>	<u>646,768,326</u>	<u>2,634,934,160</u>	<u>718,446,765</u>	<u>2,906,117,165</u>

(*) Margin deposits represent the aggregate balances of required non-interest-bearing cash deposits from customers for letters of credit and guarantee.

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16. DEPOSITS FROM NON-BANK CUSTOMERS (continued)

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	592,516,445	2,413,911,997	638,365,139	2,582,186,987	592,908,594	2,415,509,612	638,468,942	2,582,606,871
Non-current	53,859,732	219,424,548	79,977,823	323,510,294	53,859,732	219,424,548	79,977,823	323,510,294
	<u>646,376,177</u>	<u>2,633,336,545</u>	<u>718,342,962</u>	<u>2,905,697,281</u>	<u>646,768,326</u>	<u>2,634,934,160</u>	<u>718,446,765</u>	<u>2,906,117,165</u>
	2021		2020					
Current accounts		Nil		Nil				
Savings accounts		0.3% - 2.00%		0.3% - 2.00%				
Fixed deposits		0.5% - 7.5%		0.8% - 7.30%				
Instalment deposits		2.8% -7.5%		3.0% -7.5%				

17. CURRENT INCOME TAX LIABILITIES

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
At 1 January	3,522,712	14,249,370	4,412,840	17,982,323	3,478,708	14,071,374	4,414,012	17,987,099
Current income tax expense (Note 29)	4,330,033	17,614,575	3,998,805	16,303,128	4,311,819	17,540,480	3,998,805	16,303,128
Income tax paid	(3,999,725)	(16,270,881)	(4,888,933)	(19,932,180)	(3,931,421)	(15,993,021)	(4,934,109)	(20,116,362)
Currency translation differences	-	104,139	-	(103,901)	-	103,165	-	(102,491)
At 31 December	<u>3,853,020</u>	<u>15,697,203</u>	<u>3,522,712</u>	<u>14,249,370</u>	<u>3,859,106</u>	<u>15,721,998</u>	<u>3,478,708</u>	<u>14,071,374</u>

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18. BORROWINGS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Borrowings at amortised cost</i>								
Current	9,226,125	37,587,233	14,335,546	57,987,283	9,226,125	37,587,233	14,335,546	57,987,283
Non-current	2,062,116	8,401,061	1,071,864	4,335,690	2,062,116	8,401,061	1,071,864	4,335,690
	<u>11,288,241</u>	<u>45,988,294</u>	<u>15,407,410</u>	<u>62,322,973</u>	<u>11,288,241</u>	<u>45,988,294</u>	<u>15,407,410</u>	<u>62,322,973</u>

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Borrowings at amortised cost</i>								
Secured (*)	7,184,320	29,268,920	12,087,869	48,895,430	7,184,320	29,268,920	12,087,869	48,895,430
Unsecured (**)	4,103,921	16,719,374	3,319,541	13,427,543	4,103,921	16,719,374	3,319,541	13,427,543
	<u>11,288,241</u>	<u>45,988,294</u>	<u>15,407,410</u>	<u>62,322,973</u>	<u>11,288,241</u>	<u>45,988,294</u>	<u>15,407,410</u>	<u>62,322,973</u>

(*) This represents the liquidity-providing collateralised operation (“LPCO”) purchased from the NBC with terms of 12 months (2020: 12 months) with interest rate of 6.02% per annum (2020: from 2.60% to 5% per annum).

(**) This represents borrowings obtained from local banks with terms ranging from 12 months to 84 months and interest rates ranging from 2% to 3% (2020: 2% to 6.30%).

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Principal	10,907,877	44,438,691	15,095,452	61,061,103	10,907,877	44,438,691	15,095,452	61,061,103
Interest payables	380,364	1,549,603	311,958	1,261,870	380,364	1,549,603	311,958	1,261,870
	<u>11,288,241</u>	<u>45,988,294</u>	<u>15,407,410</u>	<u>62,322,973</u>	<u>11,288,241</u>	<u>45,988,294</u>	<u>15,407,410</u>	<u>62,322,973</u>

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19. DEBT SECURITIES ISSUED

The Bank issued its bond securities for the first phase with a par value of KHR100,000 totalling to KHR40,000 million and maturity of three-year period. On 22 September 2020, the Bank issued its bond securities for the second phase with a par value of KHR100,000 totalling to KHR40,000 million and maturity of three-year period. These bonds are classified as foreign exchange-indexed bond with coupon rate of 6.5% per annum with the interest to be paid semi-annually.

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	1,397,592	5,693,790	1,366,384	5,527,023	1,397,592	5,693,790	1,366,384	5,527,023
Non-current	18,285,504	74,495,143	18,427,090	74,537,579	18,285,504	74,495,143	18,427,090	74,537,579
	<u>19,683,096</u>	<u>80,188,933</u>	<u>19,793,474</u>	<u>80,064,602</u>	<u>19,683,096</u>	<u>80,188,933</u>	<u>19,793,474</u>	<u>80,064,602</u>
	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Principal amount	19,328,073	78,742,569	19,455,601	78,697,906	19,328,073	78,742,569	19,455,601	78,697,906
Interest payables	355,023	1,446,364	337,873	1,366,696	355,023	1,446,364	337,873	1,366,696
	<u>19,683,096</u>	<u>80,188,933</u>	<u>19,793,474</u>	<u>80,064,602</u>	<u>19,683,096</u>	<u>80,188,933</u>	<u>19,793,474</u>	<u>80,064,602</u>

PHNOM PENH COMMERCIAL BANK PLC.

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20. OTHER LIABILITIES

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Accrued expenses	685,779	2,793,864	541,142	2,188,919	685,779	2,793,864	541,142	2,188,919
Other taxes payables	202,888	826,566	366,538	1,482,646	202,888	826,566	366,538	1,482,646
Others	1,019,653	4,154,065	630,867	2,551,858	1,011,386	4,120,384	622,610	2,518,458
	<u>1,908,320</u>	<u>7,774,495</u>	<u>1,538,547</u>	<u>6,223,423</u>	<u>1,900,053</u>	<u>7,740,814</u>	<u>1,530,290</u>	<u>6,190,023</u>

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	1,908,320	7,774,495	1,538,547	6,223,423	1,900,053	7,740,814	1,530,290	6,190,023
Non-current	-	-	-	-	-	-	-	-
	<u>1,908,320</u>	<u>7,774,495</u>	<u>1,538,547</u>	<u>6,223,423</u>	<u>1,900,053</u>	<u>7,740,814</u>	<u>1,530,290</u>	<u>6,190,023</u>

21. SUBORDINATED DEBTS

This represents the borrowings obtained from the Jeonbuk Bank Co., Ltd. and Apro Financial Co., Ltd. amounting to US\$12,000,000 and US\$8,000,000, respectively with ten-year term and interest rate at 6.90% per annum (2020: 6.90% per annum). These borrowings were qualified as Tier II subordinated debts for the net worth computation purpose and approved by the central bank on 21 December 2018.

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22. SHARE CAPITAL

In 2021, the Bank has increased its share capital from US\$92,000,000 to US\$102,000,000 by converting its retained earnings of US\$10,000,000 to be the share capital, which was approved by the central bank and the Ministry of Commerce on 2 June 2021 and 30 June 2021, respectively.

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
At beginning of the year	92,000,000	372,140,000	80,000,000	326,000,000	92,000,000	372,140,000	80,000,000	326,000,000
Conversion of retained earnings to share capital	10,000,000	40,680,000	12,000,000	48,924,000	10,000,000	40,740,000	12,000,000	48,540,000
Currency translation differences	-	2,728,000	-	(2,784,000)	-	2,668,000	-	(2,400,000)
At end of the year	<u>102,000,000</u>	<u>415,548,000</u>	<u>92,000,000</u>	<u>372,140,000</u>	<u>102,000,000</u>	<u>415,548,000</u>	<u>92,000,000</u>	<u>372,140,000</u>
	2021				2020			
	Number of shares	%	US\$	KHR'000	Number of shares	%	US\$	KHR'000
Shareholders:								
Jeonbuk Bank Co., Ltd	51,000	50%	51,000,000	207,774,000	46,000	50%	46,000,000	186,070,000
Apro Financial Co., Ltd	40,800	40%	40,800,000	166,219,200	36,800	40%	36,800,000	148,856,000
JB Woori Capital Co., Ltd	10,200	10%	10,200,000	41,554,800	9,200	10%	9,200,000	37,214,000
	<u>102,000</u>	<u>100%</u>	<u>102,000,000</u>	<u>415,548,000</u>	<u>92,000</u>	<u>100%</u>	<u>92,000,000</u>	<u>372,140,000</u>

PHNOM PENH COMMERCIAL BANK PLC.

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23. INTEREST INCOME

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost</i>								
Loans to customers	70,676,344	287,511,367	66,185,846	269,839,695	71,204,800	289,661,126	66,712,865	271,988,351
Balances with the central bank	20,302	82,589	296,292	1,207,982	20,302	82,589	296,292	1,207,982
Debt investment	262,518	1,067,923	265,757	1,083,491	262,518	1,067,923	265,757	1,083,491
Balances with other banks	3,151,247	12,819,273	2,589,442	10,557,155	3,151,247	12,819,273	2,589,442	10,557,155
	<u>74,110,411</u>	<u>301,481,152</u>	<u>69,337,337</u>	<u>282,688,323</u>	<u>74,638,867</u>	<u>303,630,911</u>	<u>69,864,356</u>	<u>284,836,979</u>

24. INTEREST EXPENSE

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Interest expense on financial liabilities at amortised cost:</i>								
Deposits from non-bank customers	20,446,998	83,178,388	21,899,632	89,284,800	20,964,808	85,284,839	22,416,005	91,390,052
Deposits from other banks	1,821,147	7,408,426	2,141,296	8,730,064	1,821,147	7,408,426	2,141,296	8,730,064
Borrowings	1,424,862	5,796,339	1,817,227	7,408,834	948,374	3,857,985	1,817,227	7,408,834
Subordinated debts	1,380,000	5,613,840	1,383,781	5,641,675	1,380,000	5,613,840	1,383,781	5,641,675
Debt securities issued	1,357,421	5,521,989	686,167	2,797,503	1,357,421	5,521,989	686,167	2,797,503
Leases	428,380	1,742,649	307,546	1,253,865	772,503	3,142,542	626,383	2,553,764
	<u>26,858,808</u>	<u>109,261,631</u>	<u>28,235,649</u>	<u>115,116,741</u>	<u>27,244,253</u>	<u>110,829,621</u>	<u>29,070,859</u>	<u>118,521,892</u>

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25. NET FEE AND COMMISSION INCOME

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Fee and commission income:								
Fund transfer fees	706,789	2,875,218	622,854	2,539,376	706,789	2,875,218	622,854	2,539,376
Visa fees	509,474	2,072,540	419,365	1,709,751	509,474	2,072,540	419,365	1,709,751
Trade finance	261,129	1,062,273	381,640	1,555,946	261,129	1,062,273	381,640	1,555,946
Penalties fees	121,187	492,989	1,771,342	7,221,761	121,187	492,989	1,771,342	7,221,761
Others	326,094	1,326,550	273,620	1,115,549	326,094	1,326,550	273,620	1,115,549
	1,924,673	7,829,570	3,468,821	14,142,383	1,924,673	7,829,570	3,468,821	14,142,383
Fee and commission expense	(1,072,245)	(4,361,893)	(1,077,175)	(4,391,642)	(1,072,245)	(4,361,893)	(1,077,143)	(4,391,512)
Net fee and commission income	852,428	3,467,677	2,391,646	9,750,741	852,428	3,467,677	2,391,678	9,750,871
Timing of recognition:								
Fee and commission income								
At a point in time	1,803,840	7,829,570	3,223,513	14,142,383	1,803,840	7,829,570	3,223,513	14,142,383
Over time	120,833	1,062,273	245,308	1,555,946	120,833	491,549	245,308	1,000,121
	1,924,673	8,891,843	3,468,821	15,698,329	1,924,673	8,321,119	3,468,821	15,142,504

26. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Expected Credit Loss ("ECL"):</i>								
Loans to customers	2,258,612	9,188,033	455,563	1,857,330	2,259,900	9,193,273	456,615	1,861,619
Off-balance sheet financial commitments	76,115	309,636	2,889	11,779	76,115	309,636	2,889	11,779
	2,334,727	9,497,669	458,452	1,869,109	2,336,015	9,502,909	459,504	1,873,398

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27. PERSONNEL EXPENSES

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Salaries and wages	5,693,258	23,160,174	5,390,210	21,975,886	5,693,258	23,160,174	5,390,210	21,975,886
Bonuses and incentives	825,941	3,359,928	907,737	3,700,844	825,941	3,359,928	907,737	3,700,844
Employee benefit expenses	495,439	2,015,446	549,161	2,238,929	495,439	2,015,446	549,161	2,238,929
Staff housing and related expenses	189,936	772,660	70,711	288,289	189,936	772,660	70,711	288,289
Staff training expenses	2,138	8,696	70,483	287,359	2,138	8,696	70,483	287,359
Others	969,440	3,943,682	770,230	3,140,228	969,440	3,943,682	770,230	3,140,228
	<u>8,176,152</u>	<u>33,260,586</u>	<u>7,758,532</u>	<u>31,631,535</u>	<u>8,176,152</u>	<u>33,260,586</u>	<u>7,758,532</u>	<u>31,631,535</u>

28. OTHER OPERATING EXPENSES

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Repairs and maintenance	1,543,791	6,280,142	1,342,835	5,474,738	1,592,701	6,479,107	1,338,125	5,455,536
Charitable contribution	1,475,611	6,002,786	-	-	1,475,611	6,002,786	-	-
Professional fees	762,762	3,102,916	846,224	3,450,055	762,762	3,102,914	846,224	3,450,055
Other tax expenses	747,470	3,040,708	863,906	3,522,145	732,848	2,981,224	850,373	3,466,971
Bank security expenses	501,826	2,041,428	507,268	2,068,132	501,826	2,041,426	507,268	2,068,132
Marketing and advertising	473,308	1,925,417	701,321	2,859,286	473,308	1,925,419	701,321	2,859,286
Utilities expenses	414,547	1,686,377	443,363	1,807,591	414,547	1,686,379	443,363	1,807,591
Business meals and entertainment	396,086	1,611,278	431,356	1,758,638	396,086	1,611,279	431,356	1,758,638
License fees	357,560	1,454,554	357,366	1,456,981	357,560	1,454,552	357,366	1,456,981
Telephone expenses	221,376	900,558	189,411	772,229	221,376	900,556	189,411	772,229
Insurance expenses	86,648	352,484	69,751	284,375	86,648	352,485	69,751	284,375
Low value rental	71,843	292,257	61,874	252,260	71,843	292,257	61,874	252,260
Travelling expenses	44,931	182,779	125,709	512,516	44,931	182,781	125,709	512,516
Conventions and conference	22,424	91,221	103,026	420,037	22,424	91,220	103,026	420,037
Office supplies	748	3,043	20,796	84,785	748	3,041	20,796	84,785
Others	464,200	1,888,365	1,295,824	5,283,074	536,430	2,182,202	759,117	3,094,919
	<u>7,585,131</u>	<u>30,856,313</u>	<u>7,360,030</u>	<u>30,006,842</u>	<u>7,691,649</u>	<u>31,289,628</u>	<u>6,805,080</u>	<u>27,744,311</u>

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29. INCOME TAX EXPENSE

(a) Income tax expense

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current income tax	4,330,033	17,614,575	3,998,805	16,303,128	4,311,819	17,540,480	3,998,805	16,303,128
Deferred tax	322,284	1,311,051	263,153	1,072,875	288,903	1,175,257	230,376	939,243
	<u>4,652,317</u>	<u>18,925,626</u>	<u>4,261,958</u>	<u>17,376,003</u>	<u>4,600,722</u>	<u>18,715,737</u>	<u>4,229,181</u>	<u>17,242,371</u>

(b) Reconciliation between income tax expenses and accounting profit

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Profit before income tax	22,854,836	92,973,474	21,399,812	87,247,034	22,335,252	90,859,806	21,174,903	86,330,079
Tax at application income tax rate at 19.1% (2020: 19.1%)	4,365,274	17,757,936	4,087,364	16,664,183	4,266,033	17,354,222	4,044,406	16,489,043
Tax effect of reconciling items:								
Effect of non-deductible expenses	256,091	1,041,778	277,522	1,131,457	268,048	1,090,420	289,724	1,181,205
Effect of non-taxable income	(13,934)	(56,684)	(7,443)	(30,345)	(13,934)	(56,684)	(7,443)	(30,345)
Other adjustments	44,886	182,596	(95,485)	(389,292)	80,575	327,779	(97,506)	(397,532)
Income tax expense	<u>4,652,317</u>	<u>18,925,626</u>	<u>4,261,958</u>	<u>17,376,003</u>	<u>4,600,722</u>	<u>18,715,737</u>	<u>4,229,181</u>	<u>17,242,371</u>

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29. INCOME TAX EXPENSE (continued)

Under the Cambodian tax regulations, the Group and the Bank are subject to 20% Income Tax.

In accordance with the Sub-decree No. 01 of the Royal Government of Cambodia ("RGC") dated on 4 January 2019, an entity who listed corporate bond on Cambodia Securities Exchange ("CSX") is entitled up to 50% reduction on tax on profit (20%) for the period of three years.

The Bank successfully listed its corporate bond on CSX on 10 April 2020. The Bank has obtained the tax on profit reduction up to 50% for 3 years from 2020 following conditions as per Prakas No. 183 MoEF Br.K dated 25 February 2020.

- Issue bond size is more than 20% of total assets, the reduction on tax on profit at 50%.
- Issue bond size is 20% or less than total assets, the reduction on tax on profit is based on a pro-rata basis but the tax incentive amount should not exceed KHR 80,000 million.

As at 31 December 2021, the Bank's bond issuance was approximately 1.85% of total assets. The Bank has calculated the tax incentives for the year then ended 31 December 2021 based on pro-rata basis resulting in 4.63% incentive of tax on profit (20%). Therefore, the Bank's income tax is calculated at 19.1% for the year then ended 31 December 2021 (2020: 19.1%).

(c) Other matter

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

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

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30. CASH AND CASH EQUIVALENTS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Cash on hand	35,428,236	144,334,633	36,272,455	146,722,080	35,428,236	144,334,633	36,272,455	146,722,080
Balances with the central bank:								
Settlement accounts	3,832,453	15,613,414	41,479,625	167,785,083	3,832,453	15,613,414	41,479,625	167,785,083
Current accounts	5,558,241	22,644,274	17,282,035	69,905,832	5,558,241	22,644,274	17,282,035	69,905,832
Balances with other banks and financial institutions								
Current accounts	6,220,325	25,341,604	4,489,683	18,160,768	6,220,325	25,341,604	4,489,683	18,160,768
Savings accounts	2,783,679	11,340,708	1,450,052	5,865,460	2,783,679	11,340,708	1,450,052	5,865,460
Term deposits (maturity of three months or less)	12,000,000	48,888,000	10,000,000	40,450,000	12,000,000	48,888,000	10,000,000	40,450,000
	<u>65,822,934</u>	<u>268,162,633</u>	<u>110,973,850</u>	<u>448,889,223</u>	<u>65,822,934</u>	<u>268,162,633</u>	<u>110,973,850</u>	<u>448,889,223</u>

31. NET DEBT RECONCILIATIONS

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Cash and cash equivalents	65,822,934	268,162,633	110,973,850	448,889,223	65,822,934	268,162,633	110,973,850	448,889,223
Borrowings	(11,288,241)	(45,988,294)	(15,407,410)	(62,322,973)	(11,288,241)	(45,988,294)	(15,407,410)	(62,322,973)
Subordinated debts	(20,037,128)	(81,631,259)	(20,037,128)	(81,050,182)	(20,037,128)	(81,631,259)	(20,037,128)	(81,050,182)
Debt securities issued	(19,683,096)	(80,188,933)	(19,793,474)	(80,064,602)	(19,683,096)	(80,188,933)	(19,793,474)	(80,064,602)
Lease liabilities	(10,335,805)	(42,108,070)	(10,189,841)	(41,217,907)	(19,756,232)	(80,486,889)	(20,094,146)	(81,280,821)
	<u>4,478,664</u>	<u>18,246,077</u>	<u>45,545,997</u>	<u>184,233,559</u>	<u>(4,941,763)</u>	<u>(20,132,742)</u>	<u>35,641,692</u>	<u>144,170,645</u>

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31. NET DEBT RECONCILIATIONS (continued)

	Consolidated financial statements						
	Liabilities from financing activities				Other assets		
	Borrowings US\$	Subordinated debts US\$	Debt securities issued US\$	Leases US\$	Sub-total US\$	Cash and cash equivalents US\$	Total US\$
Net debt as at 1 January 2020	(52,198,004)	(20,037,128)	-	(6,743,741)	(78,978,873)	98,262,036	19,283,163
Cash flows	37,076,338	-	(19,538,742)	2,067,697	19,605,293	12,711,814	32,317,107
New leases	-	-	-	(5,513,797)	(5,513,797)	-	(5,513,797)
Other changes (i)	(285,744)	-	(254,732)	-	(540,476)	-	(540,476)
Net debt as at 31 December 2020	(15,407,410)	(20,037,128)	(19,793,474)	(10,189,841)	(65,427,853)	110,973,850	45,545,997
In KHR'000 equivalents	(62,322,973)	(81,050,183)	(80,064,601)	(41,217,907)	(264,655,664)	448,889,223	184,233,559
Net debt as at 1 January 2021	(15,407,410)	(20,037,128)	(19,793,474)	(10,189,841)	(65,427,853)	110,973,850	45,545,997
Cash flows	4,108,680	-	-	2,211,750	6,320,430	(45,150,916)	(38,830,486)
New leases	-	-	-	(2,357,714)	(2,357,714)	-	(2,357,714)
Other changes (i)	10,489	-	110,378	-	120,867	-	120,867
Net debt as at 31 December 2021	(11,288,241)	(20,037,128)	(19,683,096)	(10,335,805)	(61,344,270)	65,822,934	4,478,664
In KHR'000 equivalents	(45,988,294)	(81,631,259)	(80,188,933)	(42,108,070)	(249,916,556)	268,162,633	18,246,077

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31. NET DEBT RECONCILIATIONS (continued)

	Separate financial statements						Total US\$
	Liabilities from financing activities				Other assets		
	Borrowings US\$	Subordinated debts US\$	Debt securities issued US\$	Leases US\$	Sub-total US\$	Cash and cash equivalents US\$	
Net debt as at 1 January 2020	(52,198,004)	(20,037,128)	-	(13,112,451)	(85,347,583)	98,262,036	12,914,453
Cash flows	37,076,338	-	(19,538,742)	2,460,858	19,998,454	12,711,814	32,710,268
New leases	-	-	-	(9,442,553)	(9,442,553)	-	(9,442,553)
Other changes (i)	(285,744)	-	(254,732)	-	(540,476)	-	(540,476)
Net debt as at 31 December 2020	(15,407,410)	(20,037,128)	(19,793,474)	(20,094,146)	(75,332,158)	110,973,850	35,641,692
In KHR'000 equivalents	(62,322,973)	(81,050,183)	(80,064,602)	(81,280,820)	(304,718,578)	448,889,223	144,170,645
Net debt as at 1 January 2021	(15,407,410)	(20,037,128)	(19,793,474)	(20,094,146)	(75,332,158)	110,973,850	35,641,692
Cash flows	4,108,680	-	-	2,695,628	6,804,308	(45,150,916)	(38,346,608)
New leases	-	-	-	(2,357,714)	(2,357,714)	-	(2,357,714)
Other changes (i)	10,489	-	110,378	-	120,867	-	120,867
Net debt as at 31 December 2021	(11,288,241)	(20,037,128)	(19,683,096)	(19,756,232)	(70,764,697)	65,822,934	(4,941,763)
In KHR'000 equivalents	(45,988,294)	(81,631,259)	(80,188,933)	(80,486,889)	(288,295,375)	268,162,633	(20,132,742)

(i) Other changes include non-cash movements and accrued interest expenses which will be presented as operating cash flows in the consolidated and separate statements of cash flows when paid.

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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32. COMMITMENTS

The Group and the Bank had the contractual amounts of the Group 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 commitments and guarantees

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Bank guarantees	31,127,418	126,813,101	28,324,181	114,571,312	31,127,418	126,813,101	28,324,181	114,571,312
Unused portion of overdrafts	11,519,552	46,930,655	10,177,944	41,169,783	11,519,552	46,930,655	10,177,944	41,169,783
Letters of credit	508,709	2,072,480	2,468,438	9,984,832	508,709	2,072,480	2,468,438	9,984,832
Unused portion of credit cards	7,608,845	30,998,435	7,616,431	30,808,463	7,608,845	30,998,435	7,616,431	30,808,463
	<u>50,764,524</u>	<u>206,814,671</u>	<u>48,586,994</u>	<u>196,534,390</u>	<u>50,764,524</u>	<u>206,814,671</u>	<u>48,586,994</u>	<u>196,534,390</u>

(b) Capital commitments

The capital expenditure commitment in respect of the purchases of IT equipment and software is as follows:

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
IT equipment and software	753,240	3,064,180	907,660	3,700,530	753,240	3,064,180	907,660	3,700,530

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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33. RELATED PARTY BALANCES AND TRANSACTIONS

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

(a) Related parties and relationships

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

Related party	Relationship
JB Financial Group Co., Ltd.	Ultimate parent company
Jeonbuk Bank Co., Ltd.	Immediate parent company
Apro Financial Co., Ltd.	Shareholder of the Bank
JB Woori Capital Co., Ltd	Shareholder of the Bank
Apro Asia Finance Corporation Ltd.	Company under common shareholder
JB Phnom Penh Asset Management Plc.	Company under common shareholder
J&A (Cambodia) Investment Co., Ltd.	Subsidiary
Arun Susdey Investment Co., Ltd.	Shareholder of the subsidiary
Key management personnel	All directors of the Group and the Bank who make critical decisions in relation to the strategic direction of the Group and the Bank and senior management staff (including their close family members)

(b) Loans to related parties

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Subsidiary	-	-	-	-	5,706,492	23,248,248	5,709,088	23,093,261
Key management personnel	427,228	1,740,528	682,073	2,758,986	427,228	1,740,528	682,073	2,758,986
	427,228	1,740,528	682,073	2,758,986	6,133,720	24,988,776	6,391,161	25,852,247

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33. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(c) Deposits from related parties

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Subsidiary (i)	-	-	-	-	392,424	1,598,735	156,512	633,091
Immediate parent company (ii)	-	-	65,979	266,885	-	-	65,979	266,885
Companies under common shareholders (iii)	2,400,000	9,777,600	2,463,866	9,966,338	2,400,000	9,777,600	2,463,866	9,966,338
Key management personnel (iv)	152,000	619,248	1,220,444	4,936,696	152,000	619,248	1,220,444	4,936,696
	2,552,000	10,396,848	3,750,289	15,169,919	2,944,424	11,995,583	3,906,801	15,803,010

(i) This represents the current account of J&A (Cambodia) Investment Co., Ltd. maintained with the Bank bearing no interest.

(ii) This represents the current account of Jeonbuk Bank Co., Ltd. maintained with the Bank bearing no interest.

(iii) This represents the current account and fixed deposits of JB Phnom Penh Asset Management Plc. bearing interest rate ranging from 2.25% to 4.3% per annum (2020: 0.2% to 3.5% per annum).

(iv) This represents the current accounts, savings accounts, instalment deposits and fixed deposits of key management personnel bearing interest ranging from 4.25% to 4.6% per annum (2020: 1% to 5.75% per annum).

(d) Subordinated debts from related parties

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Immediate parent company (Note 21)	12,022,277	48,978,756	12,022,277	48,630,110	12,022,277	48,978,756	12,022,277	48,630,110
Shareholders of the Bank (Note 21)	8,014,851	32,652,503	8,014,851	32,420,072	8,014,851	32,652,503	8,014,851	32,420,072
	20,037,128	81,631,259	20,037,128	81,050,182	20,037,128	81,631,259	20,037,128	81,050,182

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33. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(e) Interest income

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Subsidiary	-	-	-	-	528,456	2,149,759	473,891	1,932,054
Key management personnel	35,436	144,154	47,542	193,829	35,436	144,154	47,542	193,829
	<u>35,436</u>	<u>144,154</u>	<u>47,542</u>	<u>193,829</u>	<u>563,892</u>	<u>2,293,913</u>	<u>521,433</u>	<u>2,125,883</u>

(f) Interest expense

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Immediate parent company	828,000	3,368,304	830,268	3,385,003	828,000	3,368,304	830,268	3,385,003
Shareholders of the Bank	552,000	2,245,536	553,513	2,256,673	552,000	2,245,536	553,513	2,256,673
Under common shareholders	109,174	444,120	76,797	313,101	109,174	444,120	76,797	313,101
Key management personnel	1,131	4,601	46,269	188,639	1,131	4,601	46,269	188,639
	<u>1,490,305</u>	<u>6,062,561</u>	<u>1,506,847</u>	<u>6,143,416</u>	<u>1,490,305</u>	<u>6,062,561</u>	<u>1,506,847</u>	<u>6,143,416</u>

(g) Other operating income

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Sub-lease rental income from the subsidiary	-	-	-	-	2,508	10,203	2,508	10,225
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,508</u>	<u>10,203</u>	<u>2,508</u>	<u>10,225</u>

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33. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(h) Other operating expenses

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Land leases from the subsidiary (i)	-	-	-	-	903,600	3,675,845	712,000	2,902,824
Purchases of maintenance services from immediate parent company (ii)	198,780	808,637	184,480	752,125	198,780	808,637	184,480	752,125
	<u>198,780</u>	<u>808,637</u>	<u>184,480</u>	<u>752,125</u>	<u>1,102,380</u>	<u>4,484,482</u>	<u>896,480</u>	<u>3,654,949</u>

(i) This represents the lease liabilities and right-of-used assets of the Bank, as a lessee, which entered into an agreement to lease the building for its head office with J&A (Cambodia) Investment Co., Ltd. (the "Subsidiary"), as a lessor, for the fixed period of 10 years.

(ii) This represents the payments of maintenance service of the banking system and brand royalty to Jeonbuk Bank Co., Ltd. There is no outstanding payable to the related parties as at 31 December 2021.

(i) Key management compensation

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Salaries and other short-term benefits	1,009,826	4,107,972	968,730	3,918,512	1,009,826	4,107,972	968,730	3,918,512

(j) Terms and conditions

The purchase transactions with the related parties were made on normal commercial terms and conditions.

34. SEGMENT AND REVENUE INFORMATION

The Group and the Bank have only one reportable segment, namely, banking service income. The chief operating decision-maker (“the executive committee”) reviews the internal management report, which reports the performances of the interest income segment as a whole, to assess performance and allocate resources. The management team also reviews profit before tax and net profit as a whole compared to prior year.

35. FINANCIAL RISK MANAGEMENT

The Group and the Bank embrace risk management as an integral part of the Group and the Bank’s business, operations and decision-making process. In ensuring that the Group and the Bank achieve optimum returns whilst operating within a sound business environment, the Board of Directors has established the executive committee who are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Group and the Bank’s risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders’ value through sound risk management framework.

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35. FINANCIAL RISK MANAGEMENT (continued)

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

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Financial assets								
<i>Financial assets at amortised cost</i>								
Cash on hand	35,428,236	144,334,633	36,272,455	146,722,080	35,428,236	144,334,633	36,272,455	146,722,080
Balances with the central bank	20,962,263	85,400,259	73,290,366	296,459,530	20,962,263	85,400,258	59,535,255	240,820,106
Balances with other banks and financial institutions	87,356,096	355,888,735	99,998,608	404,494,369	87,356,097	355,888,739	99,998,609	404,494,373
Loans to customers	745,687,452	3,037,930,680	722,412,525	2,922,158,664	751,920,160	3,063,322,733	728,645,233	2,947,369,968
Investment securities	2,965,058	12,079,646	2,993,434	12,108,441	2,965,058	12,079,646	2,993,434	12,108,441
Other financial assets	3,247,376	13,229,810	3,095,817	12,522,580	3,247,376	13,229,810	3,094,277	12,516,350
<i>Financial assets at fair value through other comprehensive income</i>								
Investment securities	199,347	812,140	164,469	665,277	199,347	812,140	164,469	665,277
Total financial assets	895,845,828	3,649,675,903	938,227,674	3,795,130,941	902,078,537	3,675,067,959	930,703,732	3,764,696,595
Financial liabilities								
<i>Financial liabilities at amortised cost</i>								
Deposits from other banks	97,992,038	399,219,563	88,565,577	358,247,759	97,992,038	399,219,563	88,565,577	358,247,759
Deposits from non-bank customers	646,376,177	2,633,336,545	718,342,962	2,905,697,281	646,768,326	2,634,934,160	718,446,765	2,906,117,165
Borrowings	11,288,241	45,988,294	15,407,410	62,322,973	11,288,241	45,988,294	15,407,410	62,322,973
Debt securities issued	19,683,096	80,188,933	19,793,474	80,064,602	19,683,096	80,188,933	19,793,474	80,064,602
Lease liabilities	10,335,805	42,108,070	10,189,841	41,217,907	19,756,232	80,486,889	20,094,146	81,280,821
Other financial liabilities	1,649,737	6,721,029	1,172,008	4,740,772	1,649,737	6,721,029	1,163,751	4,707,373
Subordinated debts	20,037,128	81,631,259	20,037,128	81,050,182	20,037,128	81,631,259	20,037,128	81,050,182
Total financial liabilities	807,362,222	3,289,193,693	873,508,400	3,533,341,476	817,174,798	3,329,170,127	883,508,251	3,573,790,875

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group and the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Group and the Bank. Credit risk arises from deposits and placements with the central bank and other banks, loans to customers, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

(a) Credit risk measurement

Credit risk is managed on a group basis.

For loans to customers and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Group and the Bank measure credit risk using probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") for the purposes of measuring expected credit loss ("ECL") under CIFRS 9.

Deposits and placements with the central bank and other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month ECL. Other financial assets at amortised cost and financial assets at FVOCI are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach in note 35.1(c).

(b) Risk limit control and mitigation policies

The Group and the Bank operate and provides loans to individuals or enterprises within the Kingdom of Cambodia. The Bank manages limits and controls the concentration of credit risk whenever it is identified.

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

- Mortgages over residential properties (land, building and other properties);
- Cash in the form of margin deposits, if any.

(c) ECL policies

The measurement of allowance for ECL under the CIFRS 9's three-stage approach is to recognise lifetime allowance for ECL for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month allowance for ECL.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired or have low credit risk as at reporting date. For these assets, 12-month allowance for ECL are recognised.

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(c) ECL policies (continued)

- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime allowance for ECL are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime allowance for ECL are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their allowance for ECL is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group and the Bank in addressing the requirements of the standard on the measurement of allowances are:

(i) *Significant increase in credit risk ("SICR")*

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Past due 15 days for short-term on its contractual payment, and
- Past due 30 days for long-term on its contractual payment;

Restructured loans due to COVID-19 pandemic

The Group and the Bank determine restructured loans due to COVID-19 pandemic to have significant increase in credit risk.

(ii) *Definition of default and credit impaired*

The Group and the Bank define a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- The principal or interest or both of the loan is past due for more than 60 days and 90 days for short-term and long-term, respectively. In the case of revolving facilities (e.g. overdraft), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of 60 days or more and 90 days or more consecutive days for short-term and long-term, respectively. For the purpose of ascertaining the period in arrears:
 - (1) Repayment on each of the instalment amounts must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.
 - (2) Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than 6 months from the date of the obligor's/counterparty's application for the moratorium.
 - (3) Where repayments are scheduled on intervals of 60 days or longer for short-term loans and 90 days or longer for long-term loans, the loan is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the credit risk grading policy.

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(c) ECL policies (continued)

(ii) *Definition of default and credit impaired (continued)*

- The loan is forced impaired due to various reasons, such as bankruptcy, significant financial difficulty, etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by the credit committee.
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of an obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Group and the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts.

(iii) *Measurement of ECL - inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on both individual and collective basis.

For individual assessment, the allowance for ECL is determined by comparing the outstanding exposure with the present value of cash flow of collateral recoverable amount which is expected to be received from the borrowers.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year.

Probability of Default ("PD")

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition through the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(c) ECL policies (continued)

(iii) *Measurement of ECL - inputs, assumptions and estimation techniques (continued)*

Exposure at Default (“EAD”)

EAD is the total amount that the Group and the Bank are exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

Loss Given Default (“LGD”)

LGD represents the Group and the Bank’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

(iv) *Forward-looking information incorporated into the ECL models*

The estimation of ECL incorporates forward-looking information. The Group and the Bank have performed statistical analysis based on historical experience to identify the key economic variables impacting credit risk and expected credit losses for each portfolio.

The analysis is performed on PD to understand the impact changes in these variables have had historically on default rate. Historical economic variables for analysis are sourced from an external research house. The statistical regression analysis shows no relationship of these economic variables on historical default rate.

The Group and the Bank assess that the unadjusted historical information is the best reasonable and supportable information, so forward-looking information was not incorporated at 31 December 2020 and 2021.

The Group and the Bank are to periodically perform statistical analysis and monitor its portfolio’s circumstances.

(v) *Post-model (overlays) adjustment*

To consider the effect of COVID-19 pandemic on expected credit losses, the Group and the Bank have assessed the most recent economic condition to incorporate post-model adjustments (overlays) to ECL by applying a percentage increase as a top-up over ECL calculation from historical information. The Group and the Bank have used reasonable and supportable information without undue cost or effort to determine the percentage of customers expected to have significant increase in credit risk.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(c) Impairment (ECL) policies (continued)

(vi) *Grouping of exposure for ECL measured on collective basis*

For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous, such as.

Term	Segment
Short-term	Business
Short-term	Retail
Long-term	Business
Long-term	Retail

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group and the Bank have considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis to ensure that each group consists of homogenous exposures.

(vii) *Write off policy*

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

(viii) *Modification of loans*

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Group and the Bank monitor the subsequent performance of modified assets. The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(c) Impairment (ECL) policies (continued)

(ix) *Off-balance sheet exposures*

Off-Balance Sheet exposures are exposures such as trade facilities and undrawn commitments. The Group and the Bank applied Credit Conversion Factor (“CCF”) to estimate the EAD of off-balance sheet items. CCF is estimated to be 100% of the off-balance sheet exposure.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

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

The maximum exposure to credit risk for financial assets recognised in the consolidated and separate statements of financial position is their carrying amounts. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Bank on financial instruments subject to impairment:

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
At 31 December								
Credit risk exposure related to on-balance sheet assets:								
Balances with other banks and financial institutions	87,356,096	355,888,735	99,998,608	404,494,369	87,356,097	355,888,739	99,998,609	404,494,373
Loans to customers	745,687,452	3,037,930,680	722,412,525	2,922,158,663	751,920,160	3,063,322,733	728,645,233	2,947,369,967
Investment securities	3,164,405	12,891,786	3,157,903	12,773,718	3,164,405	12,891,786	3,157,903	12,773,718
Other financial assets	3,247,376	13,229,810	3,095,817	12,522,580	3,247,376	13,229,810	3,094,277	12,516,350
Credit risk exposure related to off-balance sheet items:								
Bank guarantees	31,127,418	126,813,101	28,324,181	114,571,312	31,127,418	126,813,101	28,324,181	114,571,312
Unused portion of overdrafts	11,519,552	46,930,655	10,177,944	41,169,783	11,519,552	46,930,655	10,177,944	41,169,783
Letters of credit	508,709	2,072,480	2,468,438	9,984,832	508,709	2,072,480	2,468,438	9,984,832
Unused portion of credit cards	7,608,845	30,998,435	7,616,431	30,808,463	7,608,845	30,998,435	7,616,431	30,808,463
Total gross credit exposure	<u>890,219,853</u>	<u>3,626,755,682</u>	<u>877,251,847</u>	<u>3,548,483,720</u>	<u>896,452,562</u>	<u>3,652,147,739</u>	<u>883,483,016</u>	<u>3,573,688,798</u>
Allowances for expected credit losses	<u>(3,340,780)</u>	<u>(13,610,338)</u>	<u>(1,093,767)</u>	<u>(4,424,288)</u>	<u>(3,343,211)</u>	<u>(13,620,242)</u>	<u>(1,091,599)</u>	<u>(4,415,518)</u>
Total net credit exposure	<u>886,879,073</u>	<u>3,613,145,344</u>	<u>876,158,080</u>	<u>3,544,059,432</u>	<u>893,109,351</u>	<u>3,638,527,497</u>	<u>882,391,417</u>	<u>3,569,273,280</u>

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(e) Credit quality of financial assets

The Group and the Bank assess credit quality of loans to customers using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

Credit Quality	Description
Normal	Obligors in this category exhibit strong capacity to meet financial commitment. The Group and the Bank monitor obligors in this category by delinquency status. Obligors that are less than 15 days past due on its contractual payments for short-term and less than 30 days on its contractual payment past due for long-term facilities are in standard monitoring.
Special mention	Obligors in this category have a fairly acceptable capacity to meet financial commitments. The Group and the Bank monitor obligors in this category by delinquency status. Obligors that are from 15 days to 30 days past due on its contractual payments for short-term facilities or are from 31 to 89 days past due on its contractual payments for long-term facilities are included in special monitoring.
Substandard, doubtful and loss	Obligors are assessed to be impaired.

Except for substandard for short-term loans, the obligors in this category have a fairly acceptable capacity to meet financial commitments.

The credit quality of financial instruments other than loans to customers are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

Credit Quality	Description
Sovereign	Refer to financial assets issued by the central bank/government or guarantee by the central bank/government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly exposed to default risk.
Un-graded	Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

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

	Consolidated financial statements							
	2021				2020			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Balances with other banks and financial institutions								
Investment grade	9,875,098	-	-	9,875,098	5,789,869	-	-	5,789,869
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	77,480,998	-	-	77,480,998	94,208,739	-	-	94,208,739
Gross carrying amount	87,356,096	-	-	87,356,096	99,998,608	-	-	99,998,608
<i>In KHR'000 equivalent</i>	355,888,735	-	-	355,888,735	404,494,369	-	-	404,494,369
	Separate financial statements							
	2021				2020			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Balances with other banks and financial institutions								
Investment grade	9,875,098	-	-	9,875,098	5,789,869	-	-	5,789,869
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	77,480,999	-	-	77,480,999	94,208,740	-	-	94,208,740
Gross carrying amount	87,356,097	-	-	87,356,097	99,998,609	-	-	99,998,609
<i>In KHR'000 equivalent</i>	355,888,739	-	-	355,888,739	404,494,373	-	-	404,494,373

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

	Consolidated financial statements							
	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$		12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	
Loans to customers at amortised cost								
Normal	678,565,838	42,367,791	-	720,933,629	666,487,349	47,548,249	-	714,035,598
Special mention	90,871	8,817,870	-	8,908,741	39,325	428,676	-	468,001
Substandard	-	2,286,964	5,303,813	7,590,777	-	362,671	4,482,661	4,845,332
Doubtful	-	-	446,809	446,809	-	-	144,613	144,613
Loss	-	-	7,807,496	7,807,496	-	-	2,918,981	2,918,981
Gross carrying amount	678,656,709	53,472,625	13,558,118	745,687,452	666,526,674	48,339,596	7,546,255	722,412,525
Allowances for expected credit losses	(1,448,226)	(283,130)	(1,609,424)	(3,340,780)	(193,668)	(85,127)	(811,661)	(1,090,456)
Net carrying amount	677,208,483	53,189,495	11,948,694	742,346,672	666,333,006	48,254,469	6,734,594	721,322,069
<i>In KHR'000 equivalent</i>	2,758,947,360	216,694,003	48,678,979	3,024,320,342	2,695,317,009	195,189,327	27,241,433	2,917,747,769

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

	Separate financial statements							
	2021				2020			
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$
Loans to customers at amortised cost								
Normal	684,798,546	42,367,791	-	727,166,337	672,720,057	47,548,249	-	720,268,306
Special mention	90,871	8,817,870	-	8,908,741	39,325	428,676	-	468,001
Substandard	-	2,286,964	5,303,813	7,590,777	-	362,671	4,482,661	4,845,332
Doubtful	-	-	446,809	446,809	-	-	144,613	144,613
Loss	-	-	7,807,496	7,807,496	-	-	2,918,981	2,918,981
Gross carrying amount	684,889,417	53,472,625	13,558,118	751,920,160	672,759,382	48,339,596	7,546,255	728,645,233
Allowances for expected credit losses	(1,450,657)	(283,130)	(1,609,424)	(3,343,211)	(194,811)	(85,127)	(811,661)	(1,091,599)
Net carrying amount	683,438,760	53,189,495	11,948,694	748,576,949	672,564,571	48,254,469	6,734,594	727,553,634
<i>In KHR'000 equivalent</i>	2,784,329,508	216,694,003	48,678,980	3,049,702,491	2,720,523,690	195,189,327	27,241,433	2,942,954,450

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

	Consolidated financial statements							
	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired		12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	
US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Other financial assets at amortised cost								
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	3,247,376	-	-	3,247,376	2,787,998	-	-	2,787,998
Gross exposure	3,247,376	-	-	3,247,376	2,787,998	-	-	2,787,998
<i>In KHR'000 equivalent</i>	13,229,810	-	-	13,229,810	11,277,452	-	-	11,277,452
	Separate financial statements							
	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired		12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Other financial assets at amortised cost								
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	3,247,376	-	-	3,247,376	2,786,458	-	-	2,786,458
Gross exposure	3,247,376	-	-	3,247,376	2,786,458	-	-	2,786,458
<i>In KHR'000 equivalent</i>	13,229,810	-	-	13,229,810	11,271,223	-	-	11,271,223

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

	Consolidated financial statements							
	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired		12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Off-balance sheet items								
Normal	50,756,068	-	-	50,756,068	48,560,644	-	-	48,560,644
Special mention	-	70	-	70	-	9,130	-	9,130
Substandard	-	-	-	-	-	181	-	181
Doubtful	-	-	3,583	3,583	-	-	16,605	16,605
Loss	-	-	4,803	4,803	-	-	434	434
Gross exposure	50,756,068	70	8,386	50,764,524	48,560,644	9,311	17,039	48,586,994
Allowances for expected credit losses	(79,424)	(2)	-	(79,426)	(3,044)	(267)	-	(3,311)
Net exposure	50,676,644	68	8,386	50,685,098	48,557,600	9,044	17,039	48,583,683
<i>In KHR'000 equivalent</i>	206,456,648	277	34,165	206,491,090	196,415,492	36,583	68,923	196,520,998

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

	Separate financial statements							
	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired		12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Off-balance sheet items								
Normal	50,756,068	-	-	50,756,068	48,560,644	-	-	48,560,644
Special mention	-	70	-	70	-	9,130	-	9,130
Substandard	-	-	-	-	-	181	-	181
Doubtful	-	-	3,583	3,583	-	-	16,605	16,605
Loss	-	-	4,803	4,803	-	-	434	434
Gross carrying amount	50,756,068	70	8,386	50,764,524	48,560,644	9,311	17,039	48,586,994
Allowances for expected credit losses	(79,424)	(2)	-	(79,426)	(3,044)	(267)	-	(3,311)
Net carrying amount	50,676,644	68	8,386	50,685,098	48,557,600	9,044	17,039	48,583,683
<i>In KHR'000 equivalent</i>	206,456,648	277	34,165	206,491,090	196,415,492	36,583	68,923	196,520,998

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance

(i) *Expected credit loss reconciliation – loans to customers*

	Consolidated financial statements				Separate financial statements			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Loss allowance as at 1 January 2021	193,668	85,127	811,661	1,090,456	194,811	85,127	811,661	1,091,599
<i>Changes due to exposure as at 1 January:</i>								
Transfer to stage 1	75,042	(75,042)	-	-	75,042	(75,042)	-	-
Transfer to stage 2	(228,549)	228,549	-	-	(228,549)	228,549	-	-
Transfer to stage 3	(692,639)	(250,270)	942,909	-	(692,639)	(250,270)	942,909	-
New financial assets originated	192,188	-	-	192,188	193,476	-	-	193,476
Net remeasurement of loss allowance (*)	2,061,075	315,482	(125,391)	2,251,166	2,061,075	315,482	(125,391)	2,251,166
Financial assets derecognised during the year other than write-off	(152,559)	(20,716)	(19,755)	(193,030)	(152,559)	(20,716)	(19,755)	(193,030)
Loss allowance as at 31 December 2021	<u>1,448,226</u>	<u>283,130</u>	<u>1,609,424</u>	<u>3,340,780</u>	<u>1,450,657</u>	<u>283,130</u>	<u>1,609,424</u>	<u>3,343,211</u>
<i>In KHR'000 equivalent</i>	<u>5,900,073</u>	<u>1,153,472</u>	<u>6,556,793</u>	<u>13,610,338</u>	<u>5,909,977</u>	<u>1,153,472</u>	<u>6,556,793</u>	<u>13,620,242</u>

(*) This is the impact of the measurement of ECL due to changes in PD, LGD, and credit rating of obligors during the year arising from regular refreshing of inputs to models.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance (continued)

(i) *Expected credit loss reconciliation – loans to customers (continued)*

	Consolidated financial statements				Separate financial statements			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Gross carrying amount								
Gross carrying amount as at 1 January 2021	666,526,674	48,365,778	7,520,073	722,412,525	672,759,382	48,365,778	7,520,073	728,645,233
<i>Changes due to financial instruments recognised as at 1 January:</i>								
Transfer to stage 1	18,521,187	(18,520,249)	(938)	-	18,521,187	(18,520,249)	(938)	-
Transfer to stage 2	(24,288,086)	24,288,086	-	-	(24,288,086)	24,288,086	-	-
Transfer to stage 3	(5,377,993)	(660,990)	6,038,983	-	(5,377,993)	(660,990)	6,038,983	-
New financial assets originated	112,002,766	-	-	112,002,766	112,002,766	-	-	112,002,766
Financial assets derecognised during the year other than write-off	(88,727,839)	-	-	(88,727,839)	(88,727,839)	-	-	(88,727,839)
Gross carrying amount as at 31 December 2021	<u>678,656,709</u>	<u>53,472,625</u>	<u>13,558,118</u>	<u>745,687,452</u>	<u>684,889,417</u>	<u>53,472,625</u>	<u>13,558,118</u>	<u>751,920,160</u>
<i>In KHR'000 equivalent</i>	<u>2,764,847,432</u>	<u>217,847,474</u>	<u>55,235,774</u>	<u>3,037,930,680</u>	<u>2,790,239,485</u>	<u>217,847,474</u>	<u>55,235,774</u>	<u>3,063,322,733</u>

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance (continued)

(i) Expected credit loss reconciliation – loans to customers (continued)

	Consolidated financial statements				Separate financial statements			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Expected credit loss								
Loss allowance as at 1 January 2020	28,706	5,754	983,156	1,017,616	28,797	5,754	983,156	1,017,707
<i>Changes due to exposure as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(63,777)	63,777	-	-	(63,777)	63,777	-	-
Transfer to stage 3	(398,730)	-	398,730	-	(398,730)	-	398,730	-
New financial assets originated	169,346	-	-	169,346	170,398	-	-	170,398
Net remeasurement of loss allowance (*)	458,123	15,596	148,711	622,430	458,123	15,596	148,711	622,430
Financial assets derecognised during the year other than write-off	-	-	(331,356)	(331,356)	-	-	(331,356)	(331,356)
Write-offs	-	-	(387,580)	(387,580)	-	-	(387,580)	(387,580)
Loss allowance as at 31 December 2020	<u>193,668</u>	<u>85,127</u>	<u>811,661</u>	<u>1,090,456</u>	<u>194,811</u>	<u>85,127</u>	<u>811,661</u>	<u>1,091,599</u>
<i>In KHR'000 equivalent</i>	<u>783,387</u>	<u>344,339</u>	<u>3,283,169</u>	<u>4,410,895</u>	<u>788,010</u>	<u>344,339</u>	<u>3,283,169</u>	<u>4,415,518</u>

(*) This is the impact of the measurement of ECL due to changes in PD, LGD, and credit rating of obligors during the year arising from regular refreshing of inputs to models.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance (continued)

(i) *Expected credit loss reconciliation – loans to customers (continued)*

	Consolidated financial statements				Separate financial statements				
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	
Gross carrying amount									
Gross carrying amount as at 1 January 2020	640,338,428	292,160	7,850,294	648,480,882	646,570,853	292,160	7,850,294	654,713,307	
<i>Changes due to financial instruments recognised as at 1 January:</i>									
Transfer to stage 1	-	-	-	-	-	-	-	-	
Transfer to stage 2	(48,073,618)	48,073,618	-	-	(48,073,618)	48,073,618	-	-	
Transfer to stage 3	(577,227)	-	577,227	-	(577,227)	-	577,227	-	
New financial assets originated	520,139,700	-	-	520,139,700	520,139,700	-	-	520,139,700	
Financial assets derecognised during the year other than write-off	(445,300,609)	-	(519,468)	(445,820,077)	(445,300,326)	-	(519,468)	(445,819,794)	
Write-offs	-	-	(387,980)	(387,980)	-	-	(387,980)	(387,980)	
Gross carrying amount as at 31 December 2020	<u>666,526,674</u>	<u>48,365,778</u>	<u>7,520,073</u>	<u>722,412,525</u>	<u>672,759,382</u>	<u>48,365,778</u>	<u>7,520,073</u>	<u>728,645,233</u>	
<i>In KHR'000 equivalent</i>	<u>2,696,100,396</u>	<u>195,639,572</u>	<u>30,418,696</u>	<u>2,922,158,664</u>	<u>2,721,311,701</u>	<u>195,639,572</u>	<u>30,418,695</u>	<u>2,947,369,968</u>	

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) *Expected credit loss reconciliation – Off-balance sheet items*

	Consolidated financial statements				Separate financial statements			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Expected credit loss								
Loss allowance as at 1 January 2021	2,777	267	-	3,044	2,777	267	-	3,044
<i>Changes due to exposure as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	96	(96)	-	-	96	(96)	-	-
Transfer to stage 3	(3)	(112)	115	-	(3)	(112)	115	-
New exposure	76,554	-	-	76,554	76,554	-	-	76,554
Exposure derecognised or expired	-	(57)	(115)	(172)	-	(57)	(115)	(172)
Loss allowance as at 31 December 2021	79,424	2	-	79,426	79,424	2	-	79,426
<i>In KHR'000 equivalent</i>	323,573	8	-	323,581	323,573	8	-	323,581

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) Expected credit loss reconciliation – Off-balance sheet items (continued)

	Consolidated financial statements				Separate financial statements			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Gross carrying amount								
Gross carrying amount as at 1 January 2021	48,560,644	9,311	17,039	48,586,994	48,560,644	9,311	17,039	48,586,994
<i>Changes due to financial instruments recognised as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(166)	166	-	-	(166)	166	-	-
Transfer to stage 3	(39,993)	(4,445)	44,438	-	(39,993)	(4,445)	44,438	-
New exposure	2,235,583	-	-	2,235,583	2,235,583	-	-	2,235,583
Exposure derecognised or expired	-	(4,962)	(53,091)	(58,053)	-	(4,962)	(53,091)	(58,053)
Gross carrying amount as at 31 December 2021	50,756,068	70	8,386	50,764,524	50,756,068	70	8,386	50,764,524
<i>In KHR'000 equivalent</i>	206,780,221	285	34,165	206,814,671	206,780,221	285	34,165	206,814,671

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) *Expected credit loss reconciliation – Off-balance sheet items (continued)*

	Consolidated financial statements				Separate financial statements				
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	
Expected credit loss									
Loss allowance as at 1 January 2020	422	-	-	422	422	-	-	422	
<i>Changes due to exposure as at 1 January:</i>									
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(267)	267	-	-	(267)	267	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-	-
New exposure	2,622	-	-	2,622	2,622	-	-	2,622	
Loss allowance as at 31 December 2020	2,777	267	-	3,044	2,777	267	-	3,044	
<i>In KHR'000 equivalent</i>	11,233	1,080	-	12,313	11,233	1,080	-	12,313	

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FOR THE YEAR ENDED 31 DECEMBER 2021

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) *Expected credit loss reconciliation – Off-balance sheet items (continued)*

	Consolidated financial statements				Separate financial statements			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
Gross carrying amount								
Gross carrying amount as at 1 January 2020	29,144,886	-	-	29,144,886	29,144,886	-	-	29,144,886
<i>Changes due to financial instruments recognised as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(9,311)	9,311	-	-	(9,311)	9,311	-	-
Transfer to stage 3	(17,039)	-	17,039	-	(17,039)	-	17,039	-
New exposure	19,442,108	-	-	19,442,108	19,442,108	-	-	19,442,108
Gross carrying amount as at 31 December 2020	<u>48,560,644</u>	<u>9,311</u>	<u>17,039</u>	<u>48,586,994</u>	<u>48,560,644</u>	<u>9,311</u>	<u>17,039</u>	<u>48,586,994</u>
<i>In KHR'000 equivalent</i>	<u>196,427,805</u>	<u>37,663</u>	<u>68,922</u>	<u>196,534,390</u>	<u>196,427,805</u>	<u>37,663</u>	<u>68,922</u>	<u>196,534,390</u>

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure

(i) *Industry sector*

The following table breaks down the Group and the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of its counterparties.

	Consolidated financial statements					
	2021					
	Balance with other banks and financial institutions US\$	Loans to customers US\$	Investment securities US\$	Other financial assets US\$	Off-balance sheet items US\$	Total US\$
Financial institutions	87,356,096	19,610,849	2,965,058	-	670,178	110,602,181
Construction	-	154,925,170	-	-	819,612	155,744,782
Agriculture	-	4,980,216	-	-	-	4,980,216
Household	-	139,365,482	-	-	9,656,951	149,022,433
Manufacturing	-	22,865,627	-	-	-	22,865,627
Real estate	-	67,235,849	-	-	-	67,235,849
Retail trade	-	142,893,959	-	-	-	142,893,959
Services	-	126,726,022	21,818	-	3,986	126,751,826
Transportation	-	13,441,046	-	-	186,103	13,627,149
Wholesale trade	-	25,845,514	-	-	57,672	25,903,186
Others	-	27,797,718	177,529	3,247,376	39,370,022	70,592,645
Total credit exposure	87,356,096	745,687,452	3,164,405	3,247,376	50,764,524	890,219,853
<i>In KHR'000 equivalent</i>	<u>355,888,735</u>	<u>3,037,930,680</u>	<u>12,891,786</u>	<u>13,229,810</u>	<u>206,814,671</u>	<u>3,626,755,682</u>

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

(i) Industry sector (continued)

	Separate financial statements					Total US\$
	2021					
	Balance with other banks and financial institutions US\$	Loans to customers US\$	Investment securities US\$	Other financial assets US\$	Off-balance sheet items US\$	
Financial institutions	87,356,097	19,610,849	2,965,058	-	670,178	110,602,182
Construction	-	154,925,170	-	-	819,612	155,744,782
Agriculture	-	4,980,216	-	-	-	4,980,216
Household	-	139,365,482	-	-	9,656,951	149,022,433
Manufacturing	-	22,865,627	-	-	-	22,865,627
Real estate	-	73,468,557	-	-	-	73,468,557
Retail trade	-	142,893,959	-	-	-	142,893,959
Services	-	126,726,022	21,818	-	3,986	126,751,826
Transportation	-	13,441,046	-	-	186,103	13,627,149
Wholesale trade	-	25,845,514	-	-	57,672	25,903,186
Others	-	27,797,718	177,529	3,247,376	39,370,022	70,592,645
Total credit exposure	<u>87,356,097</u>	<u>751,920,160</u>	<u>3,164,405</u>	<u>3,247,376</u>	<u>50,764,524</u>	<u>896,452,562</u>
<i>In KHR'000 equivalent</i>	<u>355,888,739</u>	<u>3,063,322,733</u>	<u>12,891,786</u>	<u>13,229,810</u>	<u>206,814,671</u>	<u>3,652,147,739</u>

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

(i) Industry sector (continued)

	Consolidated financial statements					
	2020					
	Balance with other banks and financial institutions US\$	Loans to customers US\$	Investment securities US\$	Other financial assets US\$	Off-balance sheet items US\$	Total US\$
Financial institutions	99,998,608	24,959,737	2,993,434	-	2,289,712	130,241,491
Construction	-	162,017,813	-	-	1,311,609	163,329,422
Agriculture	-	6,661,852	-	-	16,651	6,678,503
Household	-	102,655,606	-	-	40,829	102,696,435
Manufacturing	-	28,771,418	-	-	58,686	28,830,104
Real estate	-	45,408,552	-	-	2,172,644	47,581,196
Retail trade	-	122,942,532	-	-	1,671,985	124,614,517
Services	-	149,767,925	21,818	-	1,514,672	151,304,415
Transportation	-	14,107,160	-	-	289,744	14,396,904
Wholesale trade	-	39,651,100	-	-	412,099	40,063,199
Others	-	25,468,830	142,651	3,095,817	38,808,363	67,515,661
Total credit exposure	<u>99,998,608</u>	<u>722,412,525</u>	<u>3,157,903</u>	<u>3,095,817</u>	<u>48,586,994</u>	<u>877,251,847</u>
<i>In KHR'000 equivalent</i>	<u>404,494,369</u>	<u>2,922,158,664</u>	<u>12,773,718</u>	<u>12,522,580</u>	<u>196,534,390</u>	<u>3,548,483,721</u>

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

(i) Industry sector (continued)

	Separate financial statements					Total US\$
	2020					
	Balance with other banks and financial institutions US\$	Loans to customers US\$	Investment securities US\$	Other financial assets US\$	Off-balance sheet items US\$	
Financial institutions	99,998,609	24,959,737	2,993,434	-	2,289,712	130,241,492
Construction	-	162,017,813	-	-	1,311,609	163,329,422
Agriculture	-	6,661,852	-	-	16,651	6,678,503
Household	-	102,655,606	-	-	40,829	102,696,435
Manufacturing	-	28,771,418	-	-	58,688	28,830,106
Real estate	-	51,641,260	-	-	2,172,644	53,813,904
Retail trade	-	122,942,532	-	-	1,671,985	124,614,517
Services	-	149,767,925	21,818	-	1,514,672	151,304,415
Transportation	-	14,107,160	-	-	289,744	14,396,904
Wholesale trade	-	39,651,100	-	-	412,099	40,063,199
Others	-	25,468,830	142,651	3,094,277	38,808,361	67,514,119
Total credit exposure	<u>99,998,609</u>	<u>728,645,233</u>	<u>3,157,903</u>	<u>3,094,277</u>	<u>48,586,994</u>	<u>883,483,016</u>
<i>In KHR'000 equivalent</i>	<u>404,494,373</u>	<u>2,947,369,968</u>	<u>12,773,718</u>	<u>12,516,350</u>	<u>196,534,390</u>	<u>3,573,688,799</u>

(h) Repossessed collateral

The Group and the Bank did not obtain assets by taking possession of collateral held as security as at 31 December 2021 and 31 December 2020.

35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk

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

The Group and the Bank do not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group and the Bank's functional currency.

The Group and the Bank operate in Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel.

The management monitors their foreign exchange risk against functional currencies. However, the Group and the Bank do not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Group and the Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Group and the Bank's exposure to foreign currency exchange rate risk. Included in the table are the Group and the Bank's financial instruments at their carrying amounts by currency in US\$ equivalent.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(i) Foreign exchange risk (continued)

	Consolidated financial statements				Separate financial statements			
	In US\$ equivalent				In US\$ equivalent			
	US\$	KHR	Others	Total	US\$	KHR	Others	Total
As at 31 December 2021								
Financial assets								
Cash on hand	31,790,514	3,454,202	183,520	35,428,236	31,790,514	3,454,202	183,520	35,428,236
Balances with the central bank	18,889,436	2,072,827	-	20,962,263	18,889,436	2,072,827	-	20,962,263
Balances with other banks and financial institutions	86,964,263	243,787	148,046	87,356,096	86,964,264	243,787	148,046	87,356,097
Loans to customers	669,323,788	76,363,664	-	745,687,452	675,556,496	76,363,664	-	751,920,160
Investment securities	21,818	3,142,587	-	3,164,405	21,818	3,142,587	-	3,164,405
Other financial assets	3,218,944	28,432	-	3,247,376	3,218,944	28,432	-	3,247,376
Total financial assets	810,208,763	85,305,499	331,566	895,845,828	816,441,472	85,305,499	331,566	902,078,537
Financial liabilities								
Deposits from other banks	92,673,674	5,318,364	-	97,992,038	92,673,674	5,318,364	-	97,992,038
Deposits from other non-bank customers	646,376,177	-	-	646,376,177	646,768,326	-	-	646,768,326
Borrowings	2,037,942	9,250,299	-	11,288,241	2,037,942	9,250,299	-	11,288,241
Debt securities	-	19,683,096	-	19,683,096	-	19,683,096	-	19,683,096
Lease liabilities	10,335,805	-	-	10,335,805	19,756,232	-	-	19,756,232
Other financial liabilities	1,644,568	5,169	-	1,649,737	1,644,568	5,169	-	1,649,737
Subordinated debts	20,037,128	-	-	20,037,128	20,037,128	-	-	20,037,128
Total financial liabilities	773,105,294	34,256,928	-	807,362,222	782,917,870	34,256,928	-	817,174,798
Net position	37,103,469	51,048,571	331,566	88,483,606	33,523,602	51,048,571	331,566	84,903,739
In KHR'000 equivalent	151,159,533	207,971,878	1,350,800	360,482,211	136,575,155	207,971,878	1,350,800	345,897,833
Off-balance sheet items	50,764,524	-	-	50,764,524	50,764,524	-	-	50,764,524
In KHR'000 equivalent	206,814,671	-	-	206,814,671	206,814,671	-	-	206,814,671

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(i) Foreign exchange risk (continued)

	Consolidated financial statements				Separate financial statements			
	In US\$ equivalent				In US\$ equivalent			
	US\$	KHR	Others	Total	US\$	KHR	Others	Total
As at 31 December 2020								
Financial assets								
Cash on hand	33,466,049	2,621,411	184,995	36,272,455	33,466,049	2,621,411	184,995	36,272,455
Balances with the central bank	72,031,428	1,258,938	-	73,290,366	72,031,428	1,258,938	-	73,290,366
Balances with other banks and financial institutions	99,749,658	68,669	180,281	99,998,608	99,749,659	68,669	180,281	99,998,609
Loans to customers	647,868,140	74,544,385	-	722,412,525	654,100,848	74,544,385	-	728,645,233
Investment securities	21,817	3,136,086	-	3,157,903	21,817	3,136,086	-	3,157,903
Other financial assets	3,060,312	35,505	-	3,095,817	3,058,772	35,505	-	3,094,277
Total financial assets	856,197,404	81,664,994	365,276	938,227,674	862,428,573	81,664,994	365,276	944,458,843
Financial liabilities								
Deposits from other banks	77,673,315	10,892,262	-	88,565,577	77,673,315	10,892,262	-	88,565,577
Deposits from other non-bank customers	711,738,137	6,604,825	-	718,342,962	711,841,940	6,604,825	-	718,446,765
Borrowings	1,243,596	14,163,814	-	15,407,410	1,243,596	14,163,814	-	15,407,410
Debt securities	-	19,793,474	-	19,793,474	-	19,793,474	-	19,793,474
Lease liabilities	10,189,841	-	-	10,189,841	20,094,146	-	-	20,094,146
Other financial liabilities	1,170,537	1,471	-	1,172,008	1,162,280	1,471	-	1,163,751
Subordinated debts	20,037,128	-	-	20,037,128	20,037,128	-	-	20,037,128
Total financial liabilities	822,052,554	51,455,846	-	873,508,400	832,052,405	51,455,846	-	883,508,251
Net position	34,144,850	30,209,148	365,276	64,719,274	30,376,168	30,209,148	365,276	60,950,592
In KHR'000 equivalent	138,115,918	122,196,004	1,477,541	261,789,463	122,871,600	122,196,004	1,477,541	246,545,145
Off-balance sheet items	48,586,994	-	-	48,586,994	48,586,994	-	-	48,586,994
In KHR'000 equivalent	196,534,390	-	-	196,534,390	196,534,390	-	-	196,534,390

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity analysis

As shown in the table above, the Group and the Bank are primarily exposed to changes in US\$/KHR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from KHR denominated financial instruments.

	Consolidated financial statements				Separate financial statements			
	Impact on post tax profit		Impact on other component of equity		Impact on post tax profit		Impact on other component of equity	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
2021								
US\$/KHR exchange rate - increase by 2%	(995,171)	(4,048,354)	-	-	(995,171)	(4,048,354)	-	-
US\$/KHR exchange rate - decrease by 2%	1,035,546	4,212,603	-	-	1,035,546	4,212,603	-	-
2020								
US\$/KHR exchange rate - increase by 2%	(474,443)	(1,934,304)	-	-	(474,443)	(1,934,304)	-	-
US\$/KHR exchange rate - decrease by 2%	493,833	2,013,357	-	-	493,833	2,013,357	-	-

The analysis is based on the assumption that KHR exchange rate had increased or decreased by 2% which is set based on the 5-year moving average of exchange rate from 2017 to 2021.

(ii) Price risk

The Group and the Bank's exposure to equity securities price risk arises from investment held by the Group and the Bank and classified as FVOCI. The investment amount is insignificant, so the Group and the Bank did not have any policy to manage its price risk arising from investments in equity securities.

35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(iii) Interest rate risk

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

The table below summarises the Group and the Bank's exposure to interest rate risks. It includes the Group and the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Consolidated financial statements						Total US\$
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	35,428,236	35,428,236
Balances with the central bank	11,121,569	-	450,000	-	-	9,390,694	20,962,263
Balances with other banks and financial institutions	15,116,619	12,000,000	54,019,152	-	-	6,220,325	87,356,096
Loans to customers	40,369,845	81,890,888	284,720,367	208,306,231	130,400,121	-	745,687,452
Investment securities	-	-	2,965,058	-	-	199,347	3,164,405
Other financial assets	-	-	-	-	-	3,247,376	3,247,376
Total financial assets	66,608,033	93,890,888	342,154,577	208,306,231	130,400,121	54,485,978	895,845,828
Financial liabilities							
Deposits from other banks	26,345,104	8,213,344	45,236,602	8,000,000	6,600,000	3,596,988	97,992,038
Deposits from non-bank customers	216,169,374	71,226,547	214,831,938	58,255,734	805,156	85,087,428	646,376,177
Borrowings	7,208,411	55,346	2,288,676	1,330,547	405,261	-	11,288,241
Debt securities issued	-	-	-	19,683,096	-	-	19,683,096
Lease liabilities	146,335	292,522	1,168,985	7,104,025	1,623,938	-	10,335,805
Other financial liabilities	-	-	-	-	-	1,649,737	1,649,737
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
Total financial liabilities	249,869,224	79,787,759	263,526,201	94,373,402	29,471,483	90,334,153	807,362,222
Total interest repricing gap	(183,261,191)	14,103,129	78,628,376	113,932,829	100,928,638	(35,848,175)	88,483,606
In KHR'000 equivalent	(746,606,092)	57,456,148	320,332,004	464,162,345	411,183,271	(146,045,465)	360,482,211

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Separate financial statements					Non-interest bearing US\$	Total US\$
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$		
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	35,428,236	35,428,236
Balances with the central bank	11,121,569	-	450,000	-	-	9,390,694	20,962,263
Balances with other banks and financial institutions	15,116,620	12,000,000	54,019,152	-	-	6,220,325	87,356,097
Loans to customers	46,602,553	81,890,888	284,720,367	208,306,231	130,400,121	-	751,920,160
Investment securities	-	-	2,965,058	-	-	199,347	3,164,405
Other financial assets	-	-	-	-	-	3,247,376	3,247,376
Total financial assets	72,840,742	93,890,888	342,154,577	208,306,231	130,400,121	54,485,978	902,078,537
Liabilities							
Deposits from other banks	26,345,104	8,213,344	45,236,602	8,000,000	6,600,000	3,596,988	97,992,038
Deposits from non-bank customers	216,561,523	71,226,547	214,831,938	58,255,734	805,156	85,087,428	646,768,326
Borrowings	7,208,411	55,346	2,288,676	1,330,547	405,261	-	11,288,241
Debt securities issued	-	-	-	19,683,096	-	-	19,683,096
Lease liabilities	186,874	373,974	1,541,757	10,904,061	6,749,566	-	19,756,232
Other financial liabilities	-	-	-	-	-	1,649,737	1,649,737
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
Total financial liabilities	250,301,912	79,869,211	263,898,973	98,173,438	34,597,111	90,334,153	817,174,798
Total interest repricing gap	(177,461,170)	14,021,677	78,255,604	110,132,793	95,803,010	(35,848,175)	84,903,739
In KHR'000 equivalent	(722,976,807)	57,124,312	318,813,331	448,680,999	390,301,463	(146,045,465)	345,897,833

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Consolidated financial statements						Total US\$
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	36,272,455	36,272,455
Balances with the central bank	1,373,224	4,292,158	8,863,324	-	-	58,761,660	73,290,366
Balances with other banks and financial institutions	16,314,994	18,673,889	60,520,043	-	-	4,489,683	99,998,609
Loans to customers	37,287,620	73,953,387	281,469,081	229,055,763	100,646,674	-	722,412,525
Investment securities	-	-	-	2,993,434	-	164,469	3,157,903
Other financial assets	-	-	-	-	-	3,095,817	3,095,817
Total financial assets	54,975,838	96,919,434	350,852,448	232,049,197	100,646,674	102,784,084	938,227,675
Financial liabilities							
Deposits from other banks	18,182,559	3,366,286	42,400,021	154,517	13,293,914	11,168,280	88,565,577
Deposits from non-bank customers	227,117,436	78,200,156	263,791,277	73,909,290	114,621	75,210,182	718,342,962
Borrowings	-	4,080,861	10,070,523	36,127	1,219,899	-	15,407,410
Debt securities issued	-	-	-	19,777,323	-	16,151	19,793,474
Lease liabilities	144,650	290,104	1,210,529	4,479,608	4,064,950	-	10,189,841
Other financial liabilities	-	-	-	-	-	1,172,008	1,172,008
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
Total financial liabilities	245,444,645	85,937,407	317,472,350	98,356,865	38,730,512	87,566,621	873,508,400
Total interest repricing gap	(190,468,807)	10,982,027	33,380,098	133,692,332	61,916,162	15,217,463	64,719,275
In KHR'000 equivalent	(770,446,324)	44,422,299	135,022,496	540,785,483	250,450,875	61,554,638	261,789,467

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Separate financial statements					Non-interest bearing US\$	Total US\$
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$		
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	36,272,455	36,272,455
Balances with the central bank	1,373,224	4,292,158	8,863,324	-	-	58,761,660	73,290,366
Balances with other banks and financial institutions	16,314,995	18,673,889	60,520,042	-	-	4,489,683	99,998,609
Loans to customers	43,520,328	73,953,387	281,469,081	229,055,763	100,646,674	-	728,645,233
Investment securities	-	-	-	2,993,434	-	164,469	3,157,903
Other financial assets	-	-	-	-	-	3,094,277	3,094,277
Total financial assets	61,208,547	96,919,434	350,852,447	232,049,197	100,646,674	102,782,544	944,458,843
Liabilities							
Deposits from other banks	18,182,559	3,366,286	42,400,021	154,517	13,293,914	11,168,280	88,565,577
Deposits from non-bank customers	227,221,239	78,200,156	263,791,277	73,909,290	114,621	75,210,182	718,446,765
Borrowings	-	4,080,861	10,070,523	36,127	1,219,899	-	15,407,410
Debt securities issued	-	-	-	19,777,323	-	16,151	19,793,474
Lease liabilities	183,433	368,029	1,567,157	6,557,024	11,418,503	-	20,094,146
Other financial liabilities	-	-	-	-	-	1,163,751	1,163,751
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
Total financial liabilities	245,587,231	86,015,332	317,828,978	100,434,281	46,084,065	87,558,364	883,508,251
Total interest repricing gap	(184,378,684)	10,904,102	33,023,469	131,614,916	54,562,609	15,224,180	60,950,592
In KHR'000 equivalent	(745,811,777)	44,107,093	133,579,932	532,382,335	220,705,753	61,581,808	246,545,144

35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk

Liquidity risk is the risk that the Group or the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

(a) Liquidity risk management process

The Group and the Bank's management monitor its liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

(b) Funding approach

The Group and the Bank's main sources of liquidities arise from shareholder's paid-up capital, subordinated debts, debt securities issued, borrowings and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

(c) Non-derivative cash flows

The table below presents the cash flows payable by the Group and the Bank under non-derivative financial liabilities based on remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group and the Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Consolidated financial statements					Total contractual cash flow US\$
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
As at 31 December 2021						
Financial liabilities						
Deposits from other banks	28,841,362	8,359,530	46,555,340	10,276,423	8,486,314	102,518,969
Deposits from other non-bank customers	290,674,110	73,593,404	226,373,533	68,114,298	998,559	659,753,904
Borrowings	7,629,339	84,690	2,412,340	1,442,059	414,795	11,983,223
Debt securities issued	237,301	204,314	952,311	20,506,616	-	21,900,542
Lease liabilities	178,464	355,472	1,431,726	5,794,718	4,257,363	12,017,743
Other financial liabilities	1,834,454	-	-	-	-	1,834,454
Subordinated debts	355,472	1,431,726	5,794,718	4,257,363	12,017,743	23,857,022
Total financial liabilities by remaining contractual maturities	329,750,502	84,029,136	283,519,968	110,391,477	26,174,774	833,865,857
In KHR'000 equivalent	1,343,403,545	342,334,700	1,155,060,350	449,734,877	106,636,029	3,397,169,501
Off-balance sheet items	50,764,524	-	-	-	-	50,764,524
Liquidity - off-balance sheet	50,764,524	-	-	-	-	50,764,524
In KHR'000 equivalent	206,814,671	-	-	-	-	206,814,671

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35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Separate financial statements					Total contractual cash flow US\$
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
As at 31 December 2021						
Financial liabilities						
Deposits from other banks	28,841,362	8,359,530	46,555,340	10,276,423	8,486,314	102,518,969
Deposits from other non-bank customers	291,066,259	73,593,404	226,373,533	68,114,298	998,559	660,146,053
Borrowings	7,629,339	84,690	2,412,340	1,442,059	414,795	11,983,223
Debt securities issued	237,301	204,314	952,311	20,506,616	-	21,900,542
Lease liabilities	247,464	493,472	2,052,726	9,238,718	11,777,363	23,809,743
Other financial liabilities	1,826,187	-	-	-	-	1,826,187
Subordinated debts	74,256	223,069	1,039,726	5,523,781	22,880,986	29,741,818
Total financial liabilities by remaining contractual maturities	329,922,168	82,958,479	279,385,976	115,101,895	44,558,017	851,926,535
In KHR'000 equivalent	1,344,102,912	337,972,843	1,138,218,466	468,925,120	181,529,361	3,470,748,702
Off-balance sheet items	50,764,524	-	-	-	-	50,764,524
Liquidity - off-balance sheet	50,764,524	-	-	-	-	50,764,524
In KHR'000 equivalent	206,814,671	-	-	-	-	206,814,671

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35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Consolidated financial statements					Total
	1	1 to 3	3 to 12	1 to 5	Over	contractual
	month	months	months	years	5 years	cash flow
	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2020						
Financial liabilities						
Deposits from other banks	29,358,710	3,376,772	43,500,473	167,253	17,475,429	93,878,637
Deposits from other non-bank customers	302,406,326	78,735,971	271,885,500	82,829,326	147,579	736,004,702
Borrowings	362,381	4,171,880	10,211,869	38,497	1,383,502	16,168,129
Debt securities issued	446,253	206,269	961,425	21,691,434	-	23,305,381
Lease liabilities	187,683	374,897	1,571,996	5,961,597	6,579,974	14,676,147
Other financial liabilities	1,172,008	-	-	-	-	1,172,008
Subordinated debts	154,332	223,069	1,039,726	5,523,781	24,180,909	31,121,817
Total financial liabilities by remaining contractual maturities	334,087,693	87,088,858	329,170,989	116,211,888	49,767,393	916,326,821
In KHR'000 equivalent	1,351,384,720	352,274,429	1,331,496,649	470,077,086	201,309,104	3,706,541,988
Off-balance sheet items	48,586,994	-	-	-	-	48,586,994
Liquidity - off-balance sheet	48,586,994	-	-	-	-	48,586,994
In KHR'000 equivalent	196,534,391	-	-	-	-	196,534,391

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35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Separate financial statements					Total contractual cash flow US\$
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
As at 31 December 2020						
Financial liabilities						
Deposits from other banks	29,358,710	3,376,772	43,500,473	167,253	17,475,429	93,878,637
Deposits from other non-bank customers	302,510,129	78,735,971	271,885,500	82,829,326	147,579	736,108,505
Borrowings	362,381	4,171,880	10,211,869	38,497	1,383,502	16,168,129
Debt securities issued	446,253	206,269	961,425	21,691,434	-	23,305,381
Lease liabilities	244,350	488,230	2,081,996	8,704,930	13,039,974	24,559,480
Other financial liabilities	1,163,751	-	-	-	-	1,163,751
Subordinated debts	154,332	223,069	1,039,726	5,523,781	24,180,909	31,121,817
Total financial liabilities by remaining contractual maturities	334,239,906	87,202,191	329,680,989	118,955,221	56,227,393	926,305,700
In KHR'000 equivalent	1,352,000,420	352,732,863	1,333,559,599	481,173,870	227,439,804	3,746,906,556
Off-balance sheet items	48,586,994	-	-	-	-	48,586,994
Liquidity - off-balance sheet	48,586,994	-	-	-	-	48,586,994
In KHR'000 equivalent	196,534,391	-	-	-	-	196,534,391

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Fair value of financial assets and liabilities

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group and the Bank classify its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group and the Bank's financial assets measured and recognised at fair value at 31 December 2021 and 31 December 2020 on a recurring basis:

As at 31 December 2021	Consolidated financial statements			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	177,529	-	21,818	199,347
Total financial assets	177,529	-	21,818	199,347
<i>In KHR'000 equivalent</i>	<u>723,253</u>	<u>-</u>	<u>88,887</u>	<u>812,140</u>
As at 31 December 2020				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	142,651	-	21,818	164,469
Total financial assets	142,651	-	21,818	164,469
<i>In KHR'000 equivalent</i>	<u>577,023</u>	<u>-</u>	<u>88,254</u>	<u>665,277</u>

PHNOM PENH COMMERCIAL BANK PLC.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Fair value of financial assets and liabilities (continued)

(a) Fair value hierarchy (continued)

As at 31 December 2021	Separate financial statements			Total US\$
	Level 1 US\$	Level 2 US\$	Level 3 US\$	
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	177,529	-	21,818	199,347
Total financial assets	177,529	-	21,818	199,347
<i>In KHR'000 equivalent</i>	<u>723,253</u>	<u>-</u>	<u>88,887</u>	<u>812,140</u>
As at 31 December 2020				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	142,651	-	21,818	164,469
Total financial assets	142,651	-	21,818	164,469
<i>In KHR'000 equivalent</i>	<u>577,023</u>	<u>-</u>	<u>88,254</u>	<u>665,277</u>

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group and the Bank are the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Financial instruments measured at fair value

The Group and the Bank's financial asset at FVOCI are investment in listed and unlisted equity securities where the fair values have been determined based on the quoted market prices available on the Cambodian Securities Exchange, and present values and the discount rate used, respectively, were adjusted for counterparty or own credit risk.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Fair value of financial assets and liabilities (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The unlisted equity securities are the investment in Credit Bureau Cambodia (“CBC”) to be measured at fair value through other comprehensive income as they are not held for trading and the Bank has irrevocably elected at initial recognition to recognise as the financial assets at FVOCI. These are the strategic investments and the Bank considers this classification to be more relevant.

The fair value has been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk. There is no gain/loss recognised in other comprehensive income due to fair value approximate the carrying amount. There is no loss allowance for this FVOCI at 31 December 2021 and 31 December 2020.

(d) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

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

i) Deposits and placements with the central bank and other banks

The carrying amounts of deposits and placements with the central bank and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

ii) Loans to customers

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loans to customers is approximate to their carrying value as reporting date.

iii) Deposits from banks and non-bank customers

The fair value of deposits from banks and non-bank customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and non-bank customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

iv) Other financial assets and other financial 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.

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Fair value of financial assets and liabilities (continued)

v) Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount due to its short term.

vi) Debt securities

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of consolidated and separate statements of financial position. They are not actively traded. The estimated fair values of debt securities approximate their carrying values based on estimated future cash flows using prevailing market rates.

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.5 Capital management

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

- To comply with the capital requirement set by the central bank;
- To safeguard the Group 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 central bank requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Group and the Bank's net worth at least equal to minimum capital and iii) comply with solvency, liquidity and other prudential ratios.

The table below summarises the composition of regulatory capital:

	Consolidated financial statements				Separate financial statements			
	2021		2020		2021		2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Tier I capital								
Share capital	102,000,000	415,548,000	92,000,000	372,140,000	102,000,000	415,548,000	92,000,000	372,140,000
Retained earnings	56,987,807	232,168,326	51,954,170	210,154,618	55,876,343	227,640,221	51,309,407	207,546,551
Less: Intangible assets	(6,658,228)	(27,125,621)	(8,028,928)	(32,477,014)	(6,658,228)	(27,125,621)	(8,028,928)	(32,477,014)
Less: Loans to related parties	(106,869)	(435,384)	(682,073)	(2,758,985)	(5,813,361)	(23,683,633)	(6,391,161)	(25,852,246)
	<u>152,222,710</u>	<u>620,155,321</u>	<u>135,243,169</u>	<u>547,058,619</u>	<u>145,404,754</u>	<u>592,378,967</u>	<u>128,889,318</u>	<u>521,357,291</u>
Tier II complementary capital								
General provision	8,235,087	33,549,743	8,298,326	33,566,729	8,292,087	33,781,961	8,360,426	33,817,923
Less: Equity participation in banking or financial institutions	(21,818)	(88,887)	(21,818)	(88,254)	(21,818)	(88,887)	(21,818)	(88,254)
	<u>8,213,269</u>	<u>33,460,856</u>	<u>8,276,508</u>	<u>33,478,475</u>	<u>8,270,269</u>	<u>33,693,074</u>	<u>8,338,608</u>	<u>33,729,669</u>
Total Capital Tier I + Tier II	<u>160,435,979</u>	<u>653,616,177</u>	<u>143,519,677</u>	<u>580,537,094</u>	<u>153,675,023</u>	<u>626,072,041</u>	<u>137,227,926</u>	<u>555,086,960</u>