

អេស៊ីលីដា  
ACLEDA BANK



Annual Report  
**2023**





# Vision

To be Cambodia's leading and the most trusted commercial bank serving all segments of the community.

# Mission

Our mission is to provide our customers with secured and innovative products and services to manage their financial resources efficiently. At all times, we observe the highest principles of ethical behaviour, respect for society, the law and environment. By doing so, we aim to contribute to improving the quality of lives, ensuring a sustainable and growing benefits to our stakeholders, and to support the socio-economic development of the society as a whole.

# Slogan

The Bank's slogan: The bank you can trust, the bank for the people!

ACLEDA Mobile's Slogan: The Bank in your hand!

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

Headquarters: Building N° 61, Preah Monivong Blvd., Sangkat  
Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

P.O. Box: 1149

Tel: +855 (0)23 998 777 / 430 999

Fax: +855 (0)23 430 555

E-mail: [acledabank@acledabank.com.kh](mailto:acledabank@acledabank.com.kh)

Website: [www.acledabank.com.kh](http://www.acledabank.com.kh)

SWIFT Code: ACLBKHPP

Call Centre (24/7):

Tel: +855 (0)23 994 444, +855 (0)15 999 233

E-mail: [inquiry@acledabank.com.kh](mailto:inquiry@acledabank.com.kh)



## FINANCIAL HIGHLIGHT

Description	2023	2022	2021
<b>Financial Position (in KHR million)</b>			
Total assets	39,804,405	37,181,299	32,002,298
Total liabilities	34,158,850	31,760,660	27,092,985
Total shareholders' equity	5,645,555	5,420,639	4,909,313
<b>Profit / (Loss) (in KHR million)</b>			
Total revenue	3,403,114	3,040,038	2,590,086
Profit/ (Loss) before Tax	757,216	933,095	832,937
Profit/ (Loss) after Tax	608,356	743,077	678,031
Total Comprehensive Income	522,970	750,254	635,685
<b>Financial Ratios</b>			
Solvency ratio	18.45%	19.25%	22.36%
Debt to equity ratio	605.06%	585.92%	551.87%
Liquidity Coverage Ratio	180.13%	154.96%	155.65%
Non-performing loans ratio	(*) 5.77%	2.90%	2.33%
Loan to deposit ratio	92.11%	100.51%	94.97%
Return on average assets (ROAA) (**)	1.58%	2.15%	2.32%
Return on average equity (ROAE) (**)	11.05%	14.45%	14.61%
Interest Coverage ratio (Times)	1.56	2.03	2.19
Book value per share (KHR)	12,977	12,456	11,277
Earnings per share (KHR)	1,405	1,715	1,568
Dividend per share (KHR)	-	686	549
Other Important Ratios	-	-	-

(\*) Non-performing loan ratio = Contractual Principal Balance of Non-Performing Loan/Total Contractual Loan Principal Balance

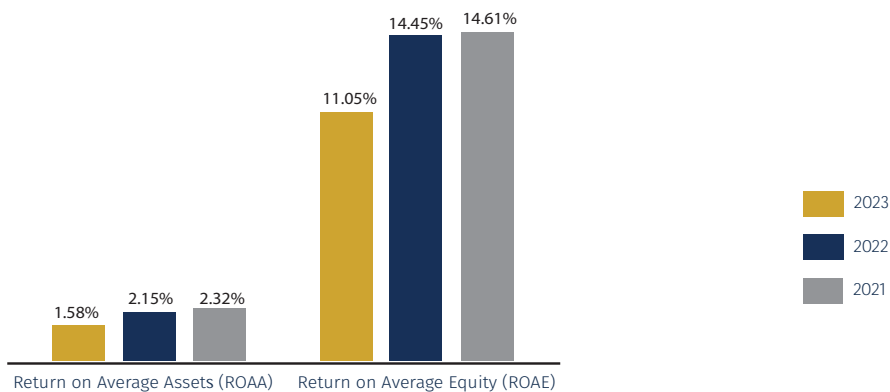
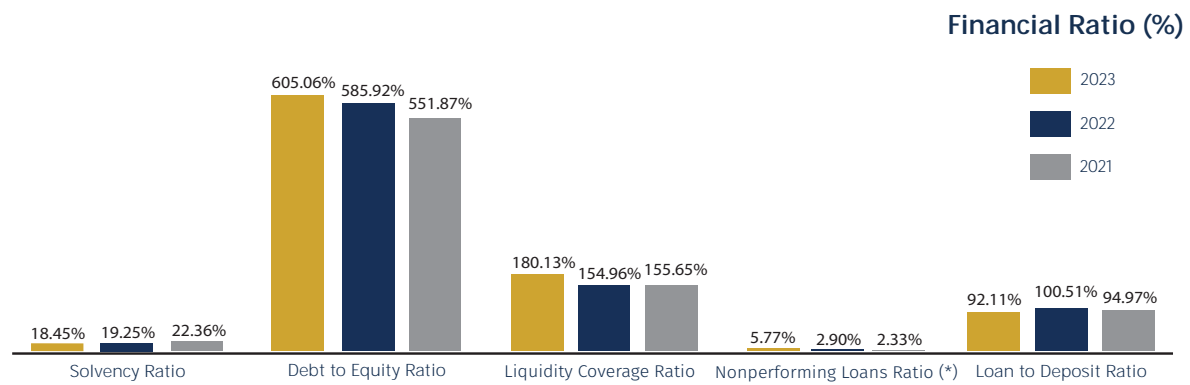
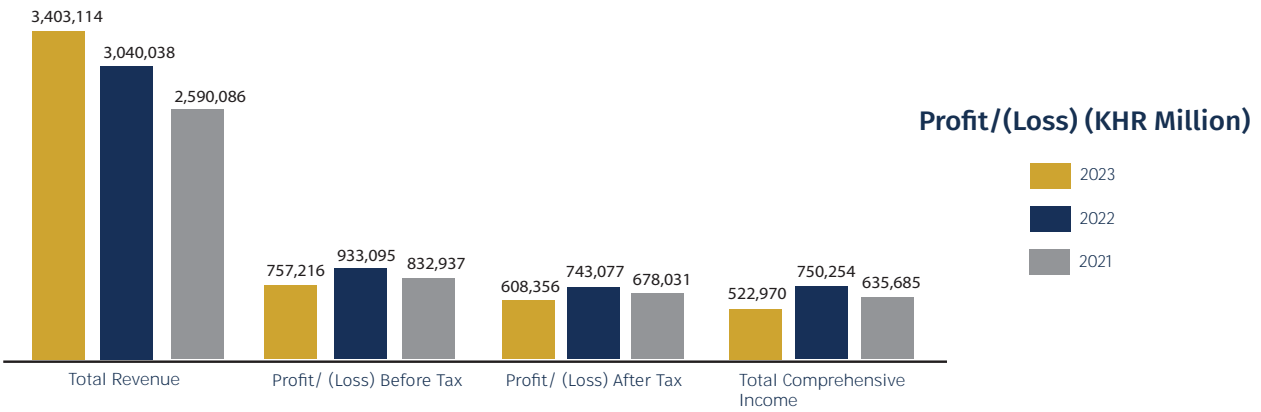
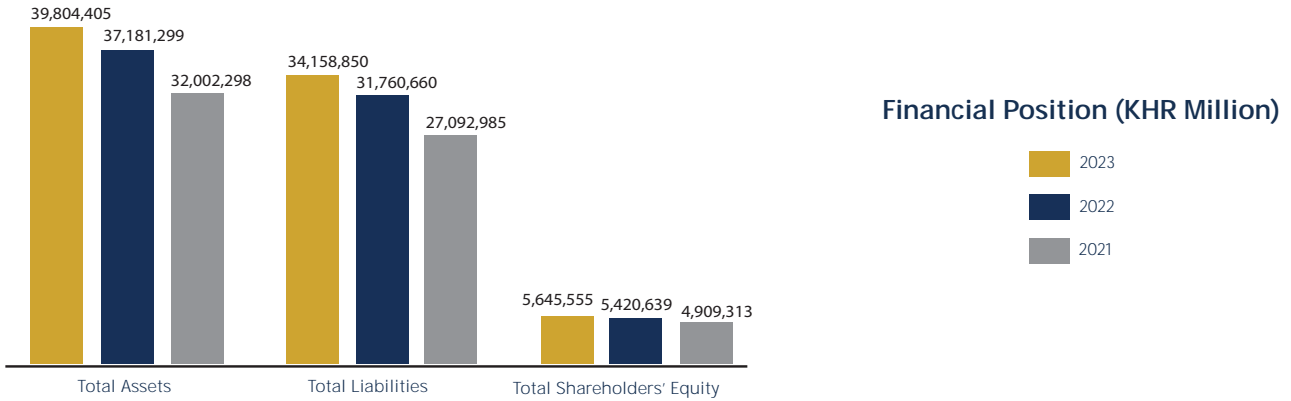
(\*\*) . These ratios were calculated using the profit attributable to owners of the BANK.

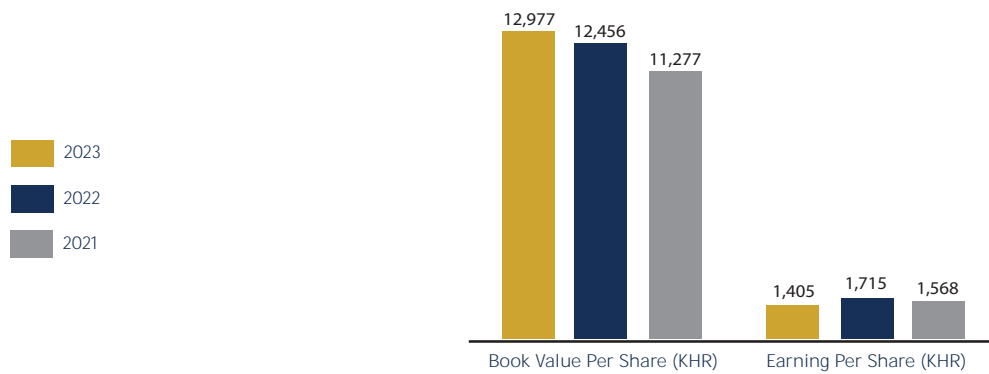
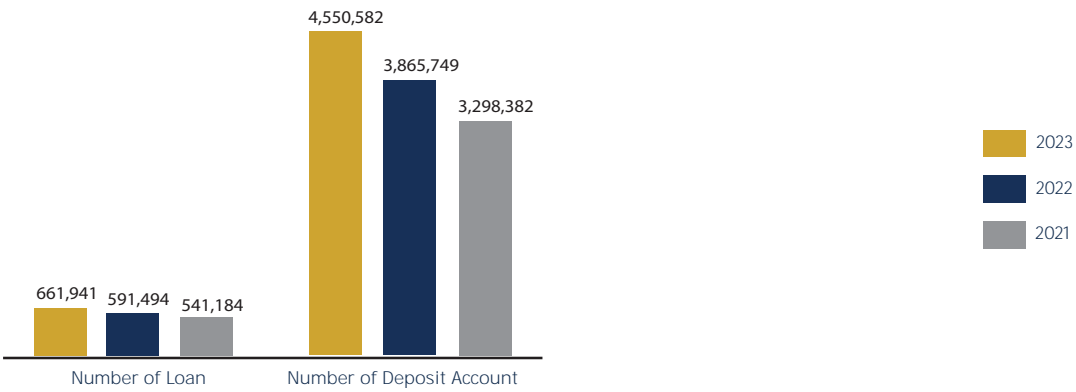
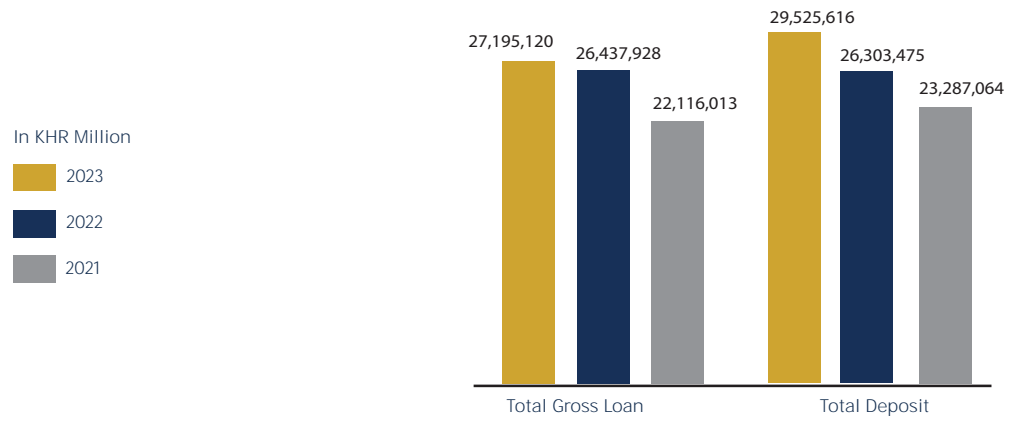
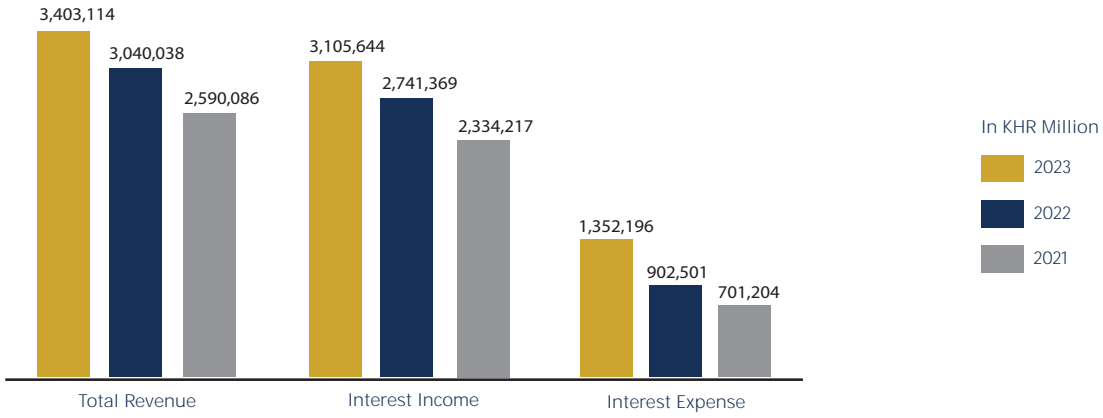
. ROAE = profit attributable to owners of the BANK / average total equity of the owners of the BANK.

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



# FINANCIAL SUMMARY AND ANNUAL STATISTICAL SUMMARY (CHARTS)







# BOARD OF DIRECTORS

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

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

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

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

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



**Mr. Chhay Soeun**  
Chairman

**Dr. In Channy**  
Executive Director



**Mr. Kyosuke Hattori**  
Non-Executive Director



**Dr. Albertus Bruggink**  
Non-Executive Director



**Mr. Stéphane MANGIAVACCA**  
Non-Executive Director

**Mr. Kay Lot**  
Non-Executive Director







**Dr. Heng Dyna**  
Independent Director



**Drs. Pieter Kooi**  
Independent Director



**Ms. Phurik Ratana**  
Independent Director

**Mr. Chhay Soeun**  
Chairman



## MESSAGE FROM CHAIRMAN

*On behalf of ACLEDA BANK PLC. ("BANK") and the Board of Directors, I am pleased to present the 2023 Annual Report to all stakeholders.*



The global economy exhibited unexpected resilience in 2023, fueled by greater-than-anticipated strength in the United States, prominent emerging market and developing economies, and China's fiscal support. However, sustained growth remained subdued throughout the year. Headline inflation reached its peak due to factors like the Ukraine war and ongoing pandemic disruptions but receded towards the year's end, partly influenced by tighter monetary policies by central banks. The global economy is gradually recovering from challenges posed by the pandemic, the Russia-Ukraine War, persistent inflation, geopolitical tensions, and central banks' worldwide tightening policies. According to the latest IMF report, the estimated global economic growth for 2023 was 3.1%, down from 3.5% in 2022 and below the historical average of 3.8% from 2000 to 2019. Concurrently, headline inflation dropped to 6.8% in 2023 from 8.7% in 2022. The U.S. economy outperformed expectations, expanding by 2.5% in 2023, up from 1.9%. The Eurozone grew at a more subdued 0.5% in 2023, compared to 2.4% in 2022. Conversely, the Chinese economy expanded by 5.2%, facing lingering risks from the property market slump and global economic slowdown. The Japanese economy was estimated to rise from 1% in 2022 to 1.9% in 2023, while ASEAN economies experienced slower growth at 4.4% in 2023 amid global economic challenges.

In Cambodia, the economy sustained momentum amidst global challenges, experiencing estimated growth of 5.5% in 2023, up from 5.2% in 2022 according to the National bank of Cambodia. This growth is driven by a rebound in domestic consumption, enhanced employment, easing inflation, a robust rebound in the service sector supported by tourism, increased new investments, and substantial growth in non-garment manufacturing exports. However, the real estate and construction sectors continued to experience sluggishness, and the agriculture sector faced slower growth.

In 2023, the banking system continued to dominate the financial sector, actively supporting key economic sectors despite the sluggish credit growth. Deposit strongly increased by 13.1% to USD47.9B while credit growth slowed to 4.8% to USD57.6B, marking the lowest growth rate in the last two decades, caused by the slow recovery of some sectors. In response to this scenario, some prudential measures were relaxed to help banking and financial institutions support major sectors requiring financing for sustenance and expansion of investment.

During 2023, ACLEDA BANK had provided customers with a wide range of payment options to local and international that were convenient, fast, secure, and rich. The BANK has been appointed as a sponsoring bank by the National bank of Cambodia (NBC) for the cross-border QR payment between Cambodia and the neighbour countries—Thailand, Vietnam, and Laos—as well as being in the process of preparing for the next step for ASEAN member countries and other ASIA countries such as India, China, Japan, Korea, and so on. This aims to promote the usage of local currencies, financial inclusion, to facilitate cross-border trade activities and to boost tourism. The BANK collaborated with Mastercard to launch the ACLEDA Mastercard Lady Card in Cambodia. The availability of the ACLEDA Mastercard Lady Card for women customers providing them with more convenient way to make secure digital payment and partnered with RIA Money Transfer to expand remittance services with many pickup and payout locations to RIA's network in Cambodia. Further, the BANK has cooperated with the Global Loyalty Network "GLN International Inc.", a global network of digital wallets for cross-border payments. This will enable the digital wallet users in GLN's network from the Republic of Korea and all around the world to pay for goods and services in Cambodia.

In addition, the BANK had continued to improve many self-service functions on ACLEDA Mobile, QR code, ATMs, and POSs in line with the customers' needs and the evolution of digital technology. Meanwhile, the BANK expanded its 177 self-service banking (61 locations in Phnom Penh and 116 locations in provinces) adding to its existing 264 branches. The BANK equipped 1,393 ATMs, 4,728 POS machines, and QR codes based on customers' requests for transactions of transfers and settlements in markets, shops, hotels, educational institutions, hospitals, travel agencies, gas stations, and other businesses across the country. By the end of December 2023, the BANK has more than 0.33 million business partners and 3.3 million ACLEDA Mobile subscribers.

As of 31 December 2023, total deposits increased by USD 838.82 millions while total loan outstanding grew by USD 235.66 millions, if compared to the year ended 2022. The annual performance 2023 compared to the year 2022, the Group achieved a profit attributable to the shareholders of USD 148.05 millions, an decrease of 18.53% equivalent to USD 33.68 million.

Finally, I would like to express my sincerest gratitude to all shareholders, customers, employees, the public at large, and especially relevant authorities who always support and contribute to the good performance of the BANK, especially for the year 2023.

**Mr. Chhay Soeun**

*Chairman, Board of Directors,*

**ACLEDA BANK PLC.**

**21 March 2024**

## Dr. In Channy

President & Group Managing Director



### MESSAGE FROM PRESIDENT & GROUP MANAGING DIRECTOR

*Our BANK is committed to enhancing customer experience and driving efficiency through innovative solutions. By prioritizing customer satisfaction, we have successfully implemented a cost-effective transaction process that benefits all parties involved. Furthermore, our continuous investment in upgrading our IT infrastructure has enabled us to effectively manage large volumes of data, allowing us to offer personalized advertising, marketing, and sales strategies to our customers. These tailored strategies create numerous value-added opportunities for our customers.*

*In addition to our domestic market presence, we have expanded our markets into regional markets with the introduction of our Cross-Border Payment system initially launched in Thailand, and we have successfully extended our reach to countries such as Laos and Vietnam, with plans for further expansion beyond the region. Our ongoing dedication to these initiatives has paved the way for our success in both local and international markets.*



## Performance in 2023

### Competitive Environment

In 2023, the World Health Organization (WHO) finally declared the end of the COVID-19 pandemic. Artificial intelligence (AI) has been on an accelerating trend with considerable potential to be able to replace and undertake various types of work and activities carried out by human beings. Globally, the interest rate was noticeably high before realizing a slight downtrend at the year's end, with predictions pointing towards another rate cut during the first half of 2024. It is now the time for all countries around the world to come together to address pressing issues such as climate change, sustainable development, health improvement, and digital transformation.

In the digital era, as consumers are adapting gradually to the context of the digital economy and society, as well as quickly embracing digital banking products and services, banks and Financial Institutions (BFIs) in Cambodia have been facing fiercer competition, employing various tactics such as marketing channels, promotional strategies, physical and digital branch expansion, pricing, and so forth. In actual fact, customers have now found it relatively more convenient and highly effective to have access to financial products and services, gained significant financial leverage, and improved their financial literacy and inclusion.

ACLEDA BANK PLC. is actively transforming its branches into self-service banking hubs, offering a diverse array of hybrid options. This digital framework has not only enhanced the efficiency, security, cost-effectiveness, and speed of the economic system, but has also become a vital driver of economic growth. Moreover, it has facilitated greater inclusion by connecting communities nationwide and expanding into neighboring countries in the region. ACLEDA Mobile banking Application (Mobile App.) has become a popular payment tool and is competitive, with over two-thirds (2/3) of banks launching their App. ACLEDA Mobile, "the BANK in your hand", is a leading one, serving registered users/partners over 3.34 million. Customers can use ACLEDA Mobile anywhere all over the world where Wi-Fi/the Internet is available, especially to scan KHQR/QR codes within Cambodia countrywide and engage in cross-border payments with QR in Thailand, Vietnam, and Laos. The volume of digital transactions now contributes up to 97% of the BANK's total transactions, with digital fund transfers accounting for 98%.

### Operational Highlights in 2023

- Total loans outstanding at the end of 2023 were US\$6,657.31 million, with US\$1,414.68 million (or 21.25%) allocated to the agriculture sector. In 2022, lending to agriculture totaled US\$1,392.11 million. By the end of December 2023, there were 478,656 active customers for the Group's small business loans.
- Non-performing loans (NPL) remained high but manageable, at 5.77%, considering the post-COVID-19 economy and tighter financing conditions.
- Total deposits reached US\$7,277.81 million across approximately 4.55 million accounts.
- The Group reported a profit for the period attributable to the owner of the BANK at US\$148.05 million.
- The BANK consistently made efforts to minimize costs and risks to retain income and maximize profit.
- Fintech products were integrated into the BANK's electronic banking infrastructure, offering customers a range of choices to manage their financial resources.



## Financial Services and SME Businesses

Lending in the "Small" business category grew by 4.95% or US\$142.03 million. The "Personal & Others" category grew by 84.11% or US\$220.90 million. "Housing Loans" balance was US\$185.41 million. The total amount of loans outstanding was US\$6,657.31 million as of the end of 2023.

The Group's deposit balance was US\$ 7,277.81 million (increased by 13.13% or US\$838.82 million) and the total number of accounts was around 4,550,582. The retail sector accounted for the largest segment of the BANK's growth in deposits with a large percentage coming from first-time depositors such as employees paid through the BANK's Payroll Service and non-bank customers in rural areas using the E-Wallet ACLEDA mobile App. Financial products and services via Fintech solutions have contributed to such strong growth.

The Group maintains a diversified infrastructure of choices with 318 traditional branches (or offices), and 177 self-service banking with 1,453 ATMs and 4,728 POS terminals. It's interesting to note that the Group has issued a total of 1.91 million debit cards. Moreover, the digitized ACLEDA mobile App has proved very popular with registered users of more than 3.45 million at the end of 2023.

## Medium and Corporate Businesses

In this product category in 2023, cash management services increased substantially through our arrangement and partnership with the public sector, particularly the Social Security Fund (SSF), government payroll direct deposits, and vehicle stamp tax collection. The demands for payroll services were particularly strong in 2023 with a number of organizations that signed up, including entities in the public sector, local and international companies, and other organizations, thereby providing excellent opportunities for cross-selling of other products and services.

In addition, the best services offered by the nationwide networks of the BANK have highly attracted and engaged medium and corporate business entities to consistently appreciate, remain loyal to, and prioritize the BANK as the first effective coordinator for financial management and sources of their business operations and settlement. These multiple services have also had a significant positive impact on the BANK's local currency cash flow and have enabled the BANK to fund, strengthen, and expand its local Khmer Riel currency loan portfolios. Meanwhile, the medium and corporate loans outstanding decreased by 5.75% compared to 2022 and accounted for 35.50% of the total loans outstanding.

Furthermore, the BANK and its subsidiaries continued to collaborate with their long-term, experienced, and strategic partners. These entities assist our mutual, common customers to manage their financial resources effectively and efficiently. Together with this, these partnerships also significantly contributed to the BANK's long-term funding and also provided a useful source of off-balance sheet revenue, while enhancing the international expertise and experience of the BANK's management and staffs.

## Treasury Local and International

The BANK is a prominent provider of Foreign Exchange (FX) service to various sectors and the public at large. The revenue generated from this service has consistently grown, making a valuable contribution to our non-interest income. Adhering to its risk management policy, the BANK refrains from engaging in speculative trading within its FX business, focusing solely on supporting customers' businesses. The BANK maintains a low-risk approach, managing open positions within a certain prudent ratio to comply with both internal and regulatory limits. This service is a stable source of income, demonstrating consistent growth over time, and fostering enduring relationships with customers and partners.

Strong customers deposit inflows and long-term borrowings reinforced and sustained the BANK's balance sheet, which made it possible to sustain a loan growth throughout the year. As a result, a strong financial foundation was established to sustain the rapid expansion of the BANK's operations and activities.

The BANK actively promoted the use of Khmer Riel (KHR) by extending local currency loans to customers and active participations in government initiatives for upgrading the financial market in Cambodia by investing in government bond, amounting to more than 17% of its total loan portfolios, exceeding the regulatory requirement of 10%.

In addition to fortify its long-term funding sources, the BANK diversified its funding options by nurturing and progressively expanding strong relationships with its strategic partners globally, particularly in Europe, the USA and Asia.

The BANK persistently enhanced relationships with other financial institutions and assessed our extensive international correspondent networks during the year. As of the end of 2023, the BANK had 254 correspondent banks residing in 44 countries. Moreover, the BANK commands a significant market share in terms of accounts from local banks and financial institutions, offering fund-transfer services across the country. The BANK has formulated and fully complied with all of its internal risk policies, regulatory requirements, and lenders' prudent covenants.



## Strategic Priorities for 2024

The BANK you can trust, the BANK for the people!

To determine the basic long-term goals and adopt courses of action, as well as allocate the resources necessary for achieving these goals and select a relevant set of activities to deliver a unique mix of value, ACLEDA BANK PLC. has drawn up and set out the ideally matched strategies elaborating how the BANK will achieve its vision, mission, milestones, goals, and business plans. These strategies primarily include Mobile-First; Human Resource Digitalization; Funding; Branding ACLEDA Community; First-class IT; Inclusive Partnerships; Environmental, Social, and Governance (ESG); and Subsidiaries.

The BANK aims to contribute to improving the quality of lives, ensuring sustainable and growing benefits to our stakeholders, and supporting the socio-economic development of the society as a whole.

## The Challenges for 2024

As the first listed commercial bank in Cambodia Securities Exchange (CSX), the BANK is accountable to two regulators: National bank of Cambodia (NBC) and Securities and Exchange Regulator of Cambodia (SERC). Meanwhile, the BANK is also accountable to the public at large and individual investors. Over three-decade of its history of development, the BANK has earned trust from the general public through its good corporate governance, the management team with many years of considerable experience, and a culture of transparency.

In the ever-evolving landscape of financial technology, particularly in the digital banking era (BANK 4.0), ACLEDA Mobile services have undergone a full upgrade with the latest technology and continuously maintain its further regular development over time to maintain its leading position, convenience, security, and attractive modernity.

Despite Cambodia's economy facing a number of challenges such as heightened geopolitical risks, the imperative to accelerate the decarbonization in the economy, the rise in climate-related risks, and dramatic digital transformation, as well as the modest growth in real estate, construction, and garment sectors, the outlook for Cambodia's economy in 2024 is still optimistic and robust compared to that in the previous year. On the firm basis of the peace and political stability, it is forecasted that Cambodian economy will grow from 5.5% in 2023 up to at least 6% in 2024, driven by more considerable growth in the tourism and service sectors, alongside the resilient agriculture and a manageable inflation rate.

Given this economic scenario and forecast for 2024, ACLEDA BANK PLC. sees the opportunities to continue and further strengthen its existing successful strategies while incorporating new strategic directions for 2024 and the following years in order to ensure its growth, success, and prosperity all together with all of our customers and stakeholders.

Last but not least, I would like to express my profound thanks to all our customers, the Board of Directors, the management, staff, and stakeholders, especially the Royal Government of Cambodia, National Bank of Cambodia (NBC), and Securities and Exchange Regulator of Cambodia (SERC) for all of the unwavering trust, confidence, support, seminal contributions, as well as great efforts, strong will and commitment, solidarity, and synergy in 2023, together with a fervent conviction and anticipation of a happy and prosperous 2024.

A handwritten signature in blue ink, appearing to read 'In Channy'.

**Dr. In Channy**

***President & Group Managing Director,  
ACLEDA BANK PLC.***

**21 March 2024**



# ABBREVIATIONS

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





# CONTENTS

Page	
1	Vision and Mission
2	Financial Highlight
3	Financial Summary and Annual Statistical Summary (Charts)
5	Board of Directors
9	Message from Chairman
11	Message from President & Group Managing Director
<b>17</b>	<b>Part 1. General Information of ACLEDA BANK</b>
18	A. Identity of ACLEDA BANK
18	B. Nature of Business
19	C. Group Structure of ACLEDA BANK
20	D. ACLEDA BANK's Milestones
23	E. Market Situation
23	F. Competitive Situation
24	G. Future Plan
24	H. Risk Factors
<b>25</b>	<b>Part 2. Information on Business Operation Performance</b>
26	A. Business Operation Performance including business segments information
28	B. Revenue Structure
<b>29</b>	<b>Part 3. Information on Corporate Governance</b>
30	A. Organization Structure
31	B. Board of Directors
31	C. Executive Management
<b>32</b>	<b>Part 4. Information on Securities' Trading and Shareholders of ACLEDA BANK</b>
33	A. Information on Securities
33	B. Securities' Price and Trading Volume
34	C. Controlling Shareholder (30% or more)
34	D. Substantial Shareholder (5% or more)
34	E. Information on Dividend Distribution in the last 3 (thee) years
<b>35</b>	<b>Part 5. Internal Control Audit Report by Internal Auditor</b>
<b>38</b>	<b>Part 6. Financial Statement Audited by the Independent Auditor</b>
<b>39</b>	<b>Part 7. Information on Related Party Transactions and Conflict of Interest</b>
40	A. Material Transactions with Shareholder who hold at least 5% or more shares of outstanding equity securities
41	B. Material Transactions with Director and Senior Officer
41	C. Transaction with Director and Shareholder related to buy/sell asset and service
41	D. Material Transactions with Immediate Family Members of the Director, Senior Officer and Shareholder who hold at least 5% or more shares
42	E. Material Transactions with the Person, who associated with Director of the Listed Entity, its Subsidiary or Holding Company
43	F. Material Transactions with Former Director or a Person who involved with Former Director
43	G. Material Transactions with Director who is holding any position in a non-profit organization or in any other company other than the listed entity
43	H. Material Transactions with Director who get benefit whether finance or non-financial from the listed entity
<b>44</b>	<b>Part 8. Management's Discussion and Analysis</b>
45	A. Overview of Operation
48	B. Significant Factors Affecting Profit
49	C. Material Changes in Sales and Revenue
49	D. Impact of Foreign Exchange, Interest Rates and Commodity Prices
49	E. Impact of Inflation
49	F. Economic/Fiscal/Monetary Policy Of Royal Government
<b>52</b>	<b>Signature of Directors</b>
<b>53</b>	<b>Appendix: Annual Corporate Governance Report determined by the Director General of the SERC</b>
<b>90</b>	<b>Appendix: Sustainability Report 2023</b>

# PART 1

## GENERAL INFORMATION OF ACLEDA BANK





## A. IDENTITY OF ACLEDA BANK

Entity Name in Khmer	ធនាគារ អេស៊ីលីដា ភីអិលស៊ី
In Latin	ACLEDA BANK PLC.
Standard Code	KH1000100003
Address	Building N° 61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia
Phone number	+855 (0)23 998 777 / 430 999
Fax	+855 (0)23 430 555
Website	www.acledabank.com.kh
Email	acledabank@acledabank.com.kh
Company registration number	00003077 dated 05 June 2000, issued by MoC
License number	C.B.06 dated 7 December 2023, issued by NBC
Disclosure Document registration number	053/20 SECC/SSR dated 19 March 2020, issued by Securities and Exchange Committee of Cambodia (Currently known as the Securities and Exchange Regulator of Cambodia "SERC")
Representative of ACLEDA BANK PLC.	<b>Dr. In Channy</b>

## B. NATURE OF BUSINESS

ACLEDA BANK PLC. is a commercial bank with the largest branch and office network in the Kingdom of Cambodia. It has listed on the CSX since May 25th, 2020. Currently, it has 4 wholly-owned subsidiaries: **ACLEDA Bank Lao Ltd.**, **ACLEDA Securities Plc.**, **ACLEDA University of Business** and **ACLEDA MFI Myanmar Co, Ltd.** and 1 representative office in Myanmar.



## C. GROUP STRUCTURE OF ACLEDA BANK

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



## D. ACLEDA BANK'S MILESTONES

- During 2023, ACLEDA BANK was expanding its self-automation Banking services as part of its focus on digitalization in Cambodia. Through this expansion, it reduced the need for additional staff at the counter, which would allow our existing staffs to be more productive. To meet customer needs, the BANK changed its mobile application interface to enhance its capabilities with the latest developments in global financial technology. With the new ACLEDA mobile interface, the BANK had provided convenient, fast, and highly secure banking transactions to the customers broadly. It also has reduced costs and saves customers time since they no longer needs to go to any physical branch to conduct most of their transactions. Having the ACLEDA mobile seems we have a mini bank in our hands. Moreover, ACLEDA BANK had developed, enhanced, and launched many new functions in ACLEDA mobile App as listed below:
  - Get instant loan approval;
  - Open bank account and term deposit;
  - Create virtual card;
  - Pay tax for property and all types of vehicles;
  - Download summary account statement;
  - Download loan schedule;
  - Repay loan of other financial institutions;
  - Receive payments notification;
  - Pay insurance premium;
  - Restore Bakong's account;
  - Customize bank account's name;
  - Add purpose of own account fund transfer;
  - Notify alert to keep balance for loan against term deposit repayment;
  - Rate on the use of ACLEDA mobile banking;
  - Pay bill for PSP's agent; etc.;
  - Set and Change new PIN;
  - Link and Fund transfer to trading account;
  - Receive money via Pay Me;
  - Make payment via QR code (KHQR, QR Cross Border);
  - Request to print KHQR;
  - Create my KHQR;
  - Check QR transaction;
  - Request payment (Pay Me);
  - Make Payment via Tap to Pay;
  - Save transaction in favorite; and
  - Send and receive money worldwide in minutes via MoneyGram, Western Union, and Thunes; etc.

For further details of each function above, please visit the link: <https://www.acledabank.com.kh/qr/toanchet>
- On 24 January 2023, the BANK received the Certificate of Compliance in compliance with requirements of Payment Card Industry Data Security Standard (PCI DSS) Version 3.2.1 from Control Case LLC, the famous and International Qualified Security Assessor (QSA) based in the United States of America.
- On 06 February 2023, the BANK received 9 Leadership Awards for 2021 & 2022 from Visa, a leading provider of digital payment technology. It represents that ACLEDA BANK is the leading bank in Cambodia to received 9 awards including: (1) Leadership in Spend Per Active Card (For Visa Debit In Affluent Segment 2021), (2) Leadership in Domestic Merchant (Sales Volume 2021), (3) Leadership in Ecommerce Merchant (Sales Volume 2021), (4) Leadership in Transaction Per Active (Terminal 2021), (5) Leadership in Active Caid's 2021, (6) Leadership in Credit Card Issurance 2021; (7) Leadership in Domestic Merchant (Sales Volume 2022); (8) Leadership in Ecommerce Merchant (Sales Volume 2022); and (9) Leadership In Active Caid's 2022.
- On 08 February 2023, the BANK received the letter of appreciation from the Cambodia Kantha Bopha Foundation for its significant and continuous contribution to the Cambodia Kantha Bopha Foundation in working together to sustain the operations of the Kantha Bopha Hospital.
- On 24 February 2023, delegations from the Central bank of Solomon Islands and the Reserve bank of Fiji visited ACLEDA BANK PLC., a commercial bank that offers a wide range of digital banking services, especially Bakong service in Cambodia.



- On 01 March 2023, the BANK received the letter of appreciation from **Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia** that the BANK contributed to pay taxes, the 3rd largest among all taxpayers and tax compliance **"Gold"** in 2022.
- On 01 March 2023, the BANK received the Excellence Award and Certificate of Appreciation from the Trust Regulator (TR) for outstanding trustee providing Safeguard Keeping/Escrow Services with the highest number of registered trusts in 2022 after receiving authorization from the TR as a Trustee Operator.
- On 06 March 2023, ACLEDA BANK's management and staff at Headquarters and branches in Phnom Penh voluntarily participated in the blood donation to rescue all patients who need blood transfusions. It represents that the BANK is participating in social and human activities in order to meet the needs of blood to rescue people's lives to the National Blood Transfusion Center Cambodia.
- On 10 March 2023, the BANK received the letter of appreciation from the Inter-Ministerial Committee that the BANK has sponsored for the **7th River Festival 2023**, which held in Kampong Thom province under the theme **"Our River for Now and Next"** organized by **Ministry of Tourism** in order to contribute to the development of Cambodia's tourism sector and to stimulate economic growth.
- On 17 March 2023, the BANK signed a Memorandum of Understanding with the **Samdech Techo Voluntary Youth Doctor Association (TYDA)** in order to cooperate in providing free medical examination and treatment services to the poor throughout the Kingdom of Cambodia. It was proven that the BANK participates in humanitarian activities in the cause of the people and society to support public welfare as well as contribute to reducing poverty and alleviating the burden of the people.
- On 17 March 2023, the BANK received the certificate of appreciation from the **Samdech Techo Voluntary Youth Doctor Association (TYDA)** for its financial contribution to provide free health care services in order to promote welfare of Cambodian people nationwide.
- On 22 March 2023, the BANK partners with RIA Money Transfer to expand remittance services in Cambodia. This expansion of RIA's network includes convenient services such as cash payments, cash collection in both KHR (Cambodian Riel) and USD (United States Dollars) and account deposits.
- On 10 April 2023, the BANK received the Certificate of Achievement in the field of banking and Business Excellence Awards 2023 from Honorary Consul of Cambodia.
- On 18 April 2023, the BANK received the Letter of Appreciation from the Ministry of Information for a contribution to Cambodia Kantha Bopha and Krousar Thmey Foundations to support social affairs and humanitarian activities, and to contribute with the Royal Government in socio-economic development and poverty alleviation.
- On 19 April 2023, the BANK received the Certificate of Appreciation from the Cambodian Red Cross ("CRC") for a contribution of KHR 800 million on their 160th anniversary of World Red Cross and Red Crescent Day on 8 May 2023 under the theme "Together with CRC for Social Inclusion".
- On 26 April 2023, the BANK received the Certificate of Membership from Cambodia Data Exchange (CamDX). Through this certificate, the BANK has become an official member of CamDX Platform. The CamDX Platform is an information technology platform of the Royal Government of Cambodia operated by the Ministry of Economy and Finance, establishing for the exchange of data using the Application Programming Interface (API) between different information technology systems, public and private sectors that are the CamDX members via internet or any other digital connection.
- On 26 April 2023, the BANK received the Letter of Appreciation from Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia that the BANK declared and paid income tax, the 4th largest income taxpayer in 2022.
- On 01 May 2023, the BANK received the Certificate of Appreciation from National Social Security Fund (NSSF) that the BANK contributed to their program "NSSF Members Pageant 2023".
- On 10 May 2023, the BANK received the Special Recognition Award 2021-2022 from Wells Fargo BANK.
- On 06 June 2023, NBC and the Bank of Thailand (BoT) announced the official launch of the second phase of cross-border QR payments between Cambodia and Thailand, which allows Thai people traveling to Cambodia to scan KHQR for making payments like Cambodian traveling to Thailand. The service fee is free of charge in both countries. ACLEDA BANK is a sponsoring bank, ACLEDA mobile users can scan QR to pay for goods and services in Khmer Riel in Thailand that displays the ThaiQR/PromptPay logos of five banks, including Kasikorn bank, Krungthai bank, Bangkok bank, Bank of Ayudhya, and Siam Commercial Bank, for up to KHR 52 million per day (from wallet account: KHR 12 million and bank account: KHR 40 million).



- On 08 June 2023, the BANK signed an agreement with Credit Bureau (Cambodia) Co., Ltd. (CBC), the leading credit reporting service provider in Cambodia for Cooperation on Financial Health Check Service via ACLEDA mobile App to provide an easier and faster way for customers to request their credit report anytime, anywhere, with moderate fees. The CBC function in ACLEDA Mobile will show customers' borrowing and repayment history with ACLEDA BANK or other banks and financial institutions.
- On 19 June 2023, the BANK has cooperated with the Global Loyalty Network "GLN International Inc.", a global network of digital wallets for cross-border payments. This will enable the digital wallet users in GLN's network from the Republic of Korea and all around the world to pay for goods and services in Cambodia through their domestic mobile wallets by presenting their QR codes to be scanned at POS terminals more conveniently, faster, safer and inclusively.
- On 16 July 2023, the BANK received the Micro, Small, and Medium Business Development and Investment Award from the Cambodia Economic Youth Association in the First Economic Forum 2023.
- On 15 August 2023, the BANK received a Letter of Appreciation from the Ministry of Health of Cambodia for providing excellent services during the COVID-19 outbreak.
- On 18 August 2023, the BANK officially launched **Cross-Border Payment via QR Code in Laos (Phase 1: Cambodia scans Laos QR Code)** in order to promote the wide use of **Khmer Riel** for settlement in the ASEAN region and financial inclusion in line with the integration of the ASEAN Economic Community (AEC). ACLEDA BANK PLC. and ACLEDA Bank Lao Ltd. are selected to be the Settlement Banks for Cross-Border Payment between Cambodia and Laos for accepting payments in local currency in each other (KHR vs LAK). The Cross-Border Payment via QR code allows customers and the public to purchase goods and conduct payments in their own currency when traveling to neighboring countries by scanning QR codes more easily and securely. After completing this official launch, the high delegation of the NBC led by **H.E. Chea Serey, Governor, and the high delegation of bank of the Lao P.D.R (BOL)** paid the official visit to ACLEDA Bank Lao Ltd.
- On 23 August 2023, the BANK received a Certificate of Appreciation from the Association of Banks in Cambodia, which the BANK contributed as a Diamond Sponsor in Cambodia Banking Conference 2023.
- On 14 September 2023, the BANK was awarded and recognized by the SME Finance Forum as the **Gold** winner in the **"Best Financier for Women Entrepreneurs"** category and with an Honorable Mention in the **"SME Financier of the Year - Asia"** category of the Global SME Finance Awards 2023. The Global SME Finance Awards are organized by the International Finance Corporation (IFC), a member of the World Bank Group and SME Finance Forum and endorsed by the G20's Global Partnership for Financial Inclusion (GPFII).
- On 19 September 2023, the BANK signed a sponsorship agreement with the Football Federation of Cambodia (FFC) in order to contribute USD 200,000 in sponsorship for 2023 and 2024 to take part in supporting, developing, and promoting football in Cambodia.
- On 20 September 2023, the BANK collaborated with Mastercard to launch the ACLEDA **Mastercard Lady Card** in Cambodia. The ACLEDA **Mastercard Lady Card** offers a wealth of exciting experiences, including special benefits, privileges, and partnerships. These benefits are tailored to center around the most popular spending categories among cardholders, especially women, such as online shopping, travel, wellness, family, entertainment, and transportation. The availability of the ACLEDA **Mastercard Lady Card** for women customers provides them with a faster, safer, and more convenient way to make secure digital payments, enhancing their daily lives.
- On 11 October 2023, the BANK obtained two **Asian Leadership Awards** for the **"Best Use of Mobile Technology in Financial Services"** and **"Bank with Leading Financial Inclusion Initiatives"**.
- On 01 November 2023, the BANK received the Straight-through Processing (STP) Award 2022 from BNY Mellon.
- On 04 November 2023, the BANK got the report from Global Ratings Agency **Standard & Poor's (S&P)** which the BANK has maintained the Credit Ratings at "B+/Stable/B". This stable rating outlook reflects that the BANK maintains its long-term financial profile with sufficient capital buffers to prevent all economic conditions from COVID-19 and macroeconomic hurdles.
- On 11 November 2023, the BANK received Certificate of Appreciation from the Royal University of Law and Economics to the BANK for supporting their program "The 2023 RULE's Education Fair".
- On 11 November 2023, the BANK received Letter of Appreciation from the Cambodia Women Entrepreneurs Association to the BANK for supporting their program "Cambodia Women Entrepreneur's Day" under the topic: The Challenges of Taxation on Women Entrepreneurs and Future Outlook.
- On 20 November 2023, the BANK and Japan-Cambodia Association (JCA) has organized business matching between Cambodia and Japan Investors. This business-matching event is also a platform to exchange knowledge about financial management, technical knowledge, and



essential innovation for business Cambodian and Japanese investors introduce one another. Approximately 60 companies, both local and foreign Japanese investors participated in this event including SMEs, Industries, Automotive repair & maintain technicians, Cosmetology School, Information Technology, Influencer Marketing and Advertising/sales promotion, Medical, Agriculture, Real Estate, Tourism, and Hospitality, etc.

- On 01 December 2023, the BANK received Leadership awards in 2023 from Mastercard. These awards are: Leadership in Credit Growth 2023, Leadership in Debit Volume 2023, and Leadership in Cross-Border Volume 2023.
- On 03 December 2023, the National Bank of Cambodia (NBC) and the State Bank of Vietnam (SBV) announced the official launch of Cross-Border QR Payment between Cambodia and Vietnam, with the Cross-Border QR Payment between the Socialist Republic of Vietnam and the Kingdom of Cambodia. The BANK and BANK for Investment and Development of Vietnam (BIDV) have been chosen as the Sponsoring Bank for Cross-Border Payment via QR Code in Cambodia and Vietnam in order to ease goods and services payment, to promote the wide use of KHR for settlement in region and financial inclusion in line with integration of ASEAN Economic Community (AEC).
- On 22 December 2023, the BANK's management & staff at Headquarters and branches in Phnom Penh voluntarily participated in the blood donation to rescue all patients who need the blood transfusion. The blood donation is very important to rescue the victims and patients who need blood to treat their illness. Taking part in this crucial social activity, the BANK voluntarily and charitably participated in social and human activities for its 07 times in order to meet the needs of blood to rescue people's lives in case of emergency to the National Blood Transfusion Centre Cambodia.
- On 23 December 2023, the BANK received Certificate of Appreciation from the Cambodia Securities Exchange to the BANK for supporting their program "CSX Fun Run 2023" to contribute the sport and donate to the Cambodia Kantha Bopha Foundation.

## E. MARKET SITUATION

As of the December of 2023, ACLEDA BANK still maintain its market share of approximately 15.37% and 12.49%, respectively, for deposit and loan balances. With the reopening of domestic economic activity in 2022, ACLEDA BANK continue to maintain the growth of savings services, with the total number of accounts increased by 662,944 accounts and the total deposit balance increased by approximately KHR3,25 trillion equal to USD795.88 million, while credit services also increased, of which the total number of accounts increased by 72,234 accounts, the loan balance increased by approximately KHR0.86 trillion equivalent to USD211.32 million compared to 2022.

As for the price situation for banks, the interest rate on loans in KHR and USD decreased slightly by 13.39% and 11.08% respectively compared to 2022 (13.51% and 11.24%, respectively) while the average loan interest rate in KHR and USD has also increased to 17.44% and 16.2%, respectively, from 16.8% and 15.05% in 2022. Deposit rates in the banking sector increased, with riel and US dollar deposits estimated at 7.7% and 6.47%, respectively, higher than the 2022 rates (6.88% and 5.36% respectively) while the microfinance sector increased to 8.39% and 8.25% respectively compared to 2022 (7.42% and 7.38%, respectively).<sup>(1)</sup>

## F. COMPETITIVE SITUATION

The banks and microfinance institutions continues to grow remarkably. As of December 2023, there were 58 commercial banks (29 local incorporated banks, 18 subsidiary banks, and 11 foreign branch banks), 09 specialized banks (04 locally Incorporated and 05 foreign Banks), 87 microfinance institutions (04 MDI, and 83 MFI), 16 leasing companies, 6 Representative Offices of Foreign Banks in Cambodia, 33 payment service providers, 114 rural credit operator and 2,915 money exchanger. (Source: NBC Report, CMA Report, and Actually Updated)

At the same time, loan customers increased by 4.8% to KHR237.2 trillion (USD57.6 billion), of which the banking sector increased by 14.8% from the previous year (18.2%) to KHR213.1 trillion (USD51.8 billion) with a total of 2.2 million accounts. Microfinance sector customers fell 42.6% year-on-year (22.7%) to KHR22.4 trillion (USD5.4 billion) with 1.6 million accounts, the financial leasing sector decreased by 3.4% to KHR1.7 trillion (USD421.5 million) with 93,318 accounts and rural credit institutions provided total loans of KHR213.2 billion (USD51.3 million) to 116,044 customer accounts. Consumer deposits increased 13.1% to KHR197.2 trillion (USD47.9 billion), with the banking sector depositing 21.3% to KHR188.1 trillion (USD45.7 billion) and 16.7 million accounts, and the microfinance sector mobilized KHR9.2 trillion (USD2.2 billion) in deposits, equivalent to 1.9 million accounts.<sup>(1)</sup>

The situation of customers, market, price and competition in the banking sector has changed significantly, but ACLEDA BANK continues to maintain a competitive advantage in all products-services, operating network, capital and technical resources, and continues to grow well. As of the end of December 2023, ACLEDA BANK's credit services increased by 13.04% (higher than 2022 with 11.28%) and 3.38% (lower than 2022 by 19.31%) both the number of loans and the total loan balance in line with the deposit service increased by 15.90% and 12.78%, both the number of accounts and the total deposit balance was higher than in 2022, which increased by 15.72% and 12.45%.





## G. FUTURE PLAN

ACLEDA BANK plans to keep maximizing its potential and setting itself apart from other banking institutions as Cambodia's leading and the most trusted commercial bank through product innovation, technological advancement, healthy business partnerships, branch network, premium services, well-trained HR with ethic and morality, and enhancement of digital banking services (24/7). In addition, the plan of ACLEDA BANK is to focus on Phygital, which means the BANK still uses physical and digital (virtual) branches, which is relevant to Self-service banking (SSB), physical office, ATM, CRM, TDM, VTM, POS, and other digital services. (Source: Strategic Planning Division (SPD))

## H. RISK FACTORS

### 1. Analyst

ACLEDA BANK's business, operating results, financial position, and future status depend on the global and national macroeconomic situation. The significant risks and challenges are: 1) Slower economic growth in major trading partner countries 2) Tightening on international financial markets and interest rate hikes 3) The Russia-Ukraine war led to higher inflation and declining demand 4) Socio-economic problems left by the COVID-19 pandemic, especially the ongoing impact on tourism and support services; 5) Slower growth in the construction and real estate sectors; 6) Geopolitical tensions; and 7) The uncertainty of climate change (droughts, floods and other disasters). The material risk factors related to ACLEDA BANK's business are as follow:

#### 1-1 Credit Risk

Credit clients or counterparties failing to meet their repayment obligations would have a material impact on the BANK's profitability and future prospects. The impact on tourism and support services left behind by the COVID-19 pandemic and the slowdown in the construction and real estate sectors have slowed credit growth at the same time of the end of loan restructuring measures causing an increase of non-performing loans (NPLs).

#### 1-2 Liquidity Risk

ACLEDA BANK ensures to have sufficient capital and liquidity to fund its business operations, as liquidity is a risk that could have a material impact on the BANK's business growth and operational performance, expenses, reputation, and compliance. The Russia-Ukraine war, continued interest rate hikes in international markets and related risks could affect the flow of external funding sources which are high price and limited.

### 2. Management opinion and Risk mitigation

ACLEDA BANK understands the identified risks and believes that these risk factors can be effectively managed, mitigated and as well as turned into opportunities:

#### 2-1 Liquidity Risk Management Measures

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

#### 2-2 Credit Risk Management Measures

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

#### Reference:

- (1) [https://www.nbc.gov.kh/download\\_files/publication/annual\\_rep\\_kh/Annual\\_Report\\_2023\\_KHM.pdf](https://www.nbc.gov.kh/download_files/publication/annual_rep_kh/Annual_Report_2023_KHM.pdf)

# PART 2

## INFORMATION ON BUSINESS OPERATION PERFORMANCE





# A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

As of December 2023, the sale and revenue of the BANK and its subsidiaries had performed well. The main keys performance are as follows:

Key Performance	Actual Data		
	2023	2022	2021
<b>LOAN</b>			
Number of Loan	661,941	591,494	541,184
Total Loan Outstanding (Million KHR)	27,195,120	26,437,928	22,116,013
<b>DEPOSIT</b>			
Number of Account	4,550,582	3,865,749	3,298,382
Deposit Balance (Million KHR)	29,525,616	26,303,475	23,287,064
<b>E-Banking Product/Channel</b>			
<b>ATM CARD</b>			
Number of Card	1,939,098	1,799,909	1,585,449
Number of Txn	19,851,801	21,058,609	19,448,837
Value of Txn (Million KHR)	17,145,411	18,683,335	16,173,990
<b>Mobile Banking</b>			
Number of Register	3,451,606	2,845,886	2,278,220
Number of Txn	373,036,336	148,799,661	78,726,895
Value of Txn (Million KHR)	383,043,596	206,660,262	115,242,638
<b>Internet Banking</b>			
Number of User	24,825	22,164	13,557
Number of Txn	3,529,209	2,318,789	1,466,822
Value of Txn (Million KHR)	26,529,381	26,158,705	19,799,864
<b>E-Commerce</b>			
Number of partners	88	73	59
Number of Txn	3,983,167	3,619,936	3,215,207
Value of Txn (Million KHR)	2,019,001	1,804,136	1,206,529
<b>ATM &amp; CRM Terminal</b>			
Number of Machine	1,314	1,114	901
Number of Txn	41,554,993	35,298,214	27,129,252
Value of Txn (Million KHR)	46,801,982	39,160,976	26,477,341



Key Performance	Actual Data		
	2023	2022	2021
<b>TDM Terminal</b>			
Number of Terminal	26	26	26
Number of Txn	304	1,487	4,120
Value of Txn (Million KHR)	16,143	111,134	343,158
<b>VTM Terminal</b>			
Number of Terminal	96	43	25
Number of Txn	130,987	43,089	34,092
Value of Txn (Million KHR)	5	16	70
<b>CBD Terminal</b>			
Number of Terminal	17	17	14
Number of Txn	88,908	75,020	94,713
Value of Txn (Million KHR)	506,550	571,098	555,257
<b>POS Machine</b>			
Number of Machine	4,728	4,358	4,462
Number of Txn	1,900,400	2,159,175	2,033,283
Value of Txn (Million KHR)	614,403	591,603	479,613
<b>QR Merchant</b>			
Number of merchants	382,217	239,751	125,309
Number of Txn	110,148,848	16,459,377	3,194,443
Value of Txn (Million KHR)	63,175,720	7,777,491	638,240
<b>ACLEDA Virtual Cards</b>			
Number of Virtual Cards	27,106	8,898	3,684
Number of Txn	182,376	34,907	2,491
Value of Txn (Million KHR)	18,818	3,018	161



Key Performance	Actual Data		
	2023	2022	2021
<b>i-bank Payband</b>			
N° of Issued i-bank Payband	10,603	4,960	-
Number of Txn	12,710	18,742	-
Value of Txn (Million KHR)	14,511	31,762	-
<b>NETWORK OPERATIONS AND STAFFS</b>			
<b>ACLEDA BANK</b>			
Number of Branch Operation	264	264	262
Number of Self Service Banking	177	125	73
Number of Staff	12,045	12,083	12,081
<b>SUBSIDIARIES (LOCAL &amp; OVERSEAS)</b>			
Number of branch Office	56	56	57
Number of Staff	1,458	1,499	1,593

## B. REVENUE STRUCTURE

Source of Revenue (in KHR million)	2023		2022		2021	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Interest Income	3,105,644	91.26%	2,741,369	90.18%	2,334,217	90.12%
Fee and commission Income	191,849	5.64%	193,949	6.38%	174,665	6.74%
Other Income, net	105,621	3.10%	104,720	3.44%	81,204	3.14%
<b>TOTAL REVENUE</b>	<b>3,403,114</b>	<b>100%</b>	<b>3,040,038</b>	<b>100%</b>	<b>2,590,086</b>	<b>100%</b>

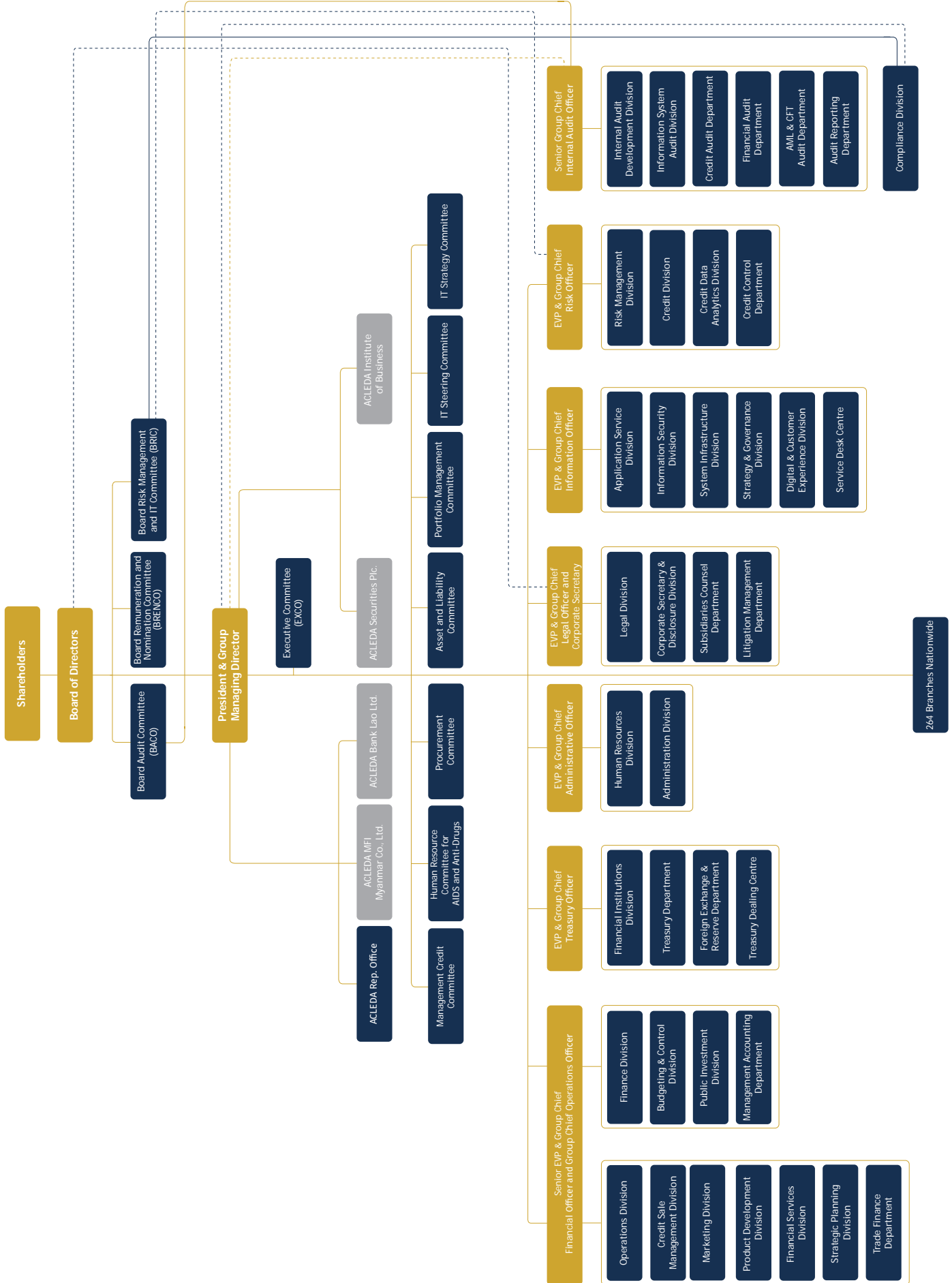
# PART 3

## INFORMATION ON CORPORATE GOVERNANCE





# A. ORGANIZATION STRUCTURE





## B. BOARD OF DIRECTORS

### Board Composition

No	Name	Position	Date of term being Director	Expired Date of being Director
1	Mr. Chhay Soeun	Chairman	18 August 2014	18 August 2026
2	Dr. In Channy	Executive Director	18 August 2014	18 August 2026
3	Drs. Pieter Kooi	Independent Director	12 January 2004	12 January 2025
4	Dr. Heng Dyna	Independent Director	11 December 2023	11 December 2026
5	Ms. Phurik Ratana	Independent Director	08 November 2021	08 November 2024
6	Mr. Stéphane MANGIAVACCA	Non-Executive Director	22 April 2020	21 August 2024
7	Mr. Kyosuke Hattori	Non-Executive Director	08 November 2021	06 December 2025
8	Dr. Albertus Bruggink	Non-Executive Director	12 May 2021	10 January 2025
9	Mr. Kay Lot	Non-Executive Director	12 May 2021	12 May 2024

Note: Mr. Van Sou Ieng, Independent Director of ACLEDA BANK, retired on 10 October 2023.

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

## C. EXECUTIVE MANAGEMENT

No	Name	Gender	Position
1	Dr. In Channy	M	President & Group Managing Director
2	Dr. So Phonny	F	Senior Executive Vice President & Group Chief Operations Officer (retired on 6 November 2023)
3	Mrs. Mar Amara	F	Senior Executive Vice President & Group Chief Financial Officer and Group Chief Operations Officer (appointed on 6 November 2023)
4	Mr. Yin Virak	M	Executive Vice President & Group Chief Treasury Officer
5	Mr. Ly Thay	M	Executive Vice President & Group Chief Administrative Officer
6	Mrs. Buth Bunseyha	F	Executive Vice President & Group Chief Legal Officer and Corporate Secretary
7	Mr. Mach Theary	M	Executive Vice President & Group Chief Information Officer
8	Dr. Loeung Sopheap	M	Executive Vice President & Group Chief Risk Officer

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



# PART 4

## INFORMATION ON SECURITIES' TRADING AND SHAREHOLDERS OF ACLEDA BANK





## A. INFORMATION ON SECURITIES

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

Information	Description
Name of equity securities	Ordinary Share
Equity securities' symbol	ABC
Class of equity securities	Voting Share
Par value per equity securities	KHR 4,000
IPO Price	KHR 16,200
The total number of outstanding shares	433,163,019 Shares
Market capitalization (Million Riel)	4,357,620
Permitted Securities Market	Cambodia Securities Exchange, Listing date: 25 May 2020

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

## B. SECURITIES' PRICE AND TRADING VOLUME

Common Share (2023)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Trading Price	Maximum	10,860	11,520	11,400	11,600	11,400	10,260	10,260	10,120	10,020	10,000	9,700	10,200
	Average	10,843	11,055	11,168	11,306	10,411	10,217	10,129	10,050	10,015	9,838	9,618	9,769
	Minimum	10,760	10,820	10,780	11,020	10,200	10,140	10,040	9,980	9,980	9,140	9,460	9,540
Trading Volume	Maximum	73,613	166,710	246,612	319,968	319,409	127,841	115,297	151,108	78,075	184,636	76,262	113,135
	Average	43,883	55,555	76,125	88,787	105,792	56,656	49,233	58,115	39,268	54,148	29,525	37,986
	Minimum	14,339	18,523	11,619	22,080	26,119	20,365	23,370	20,939	8,101	7,804	7,474	10,229



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

## D. SUBSTANTIAL SHAREHOLDER (5% OR MORE)

Name	National	Number of Shares	Percentage
ACLEDA Financial Trust	Cambodian	118,248,992	27.2990%
Sumitomo Mitsui Banking Corporation	Japanese	78,259,310	18.0669%
COFIBRED	French	52,530,223	12.1271%
ORIX Corporation	Japanese	52,530,223	12.1271%
Shareholders Legalised from ASA, Plc.	Cambodian	24,916,808	5.7523%
<b>Total</b>		<b>326,485,556</b>	<b>75.3724%</b>

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

Detail of dividend distribution	2022	2021	2020
Profit attributable to owners of the BANK (in KHR million)	742,765	679,002	576,865
Total Cash dividend (in KHR million)	297,106	237,651	172,948
Total share dividend (in KHR million)	-	-	-
Other dividend	-	-	-
Dividend payout ratio (%)	40%	35%	30%
Dividend yield (%)	*6.34%	5.22%	2.33%
Dividend per share (KHR)	686	549	399

\* Closing Price on 31 December 2022 was KHR 10,820

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

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

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

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

# PART 5

## INTERNAL CONTROL AUDIT REPORT BY INTERNAL AUDITOR





## I. INTRODUCTION

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

## II. SCOPE OF INTERNAL AUDIT ENGAGEMENTS

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

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

## III. SUMMARY OF PERFORMING INTERNAL AUDIT ENGAGEMENT IN 2023

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

An annual internal audit plan of the year 2023 was established based on the comprehensive risk assessment method to align with the BANK strategy to define the audit objective and scope of each engagement. The Board Audit Committee approved the annual internal audit plan, including the budget to support the internal audit activities, human resources and professional knowledge development.

The 2023 internal audit plan approved by the Board Audit Committee was successfully performed including 70 Assurance Review engagements, 32 Investigate Assessment engagements and 16 Information Security Audit engagements to cover the entire bank locations at both Head Office and branch levels. The engagements also to cover the following audit areas, namely Risk Management Audit, Human Resource Audit, Office Management Audit, Credit Audit, Digital Banking Audit, Forensic Audit, Information Security Audit, Financial Audit, Market Risk Audit, Liquidity Risk Management Audit, Operation Audit, and AML/CFT Audit.

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

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



## IV. CONCLUSION

The internal audit engagement plan in 2023 was completely achieved and strictly applied the risk based approach to all the audit areas and audit locations to provide the recommendation on effective control on risk management, internal control process and procedure and compliance control.

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

Based on the internal audit results of 2023 engagements, the BANK's framework of governance, risk management and control are adequately designed for the system to perform in accordance with the regulations, internal policies, and procedures.

Read and Approved

Date: 02 February 2024

Ms. Phurik Ratana  
Chair of Board Audit Committee

Ms. Kim Sotheavy  
Senior Group Chief Internal Audit Officer

# PART 6

## FINANCIAL STATEMENT AUDITED BY THE INDEPENDENT AUDITOR

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



# PART 7

## INFORMATION ON RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST







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

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

There were 5 shareholders who hold at least 5% or more shares of outstanding equity securities including: (1) AFT, (2) SMBC, (3) COFIBRED (4) ORIX Corporation and (5) Shareholders Legalised from ASA, Plc.

As at 31 December 2023, ACLEDA BANK has material transactions with shareholders who hold at least 5% or more of the securities currently circulating in market as below:

Description	2023		2022	
	USD	KHR '000	USD	KHR '000
<b>Balances with related parties</b>	<b>655,991</b>	<b>2,679,723</b>	<b>725,388</b>	<b>2,986,422</b>
SMBC	655,991	2,679,723	725,388	2,986,422
<b>Account Payable</b>	<b>(755,903)</b>	<b>(3,087,864)</b>	<b>(488,930)</b>	<b>(2,012,924)</b>
AFT	(126,843)	(518,154)	(51,705)	(212,869)
SMBC	(629,060)	(2,569,710)	(437,225)	(1,800,055)
<b>Deposits</b>	<b>4,258,182</b>	<b>17,394,674</b>	<b>10,167,623</b>	<b>41,860,103</b>
AFT	<b>4,206,571</b>	<b>17,183,843</b>	<b>9,955,699</b>	<b>40,987,612</b>
Current Accounts	2,637,117	10,772,623	6,261,922	25,780,333
Saving accounts	68,031	277,907	727,329	2,994,413
Fixed deposits	1,501,423	6,133,313	2,966,448	12,212,866
ASA, Plc.	-	-	<b>175,276</b>	<b>721,613</b>
Saving accounts	-	-	175,276	721,613
SMBC	<b>51,611</b>	<b>210,831</b>	<b>36,648</b>	<b>150,880</b>
Current Accounts	51,611	210,831	36,648	150,880
<b>Loan from shareholders</b>	<b>64,585,867</b>	<b>263,833,267</b>	<b>48,847,528</b>	<b>201,105,273</b>
SMBC	49,491,659	202,173,427	48,847,528	201,105,273
AFT	15,094,208	61,659,840	-	-
<b>Fee and commission income</b>	<b>115</b>	<b>472</b>	<b>45,510</b>	<b>186,000</b>
AFT	22	90	40,401	165,119
ASA, Plc.	-	-	5,073	20,734
SMBC	93	382	36	147
<b>Interest expenses</b>	<b>6,092,700</b>	<b>25,040,997</b>	<b>1,880,545</b>	<b>7,685,787</b>
AFT	795,563	3,269,764	272,138	1,112,228
ASA, Plc.	-	-	908	3,711
SMBC	5,297,137	21,771,233	1,607,499	6,569,848



## B. Material Transactions with Director and Senior Officer

As of 31 December 2023, ACLEDA BANK has material transactions with directors and senior officer as below:

Description	2023		2022	
	USD	KHR '000	USD	KHR '000
Loans and advances	10,496,771	42,879,309	11,527,554	47,458,938
Interest income	896,019	3,682,638	904,154	3,695,277
Deposit	5,417,287	22,129,618	4,265,015	17,559,067
Interest expense	118,301	486,217	49,034	200,402
Interest payable	(62,473)	(255,202)	(46,115)	(189,856)
Fee and remuneration expense	11,343,358	46,621,202	10,065,156	41,136,292

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

As of 31 December 2023, ACLEDA BANK has no transaction with the director and shareholder related to buy/sell asset and service.

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

As of 31 December 2023, ACLEDA BANK has material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares as below:

Description	2023		2022	
	USD	KHR '000	USD	KHR '000
Loans and advances	2,577,562	10,529,341	2,644,299	10,886,581
Deposit	2,552,213	10,425,790	1,465,293	6,032,611
Interest payable	(31,410)	(128,310)	(10,705)	(44,072)



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

As at 31 December 2023, ACLEDA BANK has material transactions with subsidiaries as below:

Description	2023		2022	
	USD	KHR '000	USD	KHR '000
<b>Balances with related parties</b>	<b>15,871</b>	<b>64,833</b>	-	-
ABL	15,871	64,833	-	-
<b>Interest income</b>	<b>18,247</b>	<b>74,995</b>	<b>6,217</b>	<b>25,409</b>
ABL	18,247	74,995	6,217	25,409
<b>Account receivable</b>	<b>449,377</b>	<b>1,835,705</b>	<b>259,910</b>	<b>1,070,049</b>
AMM	246,542	1,007,124	259,910	1,070,049
AIB	202,835	828,581	-	-
<b>Account payable</b>	<b>(18,960)</b>	<b>(77,451)</b>	<b>(28,709)</b>	<b>(118,195)</b>
ACS	(18,945)	(77,390)	(14,056)	(57,869)
AIB	(15)	(61)	(14,653)	(60,326)
<b>Deposits</b>	<b>6,210,525</b>	<b>25,369,996</b>	<b>7,987,484</b>	<b>32,884,470</b>
ABL	<b>3,788,654</b>	<b>15,476,652</b>	<b>4,208,900</b>	<b>17,328,041</b>
Current accounts	3,788,654	15,476,652	4,208,900	17,328,041
ACS	<b>2,311,189</b>	<b>9,441,208</b>	<b>2,528,261</b>	<b>10,408,850</b>
Saving accounts	251,289	1,026,516	258,388	1,063,783
Fixed deposits	2,059,900	8,414,692	2,269,873	9,345,067
AIB	<b>110,682</b>	<b>452,136</b>	<b>1,250,323</b>	<b>5,147,579</b>
Current accounts	52,405	214,074	65,670	270,363
Fixed deposits	58,277	238,062	1,184,653	4,877,216
<b>Fee and commission income</b>	<b>26,974</b>	<b>110,862</b>	<b>988</b>	<b>4,037</b>
ABL	<b>13</b>	<b>53</b>	<b>13</b>	<b>53</b>
Bank service fee	13	53	13	53
ACS	<b>2,921</b>	<b>12,005</b>	<b>603</b>	<b>2,464</b>
Bank service fee	2,921	12,005	603	2,464
AIB	<b>24,040</b>	<b>98,804</b>	<b>372</b>	<b>1,520</b>
Bank service fee	24,040	98,804	372	1,520
<b>Interest expense</b>	<b>208,101</b>	<b>855,295</b>	<b>222,766</b>	<b>910,444</b>
ACS	164,201	674,866	153,143	625,895
AIB	43,900	180,429	69,623	284,549
<b>Fee and commission expense</b>	<b>1,963,126</b>	<b>8,068,448</b>	<b>3,147,747</b>	<b>12,864,842</b>
AIB	1,963,126	8,068,448	3,147,747	12,864,842
<b>Other commitments</b>	<b>(17,675)</b>	<b>(72,644)</b>	<b>(64,114)</b>	<b>(262,034)</b>
AIB	(17,675)	(72,644)	(64,114)	(262,034)



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

As of 31 December 2023, ACLEDA BANK has material transaction with former director or person who involved with former director as below:

Description	2023		2022	
	USD	KHR '000	USD	KHR '000
Loans and advances	433,486	1,770,790,310	-	-
Deposit	1,641,680	6,706,262,800	-	-
Interest payable	4,830	19,730,550	-	-
Interest expense	96,527	394,312,795	-	-
Interest income	22,635	92,463,975	-	-
Fee and remuneration expense	58,022	237,019,870	-	-

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

As of 31 December 2023, ACLEDA BANK has material transaction with director who is holding any position in a non-profit organization or in any other company other than the listed entity as below:

Description	2023		2022	
	USD	KHR '000	USD	KHR '000
Loans and advances	12	49	-	-
Deposit	489,774	2,000,727	-	-
Interest payable	3,887	15,878	-	-
Interest expense	501	2,047	-	-
Fee and remuneration expense	287,106	1,172,828	-	-

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

As of 31 December 2023, there were executive directors, non-executive directors and independent directors who got benefit either finance or non-financial from the BANK as below:

Description	2023		2022	
	USD	KHR '000	USD	KHR '000
Loans and advances	12	49	62,348	256,687
Deposit	2,377,289	9,711,226	2,723,345	11,212,011
Interest payable	(17,246)	(70,450)	(12,683)	(52,218)
Fee and remuneration expense	589,578	2,423,166	503,073	2,056,059

# PART 8

## MANAGEMENT'S DISCUSSION AND ANALYSIS





The discussion and analysis focused on the operational and financial results based on Financial Statements as of 31 December 2023 audited by Independent Auditor. The Audited Financial Statements had been prepared in accordance with CIFRS. Only the key components of the Audited Financial Statements and key factors that affect the Group's profitability were discussed and analysed.

## A. OVERVIEW OF OPERATION

### 1. Revenue Analysis

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

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

### 2. Revenue by segment analysis

Source of Revenue (in KHR million)	2023		2022		2021	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Interest Income	3,105,644	91.26%	2,741,369	90.18%	2,334,217	90.12%
Fee and commission Income	191,849	5.64%	193,949	6.38%	174,665	6.74%
Other Income, net	105,621	3.10%	104,720	3.44%	81,204	3.14%
Total revenue	<b>3,403,114</b>	<b>100%</b>	<b>3,040,038</b>	<b>100%</b>	<b>2,590,086</b>	<b>100%</b>

In 2023, the total revenue increased by KHR 363.08 billion or 11.94% compared to 2022 due to the effectiveness of a broad range of banking products and services in digital era and the increase in customers.

### 3. Gross profit margin analysis

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



#### 4. Profit/ (Loss) before tax analysis

Statement of Profit or loss (in KHR million)	2023	2022	Variance	
			Amount	Percentage
Interest Income	3,105,644	2,741,369	364,275	13.29%
Interest expense	(1,352,196)	(902,501)	(449,695)	49.83%
<b>Net interest income</b>	<b>1,753,448</b>	<b>1,838,868</b>	<b>(85,420)</b>	<b>(4.65%)</b>
Fee and commission income	191,849	193,949	(2,100)	(1.08%)
Fee and commission expense	(16,265)	(18,654)	2,389	(12.81%)
<b>Net fee and commission income</b>	<b>175,584</b>	<b>175,295</b>	<b>289</b>	<b>0.16%</b>
Allowance for Impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	(171,320)	(84,115)	(87,205)	103.67%
(Allowances for)/reversal of Impairment losses on off-balance sheet commitments	(9)	11	(20)	181.82%
<b>Net impairment losses</b>	<b>(171,329)</b>	<b>(84,105)</b>	<b>(87,224)</b>	<b>103.71%</b>
<b>Income after impairment losses</b>	<b>1,757,703</b>	<b>1,930,059</b>	<b>(172,356)</b>	<b>(8.93%)</b>
Other income, net	105,621	104,720	901	0.86%
General and administrative expenses	(1,106,108)	(1,101,683)	(4,425)	0.40%
<b>Profit before income tax</b>	<b>757,216</b>	<b>933,095</b>	<b>(175,879)</b>	<b>(18.85%)</b>

The Increase in customer confidence in the Group, the deposit as of December 2023 grew to KHR29.53 trillion which increased by KHR3.22 trillion or 12.25% from December 2022. Following the requirement of regulation related to the loan reclassifications, and in order to withstand and absorb all risks which would have impact on loans and advances to customers, especially deriving from COVID-19 pandemic, the Group increased the allowance for impairment losses by KHR87.21 billion or 103.67% comparing to 2022.

#### 5. Profit/ (Loss) after tax analysis

Statement of Profit or loss (in KHR million)	2023	2022	Variance	
			Amount	Percentage
<b>Profit before income tax</b>	<b>757,216</b>	<b>933,095</b>	<b>(175,879)</b>	<b>(18.85%)</b>
Income tax expense	(148,861)	(190,018)	41,157	(21.66%)
<b>Profit for the year</b>	<b>608,356</b>	<b>743,077</b>	<b>(134,721)</b>	<b>(18.13%)</b>



## 6. Total comprehensive income (loss) analysis

Total comprehensive income (in KHR million)	2023	2022	Variance	
			Amount	Percentage
<b>Profit for the year</b>	<b>608,356</b>	<b>743,077</b>	<b>(134,721)</b>	<b>(18.13%)</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Re-measurement of employee benefit obligations	-	(12,774)	12,774	100%
Exchange differences	(45,439)	54,055	(99,494)	(184.06%)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Currency translation differences – foreign subsidiaries	(23,984)	(75,533)	51,549	68.25%
Remeasurement of the effective portion of derivatives arising from cash flow hedge	(15,963)	41,429	(57,392)	(138.53%)
<b>Other comprehensive income for the year</b>	<b>(85,386)</b>	<b>7,177</b>	<b>(92,563)</b>	<b>(1,289.72%)</b>
<b>Total comprehensive income for the year</b>	<b>522,970</b>	<b>750,254</b>	<b>(227,284)</b>	<b>(30.29%)</b>

## 7. Factors and trends analysis affecting financial conditions and results

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

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

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

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

Recovery in manufacturing exports and expansion of agricultural commodity exports will augur well for ACLEDA BANK as bulk of borrowers are involved in the agri-related businesses. The BANK can do better in 2024 because the BANK has invested heavily in our digital infrastructure, built a large high security data centre to store. The construction of Disaster Recovery Data Centre will help data storage in a highly protected environment. With the digital infrastructure and upgraded products and services, the BANK is confident in facing future challenges.





## B. SIGNIFICANT FACTORS AFFECTING PROFIT

### 1. Demand and supply conditions analysis

The Group's operations are better, stronger and success in the market due to two factors:

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

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

The Group has been diversifying hybrid infrastructure of choices with 320 offices, gradually transforming them to self-service centres with 177 banking self-service, 1,314 ACLEDA ATM & CRM, 26 Term Deposit Machine, 96 Virtual Teller Machine, 17 Cash Bag Deposit Machine and 4,728 POS terminals. It's interesting to note that the Group issued 1.94 million ACLEDA ATM cards to its customers. Meanwhile, the digitized ACLEDA mobile has proved very popular which number of registered users has reached 3.45 million users as at the end of December 2023, all enabling the rapid circulation of money in the economy.

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

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

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

Now you can Scan QR to pay anywhere in Thailand, Vietnam and Laos through ACLEDA mobile conveniently and free of charge. This is another new success of Bakong and ACLEDA BANK, a member of Bakong.

### 2. Fluctuations in prices of raw materials analysis

None Applicable.

### 3. Tax Analysis

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

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

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

### 4. Exceptional and extraordinary items analysis

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



## C. MATERIAL CHANGES IN SALES AND REVENUE

In order to support the business growth of customers, the Group has offered very competitive interest rate for all new loan applications and by making it easier for its customers, all loan applications can be made through ACLEDA mobile. As a result, gross loan outstanding in 2023 increased by KHR757.19 billion or 2.86% compared to the end of 2022.

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

For 2023, the KHR exchange rate against the US dollar has remained stable – at around KHR4,111 per USD, its price had just 0.2% fluctuated from the previous year (KHR4,103 per USD). Looking ahead, the KHR's value is expected to remain stable due to the rebound of economic activities, the public confidence on KHR, and the continued implementation of the National Bank of Cambodia's Riel promotion – measuring and strengthening of cash management policies in the financial sector, and especially the establishment of mechanisms and procedures to maintain the stability of the KHR.

For ACLEDA BANK, the BANK fully support all policies set out, follows the regulatory requirements of the NBC and its internal risk management policies. Together, the BANK has measured, monitored and managed on a daily basis – maintains small enough open currency position; thereby, there has been no material impact to the BANK.

The interest rates of both local and international have stayed stable, after the drop of inflation in the United States, which has prompted the US Federal Reserve to suspend three consecutive rate hikes as of the December 2023 policy meeting. In addition, the US Federal Reserve officials have signaled a cut in interest rates for 2024.

For ACLEDA BANK, the BANK has run its business almost entirely matching both sides of asset and its liability on fixed interest rates; therefore, the impact of interest rate fluctuations on the BANK's business is minimal and the fluctuations are monitored on a regular basis for taking appropriate and timely action to avoid the impacts on the BANK's business.

For commodity prices, the BANK does not provide such services, so there is no impact on the BANK.

## E. IMPACT OF INFLATION

For 2023, the average inflation rate is forecast to be around 2.5% due to the return to normal of international oil prices and together, the government has put its efforts into maintaining macroeconomic stability such as curbing inflation and keeping purchasing power. However, the Bank's operations are not directly involving to the level of inflation. Therefore, the impact is minimal and manageable.

## F. ECONOMIC / FISCAL / MONETARY POLICY OF ROYAL GOVERNMENT

- **Economic:**

The National Bank of Cambodia has reported that Cambodia's economic growth in 2023 is expected to be 5.5%. This new growth is supported by the strong growth of tourism and the growth of non-garment manufacturing products. Tourism is growing well as the number of international visitors has increased. The manufacturing sector grew due to an increase in manufacturing products for export, especially non-garment products such as electronics and vehicles and vehicle accessories, while manufacturing products for the domestic market declined. The agricultural sector increased, supported by the increase in rice, rubber and fisheries sub-sectors. Meanwhile, the construction and real estate sectors continued to grow slowly. <sup>(1)</sup>

Refer to the release news with some well-known institutions still predict the Cambodia's GDP 2023. The Asian Development Bank (ADB), Cambodia's economic growth in 2023 will be slightly lower than earlier forecast, down to 5.3% from 5.5%, mainly due to slower-than-expected industry growth in the first half, according to an update to the Asian Development Bank's (ADB) flagship economic report launched today. The ADB report maintained the country's 2024 growth forecast at 6.0%. The Asian Development Outlook (ADO) September 2023 notes that exports of garments, footwear, and travel items declined by 18.6% year-on-year in the first half of 2023. This was partly offset by a 22.9% increase in exports of manufactures other than garments, such as automotive parts, solar panels, and furniture. The International Monetary Fund (IMF), IMF forecasted GDP for Cambodia is 5.6% for 2023 and 6.1% for 2024 according to the post on their website (World Economic Outlook). (WB) In 2024, WB forecasted GDP for Cambodia is 5.8% for 2024 and 6.1% for 2025 according to the post on their website (Global Economic Prospect). <sup>(2),(3),(4)</sup>



As a result, Cambodia's economic growth in 2023 has continued to recover, supported by strong growth in tourism and growth in non-garment manufacturing. Tourism grew at a good rate of 19.8%, with the number of international visitors reaching 5.5 million. The manufacturing sector grew at a rate of 7.4%, with manufacturing products for export up 4.3%, especially non-garment products such as electronics increased 1.3 times and vehicles and vehicle accessories increased 3.2 times while manufacturing products for the domestic market decreased by -7%. The agricultural sector grew by 1.1%, supported by growth in rice, rubber and fisheries sub-sectors. The construction and real estate sectors continued to grow at a slower pace of 1.1% and 0.5%, respectively. Cambodia's balance sheet is estimated at a surplus of USD226.1 million, supported by a net inflow of financial accounts, while current and capital balances shifted from deficit to surplus. The surplus contributed to the increase in international reserves to USD20 billion, equivalent to seven months of imports of goods and services for the next period, higher than the minimum for developing countries (3 months). <sup>(1)</sup>

- **Fiscal:**

For the tax collection results in December 2023, HE Kong Vibol presented all kinds of tax revenue that the General Department of Taxation actually collected through the online revenue management system of the General Department of Taxation amounted to KHR1,072.31 billion (approximately USD264.77 million), equivalent to 7.41% of the Financial Law Plan for 2023. In the first 12 months of 2023, the tax revenue collected by the General Department of Taxation through the online revenue management system of the General Department of Taxation was KHR14,629.10 billion (approximately USD3,612.12 million), equal to 101.13% of the Financial Law Plan for Management for 2023 compared to tax revenue in the same period of 2022 is an increase of KHR628.28 billion (approximately USD155.13 million) equal to 4.49%. This successful and proud result is an important contribution to the continued development of the nation. <sup>(5)</sup>

For 2024, His Excellency the Deputy Prime Minister supported the measures taken by the General Department of Taxation for further implementation: (1) Continue to strengthen the dissemination and careful implementation of tax incentives and facilitation measures for the private sector in the past and within the framework of the 19th Royal Government-Private Sector Forum under the chairmanship His Excellency the Prime Minister on November 13, 2023 (2) Continue to prepare and / or update legal documents (announcements, instructions and / or notices) in the implementation of tax incentives and tax facilitation measures laid down by the Royal Government, as well as continue to strengthen careful implementation In accordance with the high recommendations of the Prime Minister issued in the past to strengthen the quality of service and efficiency. (3) Continue to pay more attention to the quality of service and improve its work efficiency in accordance with the high recommendations of the Prime Minister, adhering to the four work approaches of His Excellency the Deputy Prime Minister, Minister of Economy and Finance (4) Develop and launch an e-Administration program that will be a sophisticated tool to support the provision of taxpayer services, making it easier for taxpayers and the public to submit administrative documents electronically to the tax administration for processing submissions (5) Continue to modernize the tax administration in line with the vision of the General Department of Taxation to transform itself into a modern tax administration version 3.0 (Tax Administration 3.0) and to achieve this vision, the General Department respectfully request the high support of His Excellency the Deputy Prime Minister to encourage the relevant ministries and institutions to participate in the modernization of their respective authorities. (6) Continue to modernize information technology systems and programs with a proactive spirit through the development and continue updating investment and development of information technology systems and infrastructure to support and strengthen the capacity of analytical functions more data to further drive the level of fiscal compliance, making it easier to meet tax obligations but difficult to avoid by further developing a number of input functions received from users from all environment to make it more comprehensive and easy to use (7) Continue to cooperate with the Ministry of Land Management, Urban Planning and Construction to: 1. Develop standard operating procedures (SOPs) on the issuance of certificates of immovable property that are tax-exempt and 2. Request real estate data that can be used to collect stamp duty, property tax and capital gains tax in the future in case of decision to apply (8) Continue to actively participate in research frameworks or international cooperation for the purpose of discussing, sharing and drawing on experiences from major tax administrations and major international institutions, especially the study of new technologies in the field of taxation and revenue collection. These include the Asia-Pacific Fiscal Administration Study and Research Group (SGATAR), the Belt and Road Initiative for Tax Cooperation (BRITACOM) and the Forum on Tax Administration (FTA). (9) Continue to push for the completion of legal documents supporting the 2023 fiscal law and the decisions of the 19th Royal Government and Private Sector Forum. Continue to strengthen cooperation with the private sector, especially within the framework of cooperation with the private sector and chambers of commerce. (10) Continue to promote the preparation, negotiation and expansion of the agreement on the elimination of double taxation (DTA) with other countries (11) Continue to strengthen the transparency and accountability of tax payments of enterprises in the field of beer and non-alcoholic beverages by continuing to strengthen the implementation of security camera mechanisms in breweries and non-alcoholic beverages with completed



all enterprises, inspection of flowmeter in the production line to the location by the leadership of the General Department of Taxation and the continued strengthening of the performance and presence of officials. Prepare legal documents and action plans to support the implementation of tax-related measures as set out in the National Strategy on Informal Economic Development 2023-2028 of the Royal Government (12) Continue to participate in the anti-money laundering and terrorist financing and genocide financing framework with the National Coordinating Committee against anti-money laundering and terrorist financing and genocide financing (AD) and Sub-Committee on the Implementation of the Action Plan of the Joint Working Group of the Asia-Pacific Group on International Cooperation (APEC) (13) Continue to disseminate the new tax law to the public taxpayers, as well as private sector working groups and associations in all forms, and continue to update tax regulations in accordance with the new tax law. Continue to reform human resources by promoting and enforcing the implementation of labor laws and regulations, and be gentle but firm, based on the legal aspects of providing taxpayer services and tax revenue management. (14) Continue to strengthen the provision of consulting services and dissemination of laws and legal documents on all forms of taxation, especially the provision of consulting services by telephone (Call Center-1277) and the organization of "Tax Cambodia" (GDT Facebook Live) to Explain and solve the difficulties and questions of the people (15) Continue to strengthen tax registration and update enterprise information and continue to cooperate to improve and promote enterprise registration in the information technology nursery (CamDX) to be more efficient and comprehensive. (16) Continue to strengthen the efficiency and effectiveness of the spokesperson and quick reaction team of the General Department of Taxation and actively participate in the public monitoring and quick reaction team of the Ministry of Economy and Finance to monitor public opinion and disseminate information to the public more clearly. The great efforts and achievements that the Royal Government has achieved for the motherland. <sup>(5)</sup>

- **Monetary:**

For 2023, the general currency (M2) rose slightly to 12.5% after declining to a low of 8.2% last year (2022). The increase was due to a 14.1% increase in riel deposits, a 13% increase in currency deposits and a 5.9% increase in circulation. To meet the demand and to maintain the exchange rate stability, the National Bank of Cambodia has intervened in the exchange market 12 times, selling a total of USD139.1 million to banking and financial institutions and exchange traders sold for USD9 million. Meanwhile, the provision of liquidity in riel to banking and financial institutions through liquidity operations with a total LPCO guarantee of KHR2.5 trillion (approximately USD605.1 million). The recovery of liquidity from the banking system through the issuance of tradable securities (NCDs) can also be used as collateral for loan operations from the National Bank of Cambodia and the interbank market. The National Bank of Cambodia has increased the absorption of the riel from the banking system to around 1.3-2.6 trillion riel per month, compared to only 300-500 billion riel per month in March-July to contribute to the reduction depreciation pressure of the riel against the US dollar. The average NCD interest rate in KHR decreased from 1.35% last year (2022) to 0.94%, from 0.83% to 0.56% from 0.93% to 0.62% from 1.02% to 0.86% from 1.57% to 1.33% from 1.77% to 1.03% from 1.97% to 1.23% and the US dollar fell from close USD800 million in February 2023 to less than USD200 million from September so on, with interest rates falling from 1.65% in 2022 to 1.07% on average from 1.28 % to 0.74% from 1.32% to 0.78% from 1.40% to 0.86% from 1.67% to 1.29% from 1.96% to 1.37% and 2.27% to 1.39%, respectively. As a result, overall inflation in 2023 will be 2.1% lower than the previous year (5.4%) due to lower prices of fuel-related goods and services and lowering food inflation. While the exchange rate continues to stabilize at an average rate of 4,110 riel per US dollar (compared to 4,102 riel per US dollar last year). <sup>(1)</sup>

For 2023, the National Bank of Cambodia has set to implement seven monetary policies to support the Royal Government's policies to restore national economic growth, including: (1) Manage the supply of money at an appropriate level. (2) Maintain a stable exchange rate by monitoring and intervening as necessary to contribute to maintaining price stability and public confidence in the national currency (3) Improve the use and knowledge of the riel; (4) Improve and strengthen the existing monetary and political instruments and develop new monetary instruments (5) Develop the Corridor interest rate framework and implement the benchmark interest rate; (6) Promote the development of the interbank market in order to improve the efficiency of monetary policy and (7) Raise awareness of banking institutions and financial institutions on the monetary policy framework and instruments of the National Bank of Cambodia. <sup>(1)</sup>

**Reference:**

- (1) [https://www.nbc.gov.kh/download\\_files/publication/annual\\_rep\\_kh/Annual\\_Report\\_2023\\_KHM.pdf](https://www.nbc.gov.kh/download_files/publication/annual_rep_kh/Annual_Report_2023_KHM.pdf)
- (2) <https://www.adb.org/news/adb-adjusts-2023-growth-forecast-cambodia-maintains-2024-outlook>
- (3) <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>
- (4) <https://www.worldbank.org/en/publication/global-economic-prospects>
- (5) <https://www.tax.gov.kh/u6rhf7ogbi6/gdtstream/2e8790c9-020b-453f-b743-4b1bad3729a8>



## SIGNATURE OF DIRECTORS

21 March 2024  
Read and Approved

Mr. Chhay Soeun, Chairman

21 March 2024  
Read and Approved

Dr. In Channy, Director

21 March 2024  
Read and Approved

Mr. Stéphane MANGIAVACCA, Director

21 March 2024  
Read and Approved

Mr. Kyosuke Hattori, Director

21 March 2024  
Read and Approved

Dr. Albertus Bruggink, Director

21 March 2024  
Read and Approved

Mr. Kay Lot, Director

21 March 2024  
Read and Approved

Drs. Pieter Kooi, Director

21 March 2024  
Read and Approved

Dr. Heng Dyna, Director

21 March 2024  
Read and Approved

Ms. Phurik Ratana, Director

# **ANNUAL REPORT APPENDIX FOR ACLEDA BANK**

## **ANNUAL CORPORATE GOVERNANCE REPORT**

# **PART 1**

## **SHAREHOLDERS**



## A. SHAREHOLDERS STRUCTURE (BY 31 DECEMBER 2023)

### 1. Shareholder Information

Description	Nationality	Type of Shareholder	Number of Shareholders	Number of Shares	Percentage
Less than 5%	Cambodian	Individual	16,604	65,991,460	15.2348%
		Legal Person	5	3,725,990	0.8602%
	Non Cambodian	Individual	434	1,367,152	0.3156%
		Legal Person	9	35,592,861	8.2170%
From 5% to less than 30%	Cambodian	Individual	-	-	-
		Legal Person	2	143,165,800	33.0513%
	Non Cambodian	Individual	-	-	-
		Legal Person	3	183,319,756	42.3212%
From 30%	Cambodian	Individual	-	-	-
		Legal Person	-	-	-
	Non Cambodian	Individual	-	-	-
		Legal Person	-	-	-
Total			17,057	433,163,019	100.00%

### 2. Shareholders Who are Directors, Senior Officials and Employees

Shareholders	Number of Shareholders	Number of Shares	Percentage
Director	2	1,032,348	2.2004%
Senior Officials	7	1,552,756	3.3096%
Employees	7,128	44,330,981	94.4899%
Total	7,137	46,916,085	100.00%





## B. SHAREHOLDERS' AND PROTECTION OF SHAREHOLDERS' RIGHTS

### 1. Rights of Shareholders

Any holder of each share shall be entitled to have:

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

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

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

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

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

## C. GENERAL SHAREHOLDER MEETING

### 1. Procedure of General Shareholder Meeting and Voting

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

#### Quorum

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

#### Notice

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

#### During the meeting and voting process

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

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

#### After the meeting

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



## 2. Information of General Shareholder Meeting

No	Date	Type of Meeting	Quorums	Agendas	Resolutions
01	27 April 2023	AGM	83.71 %	<p>Matters for Decision:</p> <ul style="list-style-type: none"><li>Approval of distribution of cash dividend</li></ul>	<p>The shareholders passed the following resolutions:</p> <ul style="list-style-type: none"><li>The Shareholders Approved of distribution of cash dividend at 40% of the 2022 Profit for the Year Attributable to Owners of ACLEDA BANK of KHR742,764,670,000 equal to KHR297,105,864,987.58 at KHR685.8985 per share and transfer the remaining balance of the 2022 Profit for the Year Attributable to Owners of ACLEDA BANK to Retained Earning. The Shareholders voted in the favour of 99.93 percent.</li></ul>
				<ul style="list-style-type: none"><li>Approval of revised Dividend Policy.</li></ul>	<ul style="list-style-type: none"><li>Approval of revised Dividend Policy. The Shareholders voted in the favour of 99.93 percent.</li></ul>
				<ul style="list-style-type: none"><li>Approval of reappointment of director mandate for the next 3-year term</li></ul>	<ul style="list-style-type: none"><li>Approval of reappointment of Mr. Chhay Soeun as a director of ACLEDA BANK for the next 3 years term. The Shareholders voted in the favour of 99.93 percent.</li><li>Approval of reappointment of Dr. In Channy as a director of ACLEDA BANK for the next 3 years term. The Shareholders voted in the favour of 99.93 percent.</li><li>Approval of reappointment of Mr. Van Sou leng as an Independent Director of ACLEDA BANK until his retirement date on 10 October 2023. The Shareholders voted in the favour of 99.92 percent.</li></ul>
				<ul style="list-style-type: none"><li>Approval of nomination of external auditor for the ACLEDA BANK for the financial year 2024</li></ul>	<ul style="list-style-type: none"><li>Approval of PricewaterhouseCoopers "PwC" as the external auditor of the ACLEDA BANK for the financial year 2024. The Shareholders voted in the favour of 99.92 percent.</li></ul>
				<ul style="list-style-type: none"><li>Approval of annual increase in Chairman's salary</li></ul>	<ul style="list-style-type: none"><li>Approval of annual increase in salary of Chairman of the Board of Directors as below:<ul style="list-style-type: none"><li>To increase in salary of Mr. Chhay Soeun, Chairman of the Board, with grading "A+" retro-effective from 01 January 2023;</li><li>To add 2022 inflation rate of 3% to his salary effective from 01 April 2023 to 31 March 2024.</li></ul>The Shareholders voted in the favour of 99.89 percent.</li></ul>
				<ul style="list-style-type: none"><li>Approval of adjustment of Board of Director fee in line with 2022 inflation rate</li></ul>	<ul style="list-style-type: none"><li>Approval of Board of Directors fees of ACLEDA BANK in line with the 2022 inflation rate of 3%. The Shareholders voted in the favour of 99.89 percent.</li></ul>
				<ul style="list-style-type: none"><li>Approval of setting a record date for determining of shareholders who are entitled to receive</li></ul>	<ul style="list-style-type: none"><li>Approval of a record date on 10 May 2023 for determination of shareholders entitled to receive dividend. The Shareholders voted in the favour of 99.86 percent.</li></ul>



No	Date	Type of Meeting	Quorums	Agendas	Resolutions
				<ul style="list-style-type: none"> <li>Approval of amendment to Article 8, Appendix 1, Appendix 3, and Appendix 4 of MAOA of ACLEDA BANK</li> </ul>	<ul style="list-style-type: none"> <li>Approval of Amendment to Article 8 ("Subscription of Shares"), Appendix 1 ("List of Composition of Board of Directors of ACLEDA BANK"), Appendix 3 ("List of Public Shareholders of ACLEDA BANK"), and Appendix 4 ("List of Shareholders Legalized from ASA, Plc.") of MAOA of ACLEDA BANK. The Shareholders voted in the favour of 99.82 percent.</li> </ul>
02	18 Sep 2023	EGM	84.61%	<ul style="list-style-type: none"> <li>Approval and appointment of Dr. Heng Dyna as an Independent Director of ACLEDA BANK.</li> <li>Approval and recognition of nomination of Mr. Takeshi Kimoto as a new Shareholder Representative from SMBC in ACLEDA BANK</li> <li>Approval of amendment to the Appendix 1 ("List of Composition of Board of Directors of ACLEDA BANK PLC.") of the ACLEDA BANK's MAOA</li> </ul>	<ul style="list-style-type: none"> <li>Approval and appointment of Dr. Heng Dyna as an Independent Director of ACLEDA BANK. The Shareholders voted in the favour of 99.77percent.</li> <li>Approval and recognition of nomination of Mr. Takeshi Kimoto as a new Shareholder Representative from SMBC in ACLEDA BANK to replace Mr. Hideomi Shigematsu. The Shareholders voted in the favour of 99.96percent.</li> <li>Approval of amendment to the Appendix 1 ("List of Composition of Board of Directors of ACLEDA BANK PLC.") of the ACLEDA BANK's MAOA. The Shareholders voted in the favour of 99.92percent.</li> </ul>

## D. DIVIDEND DISTRIBUTION

### 1. Dividend Policy

The BANK put in place a Dividend Policy to set the principles to guide the determination of dividends to the shareholders properly and effectively. The BANK classifies dividends into the following categories:

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

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

No	Detail of Dividend Distribution	2023	2022	2021
1	Announcement Date of Dividend Distribution	28 April 2023	08 June 2022	Phase 1: 01 June 2021 Phase 2: 26 November 2021 Phase 3: 29 December 2021
2	Record Date	10 May 2023	06 May 2022	03 May 2021
3	Dividend Payment Date	19 May 2023 (Cash)	10 June 2022 (Cash)	Phase 1: 10 June 2021 (Cash) Phase 2: 06 December 2021 (Cash) Phase 3: 30 December 2021 (Cash)

# **PART 2**

## **BOARD OF DIRECTORS**



## A. BOARD OF DIRECTORS

### 1. Board Composition

No	Name	Position	Appointment Date	Ending Date
1	Mr. Chhay Soeun	Chairman	18 August 2014	18 August 2026
2	Dr. In Channy	Executive Director	18 August 2014	18 August 2026
3	Drs. Pieter Kooi	Independent Director	12 January 2004	12 January 2025
4	Dr. Heng Dyna	Independent Director	11 December 2023	11 December 2026
5	Ms. Phurik Ratana	Independent Director	08 November 2021	08 November 2024
6	Mr. Stéphane MANGIAVACCA	Non-Executive Director	22 April 2020	21 August 2024
7	Mr. Kyosuke Hattori	Non-Executive Director	08 November 2021	06 December 2025
8	Dr. Albertus Bruggink	Non-Executive Director	12 May 2021	10 January 2025
9	Mr. Kay Lot	Non-Executive Director	12 May 2021	12 May 2024

Note: Mr. Van Sou Ieng, Independent Director of ACLEDA BANK, retired on 10 October 2023.

### 2. Director Biography

#### Mr. Chhay Soeun, Chairman

##### *Board Committees: Audit*

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

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

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

#### Dr. In Channy, Director

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

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

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

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



## **Drs. Pieter Kooi, Director**

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

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

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

## **Dr. Heng Dyna, Director**

*Board Committees: Risk Management and IT*

Cambodian. Dr. Heng Dyna joined the Board in December 2023, bringing more than 10 years of experience as financial sector specialist and economist at international financial institutions. He has extensive experience in risk analysis, macroeconomic surveillance, and financial sector assessment. Dr. Heng also led several technical assistance programs and training to central banks and ministries of finance in Asia, Africa, and Europe. He is now on an external assignment based in the United States and also serves on voluntary basis as a board member of the Cambodian Economic Association.

Dr. Heng completed Asset and Portfolio Management program at the Wharton School and earned a Ph.D. Degree in Economics from the Australian National University, Australia, in 2012. He obtained a master's degree in economics from Hitotsubashi University, Tokyo and a Bachelor's Degree in Economics from Nagoya University, Nagoya, Japan. Dr. Heng was also a high school National Math Champion (Rank 4<sup>th</sup>) in 2000.

## **Ms. Phurik Ratana, Director**

*Board Committees: Audit (Chair)*

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

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

## **Mr. Stéphane MANGIAVACCA, Director**

*Board Committees: Remuneration and Nomination*

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



## Mr. Kyosuke Hattori, Director

### *Board Committees: Risk Management and IT*

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

## Dr. Albertus Bruggink, Director

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

Nederlandse, Born in 1963. Dr. Albertus Bruggink joined the Board in May 2021.

Outside ACLEDA BANK, he is currently an independent consultant based in the Netherlands and he is a corporate advisor to ORIX Corporation in Tokyo and independent chairman of the Audit Committee of ORIX Europe. Furthermore, he joined the Board of Foundation Westerbork Fund (Netherlands) in January 2022. He has worked for 30 years at Rabobank in different roles in finance, risk management and treasury/capital markets, both domestically and internationally of which the last 12 years as member of the Executive Board (CFRO). During his career, he served on a number of board of directors, predominantly in the Netherlands, and has served as the chairman of the audit committees of such Boards on a number of occasions. Dr. Bruggink received an MSc in Business Administration from University of Twente in 1986 and a PhD in Financial Engineering from University of Twente in 1989. He is currently a part-time professor in Financial Engineering and Risk Management at University of Twente.

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

## Mr. Kay Lot, Director

### *Board Committees: Risk Management and IT*

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

Currently he is chairman of the board of Artisans Angkor Co., Ltd., a social enterprise based in Siem Reap, a shareholder in a digital media agency, and a construction company. He also serves as an Independent Director for BSP Finance Cambodia and Digital Divide Data, a social impact company based in New York.

He obtained IFRS Certification from The Association of Chartered Certified Accountants (ACCA), and an EMBA from Essec Business School. He is also a Graduate of the Australian Institute of Company Directors (GAICD).



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

No	Name	Company	Director, Shareholder or Co-owner
1	Mr. Chhay Soeun	N/A	N/A
2	Dr. In Channy	AFT Association of Banks in Cambodia (ABC) working group on banking and Financial Services	Chairperson council member co-chairs
3	Drs. Pieter Kooi	Alter Modus MFI in Podgorica, Montenegro	N/A
4	Mr. Stéphane MANGIAVACCA	Banque Franco Lao, BRED Vanuatu Limited, BCI Mer Rouge, BRED Bank Fiji Limited  BRED IT Ltd, BIC BRED – Suisse SA, COFIBRED, BCEL, Foncière de Vanuatu Limited, SOCREDO, Banque Calédonienne d'Investissement, SPIG, and BIC-BRED  Mines Saint-Étienne Alumni Association  Institut Mines-Télécom and of Ecole Nationale Supérieure des Mines de Saint-Etienne	Chairman and Director  Director  Chairman  Director
5	Mr. Kyosuke Hattori	Asia Growing Markets Department, Asia Business Development Division	General Manager
6	Dr. ALBERTUS BRUGGINK	Foundation Westerbork Fund MST, Netherlands TFG / XAC Bank, Mongolia Gravis Capital, UK	Board Member Member Member
7	Mr. Kay Lot	Sepakor Angkor Co., Ltd., BSP Financial Cambodia Plc. Digital Divide Data, New York. Quantum Publicity Co., Ltd. YellowTree Interior Co., Ltd.	Board Chair Independent Director Independent Director Director and Owner Director and Owner
8	Ms. PHURIK RATANA	Khmer Enterprise, Impact Hub and SmallWorld CFA Community in Cambodia	Advisor Founder and Chairperson
9	Dr. Heng Dyna	Cambodian Economic Association	Member





## 4. Board Roles, Duties, Responsibilities and Performance

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

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

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

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

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

A complete list of existing Board Committees, their membership and their activities during 2023 appears on pages 68-70 of this report.



## 5. Board Meetings

No	Date	Type of Meeting	Name of Directors Attending the Meeting
01	07 February 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana, Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
02	14 February 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
03	15 February 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
04	27 February 2023	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
05	22 March 2023	Physical meeting	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou leng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot



No	Date	Type of Meeting	Name of Directors Attending the Meeting
06	13 April 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
07	05 May 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
08	30 May 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
09	23 June 2023	Physical meeting	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
10	31 July 2023	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot



No		Special Meeting by E-mail	Name of Directors Attending the Meeting
11	07 August 2023	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
12	09 August 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
13	15 August 2023	Special Meeting by E-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
14	21 September 2023	Physical meeting	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Mr. Van Sou Ieng Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink (joined via con-call) Mr. Kay Lot
15	06 November 2023	Special meeting by e-mail	Mr. Chhay Soeun Dr. In Channy Drs. Pieter Kooi Ms. Phurik Ratana Mr. Stéphane Mangiavacca Mr. Kyosuke Hattori Dr. Albertus Bruggink Mr. Kay Lot
16	19 December 2023	Physical meeting	Mr. Chhay Soeun, Dr. In Channy, Drs. Pieter Kooi, Ms. Phurik Ratana, Dr. Heng Dyna, Mr. Kyosuke Hattori, Mr. Stéphane Mangiavacca, Dr. Albertus Bruggink, (joined via con-call) Mr. Kay Lot,



## B. BOARD COMMITTEE

### 1. Board Committee Structure

On 26 June 2019, the Board revised Board Committees structure and composition with reference to Cambodian law and the requirements of the NBC, the best practice and any other factors specific to the BANK's situation. The latest composition of Board Committees has been revised on 19 December 2023.

#### 1.1 Board Audit Committee (BACO)

##### Scope & Purpose

The BACO is established by the Board of Directors of ACLEDA BANK PLC. to monitor and review the integrity of the financial statements, the internal control system including Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), the internal audit and the service provided by external auditors.

##### Members

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

##### Significant Issues and Activities in 2023

The BACO met 4 times in 2023 whereas 1 time in February, 1 time in May, 1 time in August, and 1 time in November. The main proceedings were:

- Reviewed, approved and endorsed to the Board of Directors for final approval, the financial audited statements of 2022.
- Reviewed and approved 2023 interim financial statement for March, June and September and endorsed to the Board of Directors for final approval.
- Reviewed and approved the internal control report of the year 2022 for submission to the National BANK of Cambodia.
- Reviewed and approved the Internal Audit report of the year 2022 to disclose, as CSX requires.
- Reviewed the internal audit reports and analysed any unusual trends or incidents.
- Proposed the 2022 incentive of the Senior Group Chief Internal Audit Officer and recommended to Board for approval.
- Evaluated and graded the 2022 performance of the Senior Group Chief Internal Audit Officer and recommend to Board for approval.
- Reviewed and approved the Internal Audit report 2022 on AML Audit for submission to Cambodia Financial Intelligence Unit (CAFIU).
- Reviewed and approved the internal audit plan for fiscal year 2024.
- Reviewed and approved the criteria incentive 2024 for Senior Group Chief Internal Audit Officer and endorsed to the BRESCO for the Board final approval.
- Reviewed and evaluated the performance of external audit for the year 2022.
- Reviewed and approved the audit scopes and fees of engagement AML/CFT audit for the 2023.
- Reviewed and approved the revised TOR of BACO and recommended to the Board for final approval.
- Annually reviewed the policies: Audit Policy, Internal Control Policy, Corporate Disclosure Policy, Dividend Policy and General Policy Guidelines.



## 1.2 Board Remuneration and Nomination Committee (BRESCO)

### Scope & Purpose

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

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

### Members

- Drs. Pieter Kooi, Independent Director, Chair (Effective on 19 December 2023)
- Dr. Albertus Bruggink, Non-Executive Director, member
- Mr. Stéphane Mangiavacca, Non-Executive Director, member

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

### Significant Issues and Activities in 2023

The BRESCO met 6 times in 2023 whereas 1 time in February, 1 time in March, 2 times in June, 1 time in September, and 1 time in December. The main proceedings were:

- Reviewed and endorsed to the Board for final approval for annual report 2022 of BRESCO;
- Review and endorse to the Board for final approval of 2022 inflation rate for the payment to the BANK's employees from 01 April 2023 onward;
- Reviewed and endorsed to the Board for final approval of incentive and annual increase in salary of Dr. In Channy, President & GMD for year 2022 performance;
- Reviewed and endorsed to the Board for further approval of annual increase in salary of Chairman of the Board retro-effective from 01 January 2023;
- Reviewed and endorsed to the Board for further approval of the increase in Director fees of ACLEDA BANK PLC. and its subsidiaries;
- Reviewed and endorsed to the Board for further approval of re-appointment of Directors' mandates of ACLEDA BANK PLC. and subsidiaries;
- Updated and endorsed to the Board for approval of Appendix E of Corporate Governance Policy tied to Board fees and expenses;
- Reviewed the audit report in connection with the pension and retirement benefits plan;
- Reviewed the employees' pension and retirement benefits plan;
- Reviewed relevant laws and regulations;
- Reviewed succession plan of all senior positions of the BANK and subsidiaries;
- Interviewed and endorsed to the Board for approval of Dr. Heng Dyna as Independent Director of ACLEDA BANK PLC.;
- Reviewed the actual level and composition of employment costs for the year to date;
- Reviewed management's proposal for employment costs in the next year BP;
- Reviewed and endorsed to Board for approval and nomination of Mr. Kay Lot as an Independent Director of ACLEDA BANK PLC.;
- Annually reviewed the BANK's policies;
- Annually reviewed the TOR of BRESCO;
- Reviewed and endorsed to Board for approval and nomination of composition of Board committees;
- Reviewed and endorsed to the Board for approval of President & Group Managing Director, Senior Group Chief Internal Officer, and Head of Compliance's 2024 incentive criteria;
- Made Annual self-appraisal of BRESCO; and
- Prepared Annual self-appraisal format of the Board.



### 1.3 Board Risk and IT Committees (BRIC)

#### Scope & Purpose

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

#### Members

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

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

#### Significant Issues and Activities in 2023

The BRIC met 12 times in 2023 whereas 1 time in January, 1 time in February, 1 time in March, 3 times in April, 2 times in June, 1 time in July, 1 time in August, 1 time in September and 1 time in December. The main proceedings were:

- Reviewed and discussed the Group and the BANK's overall risk profile as presented by the EVP & Group CRO to ensure that the key risk indicators fully complied with the regulatory requirements, internal targets, and risk appetite statement - key risk indicators' level (RAS-KRIs).
- Assessed and discussed the potential future risks for ACLEDA BANK and its subsidiaries.
- Discussed and further refined the risk analysis process and undertook a series of stress test scenarios and reverse stress tests allowing for simultaneous occurrence of risks including potential effects of COVID-19 pandemic, slow growth of real estate and construction sector, and restructured facilities.
- Reviewed the internal capital adequacy assessment process (ICAAP) report which was aimed for assessing its overall capital adequacy in relation to the risk profile and determining a strategy for maintaining appropriate capital levels.
- Assessed the composition of the credit portfolio and, particularly, its quality and compliance with internal policies.
- Monitored and discussed the restructuring of facility, refinancing of facility, reclassification of facility, and write-off of facility.
- Analysed the impact of possible risk scenarios on the balance sheet, income statement and prudential ratios.
- Reviewed the potential risks in light of the high standards as set by the Board of Directors on the Environmental, Social, and Governance (ESG) aspect and customer protection.
- Reviewed and analysed cyber security and other main IT issues for the BANK as a Digital Bank.
- Reviewed and analysed the development of the banking industry in Cambodia to assess competitive and business risks.
- Reviewed and discussed the development of the market of digital financial services, small and medium business credit and real estate & construction credit.
- Discussed strategies to optimally manage these potential risk events in the long-term interest of ACLEDA BANK and its customers.
- Reviewed the liquidity stress testing results and the contingency funding plan for 2024.
- Reviewed and approved management's funding proposals to support funding needs.
- Reviewed the compliance division report and received analyses of any suspicious transactions.
- Reviewed and approved the incentive scheme targets for the Compliance Division and endorsed to the Board for final approval.
- Reviewed and approved the Compliance Division budget plan for fiscal year 2024.
- Reviewed the terms of reference of Board Risk Management and IT Committee (BRIC).
- Reviewed and endorsed the following policies: Risk Management Policy, Liquidity Risk Management Framework, Trade of ACLEDA BANK Shares Policy, Credit Policy, Environmental, Social and Governance (ESG) Policy, IFRS9 Impairment Policy, Credit Scoring Policy, Compliance Policy, Anti-Money Laundering and Combating the Financing of Terrorism Policy, KYC/Customer Due Diligence Policy, Whistle-blower's Protection Policy, Related Party Transactions Policy, Conflict of Interest Policy, Insider Trading Policy, Code of Conduct Policy, Customer Complaint Policy, Information Technology (IT) Governance Policy, and Information Security Policy.
- Reviewed and endorsed the risk appetite statement - key risk indicators' level (RAS KRIs).
- Conducted an annual self-assessment of its performance relative to the Board Risk Management and IT Committee's purpose, duties, and responsibilities in order to ensure the effective discharge of its responsibility.



## 2. Changes of Committee Member

No	Committee	Name	Reason
1	BACO	N/A	N/A
2	BRENCO	Drs. Pieter Kooi	Drs. Pieter Kooi has been appointed as the Chairman of BRENCO, effective 19 December 2023.
3	BRIC	Dr. Heng Dyna	Dr. Heng Dyna is a new director appointed as a member of BRIC, effective 19 December 2023.

## C. REMUNERATION AND COMPENSATION

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

#### Director

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

#### Senior Officers

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

### 2. Remuneration and Compensation Receivers

No	Remuneration and Compensation Receiver	Remuneration and Compensation Amount	Other
1	Directors	\$544,488.25	
2	Executive Directors and Senior Officer	\$5,833,187.42	
3	Top 5 Employees Receiving Remuneration and Compensation Receivers	\$4,229,025.01	

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

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





## E. TRAINING FOR DIRECTORS AND SENIOR OFFICERS

Training courses for directors and senior officers in 2023 as below:

### Local Training

No	Name	Position	Topic	Venue	Training Type	Conducted Training by	Date of Training
1	Dr. In Channy	President & Group Managing Director	The Roles of Governance in Ensuring Commitment and Effective Implementation of Client Protection	Phnom Penh	Workshop	The Association of Banks in Cambodia	23 August 2023
2	Drs. Pieter Kooi	Independent Director					24 August 2023
3	Mrs. Kim Sotheavy	Senior Group Chief Internal Audit Officer	25th training and examination and vocational education program	Phnom Penh	Training	Securities and Exchange Regulator of Cambodia (SERC)	07-14 August 2023
4	Mrs. Mar Amara	Senior EVP & Group Chief Financial Officer and Group Chief Operations Officer	The Roles of Governance in Ensuring Commitment and Effective Implementation of Client Protection		Workshop	The Association of Banks in Cambodia	14 June 2023
			Establishing the Foundation Blocks in Accelerating the Expansion of Women's Financial Inclusion	Phnom Penh	Workshop	Women's World Banking	10 August 2023
5	Mr. Ly Thay	EVP & Group Chief Administrative Officer	Cambodian Financial Technology Development 2023-2028		Workshop	Digital Economy and Business Committee (DEBC) and the Ministry of Economy and Finance (MEF)	04 October 2023
			Understanding and Managing Unhappy Clients Conference		Conference	Singapore (Cambodia) International Academy Co., Ltd.	09 December 2023
6	Mr. Yin Virak	EVP & Group Chief Treasury Officer	Study visit at IDT Campus	Phnom Penh	Study Tour	IDT Campus	13 March 2023
			National Bank of Cambodia's Monetary Policy Framework and Tools	Phnom Penh	Seminar	National Bank of Cambodia (NBC)	27 December 2023



## Overseas Training

No	Name	Position	Topic	Venue	Training Type	Conducted Training by	Date of Training
1	Dr. In Channy	President & Group Managing Director	Annual Partnership Development Conference	Japan	Conference	Prudential	20 to 25 April 2023
2	Mr. Chhay Soeun	Chairman of Board of Director	Renewal Overseas Standard Graduate	-	Membership	Australian Institute of Company Directors	30 July 2022 to 29 July 2023
3	Mrs. Kim Sotheavy	Senior Group Chief Internal Audit Officer	Renewal Overseas Standard Graduate	-	Membership	Australian Institute of Company Directors	29 April 2022 to 28 April 2023
			IIA renewal membership 2022	-	Membership	The Institute of Internal Auditors	31 May 2022 to 30 May 2023
			ASEAN Central Bank Governors & Financial Institute Dialogue as part of 19th ASEAN Central Bank	Indonesia	Conference	ASEAN Banker Association	28 to 31 March 2023
4	Mrs. Mar Amara	Senior EVP & Group Chief Financial Officer and Group Chief Operations Officer	World Economic Forum "Looking Ahead Foresight"	-	Webinar	World Economic	06 September 2023
			23 <sup>rd</sup> ASEAN BANKING CONFERENCE AND 51 <sup>st</sup> ASEAN BANKING COUNCIL MEETING & 8 <sup>th</sup> AGM	Lao	Conference	Lao Bankers Association	06 to 08 December 2023
5	Dr. Loeung Sopheap	EVP & Group Chief Risk Officer	The COP28 UAE on Climate Change	United Arab Emirates	Conference	Ministry of Environment	01 to 02 December 2023
6	Mr. Mach Theary	EVP & Group Chief Information Officer	Core Banking System	Vietnam	On-site Visit	MB Bank	12 to 13 July 2023
			Strategy Execution	-	Online training		13 September 2023
7	Mrs. Buth Bunseyha	EVP & Group Chief Legal Officer and Corporate Secretary	Leadership Principles	-	Online training	Harvard Business School Online	01 February 2023
			New Overseas Affiliate	-	Membership	Australian Institute of Company Directors	01 December 2023 to 30 November 2024
8	Mr. Yin Virak	EVP & Group Chief Treasury Officer	SOCIAL BANKING at the COFIDES Headquarters in Madrid	Spain	Workshop	Social Banking	19 to 20 June 2023
			DEG SE Asia Client Forum 2023 at Bangkok	Thailand	Forum	DEG (Germany)	07 to 08 September 2023

# **PART 3**

## **CODE OF BUSINESS CONDUCTS PRACTICES**



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

- **Law Enforcement**

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

- **Build Trust and Credibility**

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

- **Code of Conduct Policy**

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

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

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

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

- **Corporate Disclosure Policy**

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

- **Insider Trading Policy**

The Insider Trading Policy of the BANK is designed:

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

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



## • Liquidity Risk Management Framework

The BANK has set up this framework in order to:

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

## • Whistle Blower's Protection Policy

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

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

## • Environmental, Social and Governance ("ESG") Policy

The BANK has adopted the ESG policy:

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

## • Fighting Against Corruption

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

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

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

## • Related Working Policy/Internal Rules

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

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

## • Conflict Resolution

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

## • Fair Dealing

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



## B. PUBLISHING OF CODE OF BUSINESS CONDUCTS PRACTICES

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

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

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

### New Recruit

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

### Existing Employees

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

## D. RELATED PARTIES TRANSACTIONS

### 1. Related Parties Transactions Policies

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



## 2. Important Transactions with Related Parties

No	Name	Type of Transactions	Transaction Size		Transaction Summary
			USD	KHR'000	
1	Shareholder who hold at least 5% or more shares of outstanding equity securities	Balance with related parties	655,991	2,679,723	Deposit with shareholders
		Deposit from related parties	4,258,182	17,394,674	Deposit from shareholders
		Borrowing from related parties	64,585,867	263,833,267	Borrowing from shareholders
		Account Payable	(755,903)	(3,087,864)	Account payable to shareholders
		Fee and commission income from related parties	115	472	Fee and commission income from Shareholders
		Interest expense	6,092,700	25,040,997	Interest expense to shareholders
2	Director and Senior Officer	Loans and advances	10,496,771	42,879,309	Loans and advance to director and senior officer
		Deposit from related parties	5,417,287	22,129,618	Deposit from director and senior officer
		Interest Income	896,019	3,682,638	Interest income from director and senior officer
		Interest Expense	118,301	486,217	Interest expense to director and senior officer
		Fee and Commission Expense	11,343,358	46,621,202	Fee and commission expense to director and senior officer
		Interest Payable	(62,473)	(255,202)	Interest payable to director and senior officer
3	Immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares	Loans and advances	2,577,562	10,529,341	Loans and advance to the immediate family members of the director, Senior Officer and shareholder
		Deposit	2,552,213	10,425,790	Deposit from the immediate family members of the director, Senior Officer and shareholder
		Interest Payable	(31,410)	(128,310)	Interest payable to the immediate family members of the director, Senior Officer and shareholder
4	Subsidiary	Balance with related parties	15,871	64,833	Deposit with subsidiary
		Deposit	6,210,525	25,369,996	Deposit from subsidiary
		Account Receivable	449,377	1,835,705	Account receivable from subsidiary
		Interest Income	18,247	74,995	Interest income from subsidiary
		Fee and Commission Income	26,974	110,862	Fee and commission income from Subsidiary
		Interest Expense	208,101	855,295	Interest expense to subsidiary
		Fee and Commission Expense	1,963,126	8,068,448	Fee and commission expense to Subsidiary
		Account Payable	(18,960)	(77,451)	Account payable to subsidiary
		Other commitment	(17,675)	(72,644)	ECL on financial guarantee on AIB's Borrowing

# **PART 4**

## **RISK MANAGEMENT, INTERNAL CONTROL AND AUDITING**





## A. BRIEF RISK MANAGEMENT SYSTEM OR RISK MANAGEMENT POLICIES

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

## B. BRIEF INTERNAL CONTROL SYSTEM

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

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

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

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

## C. AUDITING

### 1. Internal Audit

#### 1.1 Roles and Responsibilities of Internal Auditors

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

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

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

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

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

In the year of 2023, position of Senior Group Chief Internal Audit officer was no new appointment and resignation.

### 2. External Auditors

The appointment or removal of external audit shall be approved by the Board with the recommendation of the Board Audit committee. External Audit of ACLEDA BANK PLC. For 2023 By Grant Thornton (Cambodia) limited.

No	Name of Audit Firms	Appointment Date	Auditing Fees	Non-audit Fees
1	Grant Thornton (Cambodia) limited	08 September 2023	US\$ 45,000.00	-
2	PRICEWATERHOUSE COOPERS	20 September 2023	US\$320,000.00	-

- Grant Thornton (Cambodia) limited: Review to evaluate the adequacy and sufficiency of AML/CFT & PF compliance and program of the Reporting Entities for the period from 1 January 2023 to 31 December 2023.
- PRICEWATERHOUSE COOPERS: Audit Engagement letter of financial audit and audit fee of the year 2024 including the separated financial audit of the BANK in the period of quarterly and yearly audit and the yearly consolidated financial audit of the group in the period as at 31 December 2024.

# PART 5

## STAKEHOLDERS



## A. IDENTIFY POLICIES AND ACTIVITIES RELATED TO THE FOLLOWING:

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



No	Contents	Policies	Actions
2	Supplier and Subcontractors Selection	<ul style="list-style-type: none"><li>• Operating Manual on Procurement</li><li>• Guideline on Procurement</li><li>• Procedure on Printing and Equipment Producing</li></ul>	<ul style="list-style-type: none"><li>• Business Plan Preparation (CapEx Plan)</li><li>• Requirement Business Analysis Report by Project Management Office</li><li>• PMC meeting and approval</li><li>• Budgetary Approval</li><li>• Procurement Process</li></ul> <p>Approval without Procurement Committee (The total amount is equal or less than USD300,000.00)</p> <ul style="list-style-type: none"><li>▪ Announcement for quotation</li><li>▪ Check list legal document of supplier</li><li>▪ Manufacturer Authorization (MA) letter</li><li>▪ Onsite visit supplier location (if any)</li></ul> <p>Approval by Procurement Committee (The total amount is over USD300,000.00)</p> <ul style="list-style-type: none"><li>▪ Announcement for quotation/bidding</li><li>▪ Check list legal document of supplier</li><li>▪ Manufacturer Authorization (MA) letter</li><li>▪ Onsite visit supplier location (if any)</li><li>▪ (Evaluation and Assessment Criteria for Selecting Supplier (Legal documents, Tax payment declaration receipt, Financial report, Human resource, Consultant personal/ CVs, Approach &amp; Methodology, Reputation, Service after sale, Account settlement and using ACLEDA BANK's Services)</li><li>▪ Procurement Committee meeting and approval (Based on Price, Goods quality, Working experience if required and Assessment Criteria above)</li></ul> <ul style="list-style-type: none"><li>• Procurement Form Approval (PCF-15)</li><li>• Legal Process (Agreement/Contract)</li><li>• Product delivery and payment</li></ul>



No	Contents	Policies	Actions
3	Management and Protection of Employee	1- Internal Regulation and Collective Labour Agreement 2- Employee Welfare Operating Manual 3- Whistleblower's Protection	1- Working day, working hours, overtimes compensation, Leaves, job security, Employees' rights to self-defence, Anti-harassment, Employee Representative. 2- Protect employee health, well-being, work atmosphere, hygiene, health protection equipment, First-Aid, health Care Support and Daily Subsistence Allowance (DSA). 3- Employee could report any problems could be detrimental of the BANK benefit and to his/her department or authorized person according to his/her general knowledge. The main issues shall include: <ul style="list-style-type: none"> <li>▪ Non-compliance provisions of law and regulatory framework.</li> <li>▪ Non-adherence to internal policies and procedures of ACLEDA BANK.</li> <li>▪ Exploitation, stealing, deception or other commission.</li> <li>▪ Corruption, fraud or mismanagement, non-transparency, nepotism.</li> <li>▪ Behaviour that causes danger to health and safety to other people.</li> <li>▪ Improper or unethical behaviour.</li> <li>▪ Abuse authority, force or any forms of interruption and other harassment.</li> <li>▪ Criminal or other illegal activities, etc.</li> </ul>
4	Environment Protection	HQ-1614/22 Decision of Promulgation of Environmental, Social and Governance Policy.	<ul style="list-style-type: none"> <li>• The BANK will comply with the relevant environmental laws, regulations on environmental protection and natural resource management and other compulsory requirements applicable in each country in which we operate.</li> <li>• The BANK operates in a sustainable manner, minimizing the negative footprints on the environmental and society through improving the practices of relevant framework and guidelines.</li> <li>• The BANK will not lend to, or otherwise provide financial services to clients who engage in activities harmful to the environment or which are listed in ACLEDA BANK's Exclusion List and/or other relevant policies.</li> <li>• The BANK works with regulatory agencies and advisers as necessary in the implementation of effective environmental policies, and, where no regulations exist, we will set our own guidelines according to internationally accepted best practice.</li> <li>• The BANK gives priority to the resource use efficiency and manage all generated waste and pollution from its operation activities.</li> <li>• The BANK gives priority to the renewable energy and energy efficiency sources by financing services.</li> <li>• The BANK will commit to minimizing energy uses and associated greenhouse gas emissions from the facilities and materials through efficient uses.</li> <li>• The BANK continues to introduce energy efficient systems into our buildings and to manage sensibly our energy requirements wherever we operate.</li> </ul>



No	Contents	Policies	Actions
5	Community Interaction	HQ-1614/22 Decision of Promulgation of Environmental, Social and Governance Policy.	<ul style="list-style-type: none"> <li>• ACLEDA BANK will honour the community and society in which we operate and actively work to promote an inclusive culture embracing not just shareholders and staff, customers and business partners but respect for the individual within our community.</li> <li>• ACLEDA BANK believes that the BANK can achieve this, by ensuring that our activities conform to the needs of the community and society in a sustainable manner by: <ul style="list-style-type: none"> <li>▪ Providing appropriate products and services carefully selected and developed for the particular needs of Cambodian society;</li> <li>▪ Increasing outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending online banking services to mobilize savings;</li> <li>▪ Participate in programs to educate the public in financial matters so that they can manage their resources more effectively, improve their business skills and be better equipped to qualify for bank finance;</li> <li>▪ Provide internships and other forms of training to students to promote financial inclusion to a broader audience;</li> <li>▪ Maintain our focus on providing financial services to the lower segment of society to provide them with the wherewithal to improve the quality of their lives;</li> <li>▪ Promote career opportunities for women, within the reasonable constraints of the job requirements, so as to ensure an appropriate gender balance;</li> <li>▪ Work with community groups, authorities and stakeholders to develop new products and services specifically tailored to their needs, and;</li> <li>▪ Selectively participate in charitable programs, where the aim is to 'help the people help themselves' or facilitate access to education, whether through direct financial support or 'pro-bono' community work.</li> </ul> </li> </ul>
6	Creditors' Rights Protection	<ul style="list-style-type: none"> <li>• Code of Conduct Policy</li> <li>• Corporate Disclosure Policy</li> </ul>	<ul style="list-style-type: none"> <li>• All staff members of the BANK shall pursue the highest standard of ethical conduct in the best interest of all stakeholders of the BANK.</li> <li>• The BANK ensures that Corporate Information is disclosed to all stakeholders including creditors.</li> </ul>
7	Anti Corruption Program	<ul style="list-style-type: none"> <li>• Collective Labor Agreement</li> <li>• Internal Regulation</li> <li>• Details of Misconducts</li> </ul>	Notice and train all employees related to Anti-corruption



## B. CORPORATE SOCIAL RESPONSIBILITIES OF ACLEDA BANK

No	Beneficiaries	Amount	Purposes
1	Preah Sihanouk Raja Buddhist University	<b>KHR 1,200,000,000</b>	Donation to build a new school building and meeting hall of the <b>Preah Sihanouk Raja Buddhist University</b> Phnom Penh
2	Cambodian Red Cross	<b>KHR 800,000,000</b>	Donation to the <b>Cambodian Red Cross</b> on their 160th anniversary of World Red Cross Day on May 8 2023.
3	Samdech Techo Voluntary Youth Doctor Association (TYDA)	<b>KHR 400,000,000</b>	Donate to the <b>Samdech Techo Voluntary Youth Doctor Association (TYDA)</b> to provide free health care services to Cambodian people nationwide.
4	National Committee for Disaster Management	<b>KHR 40,000,000</b>	Donation to the <b>National Committee for Disaster Management</b> to support rescue equipment on the water.

# **PART 6**

## **DISCLOSURE AND TRANSPARENCY**





## A. IDENTIFY THE FOLLOWING INFORMATION IN THE ANNUAL REPORT:

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

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

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

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

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



## Public Relation Officer

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

## Disclosure Officer

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

## Assistant of Disclosure Officer

No	Name	Position
1	Mr. Song Phannou	VP & Deputy Head of Legal Division
2	Mrs. Leang Chandara	ASVP of Corporate Secretary & Disclosure Division
3	Mr. Sor Sophea	Senior Corporate Secretary and Disclosure Specialist
4	Mr. Then Pov	Corporate Disclosure Specialist
5	Ms. Voeun Sreyroth	Senior Staff of Corporate Disclosure Unit

## C. INVESTOR RELATIONS

### 1. Demonstrate Mechanisms and Procedures for Investor Relations

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

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

### 2. Briefly Describe Investor Relations for the Last Year

ACLEDA BANK is the first commercial bank listed its shares on the Cambodia Securities Exchange on 25 May 2020, attracting a lot of interest from the public, local and foreign investors. During 2023, ACLEDA BANK has received and answered questions from the public, investors and invited shareholders to attend the 23<sup>rd</sup> Annual General Shareholders Meeting which was held on 27 April 2023 and Extraordinary General Shareholders Meeting which was held on 18 September 2023.

## D. SUSTAINABILITY REPORT

Please refer to the annex for Sustainability Report 2023

# **ANNUAL REPORT APPENDIX FOR ACLEDA BANK**

**SUSTAINABILITY REPORT 2023**

The background of the cover is a low-angle photograph of a tall, modern glass skyscraper reaching towards a cloudy sky. In the foreground, there are large, vibrant green leaves on the left and dark green tree foliage at the top and bottom. The overall theme is the integration of nature and modern architecture.

# ESG

Toward Leading Sustainability Bank

Sustainability Report 2023

## Our Core Value

ACLEDA Bank Plc. is a Cambodian bank, operating regionally in CLM (Cambodia, Laos, and Myanmar) countries that commits and maintains its core values with financial soundness, safety, competence, integrity, accountability, transparency, honesty, purity and empathy. These values are clearly defined in the meaning of the letter in Khmer-English “**អ-A, ស-C, ល-L, ដ-D (អេស៊ីសីដា-ACLEDA)**”.

**A**  
Affinity and  
Empathy

Affinity and Empathy: focusing on conducting satisfying and transparent manner to all stakeholders including employees, customers, partners and the publics.

---

**C**  
Customer  
Experience  
With Integrity  
& Loyalty

Customer experience with Integrity and Loyalty: focusing on delivering service to customer-public with integrity and professional ethic.

---

**L**  
Leverage Quick  
& Efficiency

Leverage Quick & Efficiency: focusing on fast, satisfying service, providing high confidence to customer-public with efficiency and effectiveness.

---

**D**  
Developing

Developing: focusing on secured and innovative product-services with superiority and prosperity.

## Our Vision

To be Cambodia's leading and the most trusted commercial bank serving all segments of the community.

## Our Mission

Our mission is to provide our customers with secured and innovative products and services to manage their financial resources efficiently. At all times, we observe the highest principles of ethical behaviour, respect for society, the law and environment. By doing so, we aim to contribute to improving the quality of lives, ensuring a sustainable and growing benefits to our stakeholders, and to support the socio- economic development of the society as a whole.

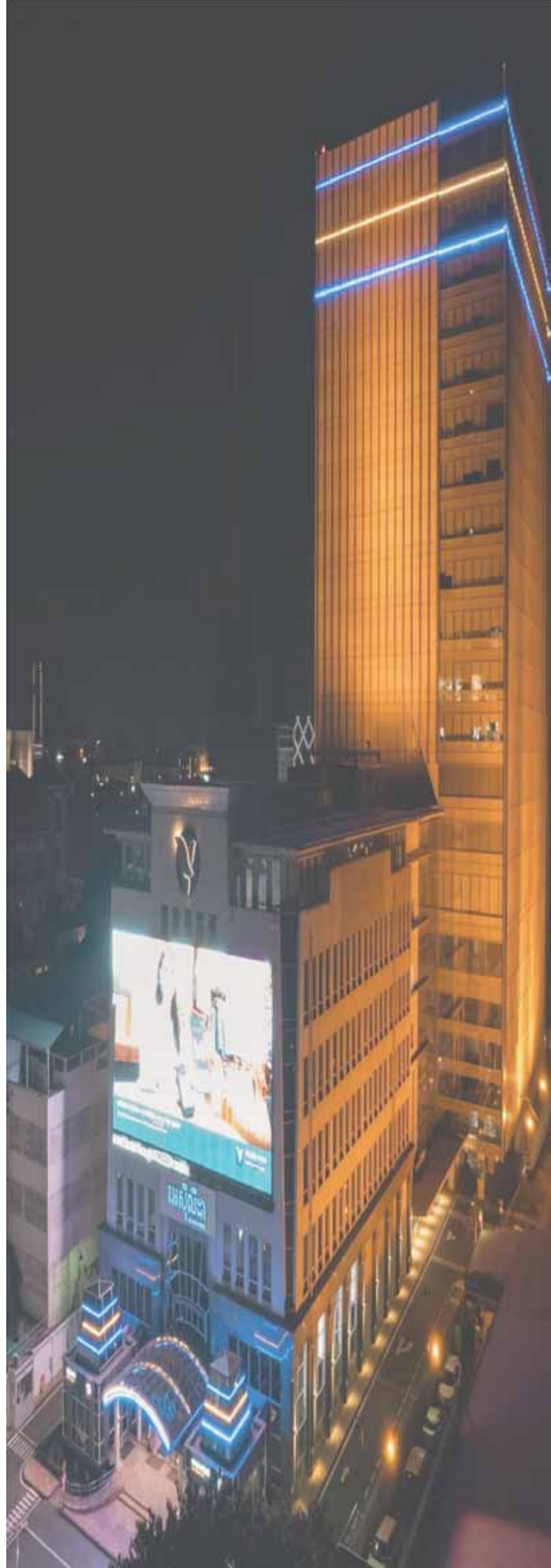
## Our Slogan

### The Bank's Slogan:

The Bank you can trust, the Bank for the people!

### ACLEDA Mobile's Slogan:

The Bank in your hand!



# Content

---

<b>05</b>	<b>Message from President &amp; Group Managing Director</b>
<b>06</b>	<b>About ACLEDA Bank Plc.</b>
08	Financial Highlights
09	Organizational Chart
10	Branch Network
11	Products & Services
<b>12</b>	<b>ACLEDA Bank toward Sustainability Development</b>
13	ACLEDA Bank Sustainability Strategy
16	ESG Highlight
17	Sustainability Governance
18	Stakeholders
19	Materiality Assessment
<b>23</b>	<b>Environmental Aspect</b>
25	Climate Change Risk
33	Environmental Performance Indicators
<b>37</b>	<b>Social Aspect</b>
39	Safety & Working Environment
40	Fair Labour Practices
42	Community Participation and Social Engagement
48	Human Resources Development
50	Financial Inclusion and Literacy
55	Responsible Lending and ESG Integrating
57	Social Performance Indicators
<b>60</b>	<b>Governance Aspect</b>
61	Corporate Governance & Anti-Corruption
63	Business Ethics
65	Data Security & Customer Privacy
67	Risk Management
71	Product Development & Digital Innovation
<b>73</b>	<b>About This Report</b>

## MESSAGE FROM PRESIDENT & GROUP MANAGING DIRECTOR

|| ACLEDA Bank focus on achieving strong, sustainable financial returns, while respecting the environment and community within which we live. ||

**Dr. IN Channy**

President & Group Managing Director



Apart from the COVID-19 crisis, businesses and society are encountering critical challenges, including new technology disruption, global resource security, regulatory change, and particularly alarming impacts of climate change.

Over the past 30 years operation and as one of the leading financial institutions in Cambodia, we have aware of the important roles in supporting our clients and community by focusing not only on financial services and profit but also the business activities to our clients, society, and environment which are also important parts of sustainable development.

As stakeholders are increasingly valuing businesses' overall performance across key environmental, social, and governance (ESG) topics. We have also made changes to show our willingness to participate in this change and action on these topics. Therefore, we have evolved to expand the scope of our environmental and social reports to meet the needs of stakeholders. We are proud to present our sustainability report this year as it sets out our ESG process to ensure transparency, measurement and accountability to our stakeholders.

2023 has been a notable year for ACLEDA Bank's ESG and sustainability approach, while the Bank takes into accounts of our actions toward sustainability by working

toward to build our capability, develop an initial framework and strengthen our data integrity in this area in order to advance our own sustainability agenda because we do not only want to create a healthy planet, but also to ensure the accomplishment of our transition. Moreover, the Bank also enhanced our risk management framework and strategic planning with the integration of ESG to assess climate-related risks in our business activities.

Lastly, we would like to express our gratitude to shareholders, clients, and all stakeholders for their confidence and continued support for the Bank in creating value that will encourage inclusive and sustainable growth, allowing the Bank to achieve its goal to be "Cambodia's leading and the most trusted commercial bank".

**Dr. In Channy**

President & Group Managing Director  
ACLEDA BANK PLC.



# ABOUT ACLEDA BANK PLC.



## A. Identity of ACLEDA Bank Plc.

Entity Name in Khmer	<b>ធនាគារ អេស៊ីលីដា ភីអិលស៊ី</b>
In Latin	<b>ACLEDA BANK PLC.</b>
Standard Code	KH1000100003
Address	Building N° 61, Preah Monivong Blvd., Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Kingdom of Cambodia
Phone number	+855 (0)23 998 777 / 430 999
Fax	+855 (0)23 430 555
Website	www.acledabank.com.kh
Email	acledabank@acledabank.com.kh
Company registration number	00003077 dated 05 June 2000, issued by Ministry of Commerce
License number	C.B.06 dated 07 December 2023, issued by National Bank of Cambodia
Disclosure Document registration number	053/20 SECC/SSR dated 19 March 2020, issued by Securities and Exchange Committee of Cambodia (Currently known as the Securities and Exchange Regulator of Cambodia “SERC”)
Representative of the listed entity	<b>Dr. In Channy</b>

## B. Nature of Business

ACLEDA Bank is a commercial bank and first listed bank in Cambodia that has largest branch and office networks for offering a wide range of financial products and services to the customer such as credits, deposits, funds transfers, cash management, trade finance, ACLEDA card, credit and debit card, and digital services including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. Currently, it has 4 subsidiaries: (1) ACLEDA Bank Lao Ltd., (2) ACLEDA MFI Myanmar Co., Ltd., (3) ACLEDA Securities Plc., and (4) ACLEDA University of Business and 1 representative office in Myanmar.

ACLEDA Bank has 6 shareholders who hold at least 5% or more shares of outstanding equity securities including: (1) AFT, (2) SMBC, (3) COFIBRED (4) ORIX Corporation (5) Public Shareholders and (6) Shareholders Legalized from ASA, Plc.

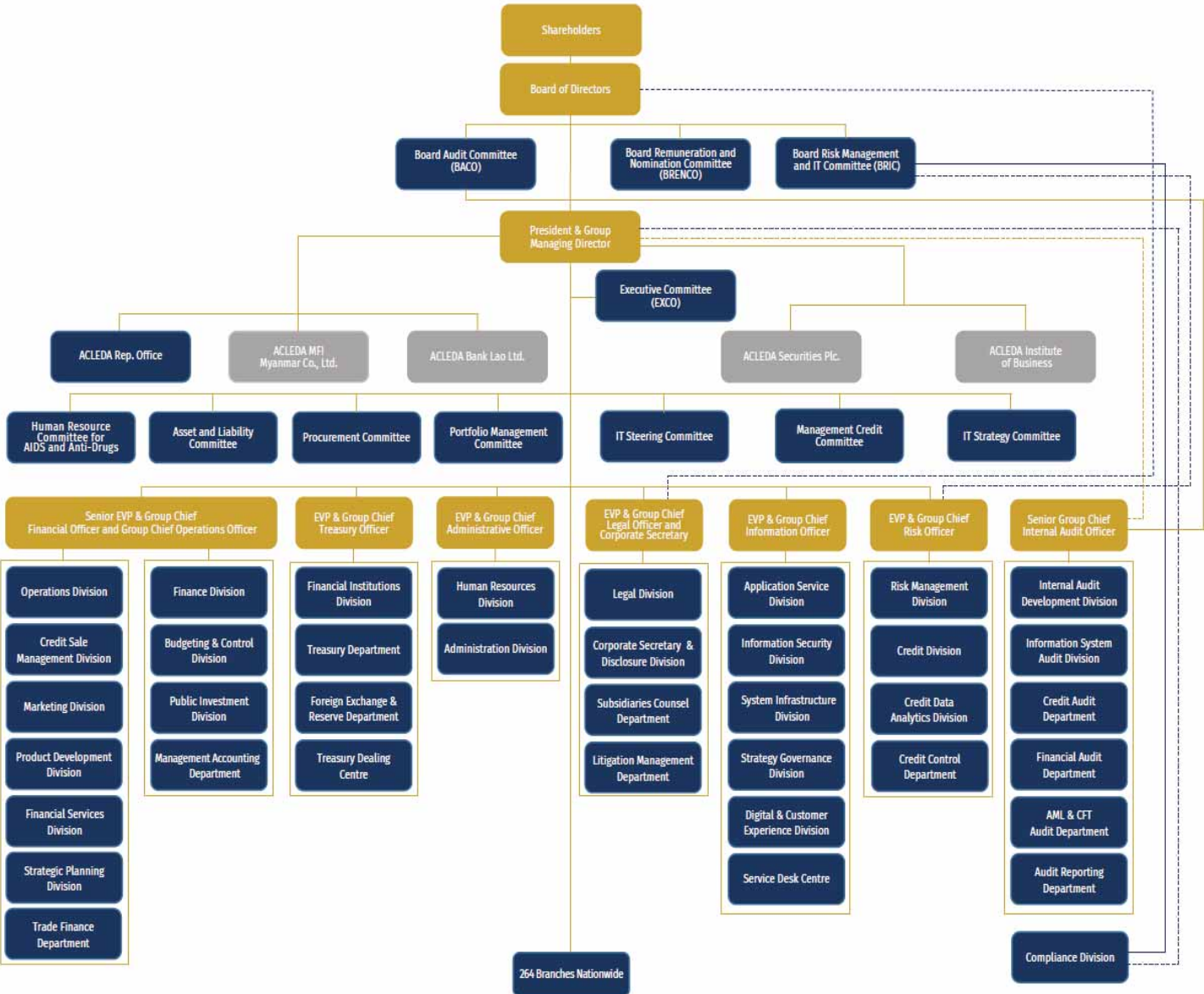
## Financial Highlights

Units in US\$ '000	31/12/19 Audited	31/12/20 Audited	31/12/21 Audited	31/12/22 Audited	31/12/23 Audited	Change (%)
<b>Consolidated Financial Highlights (CIFRS)</b>						
Assets	6,175,162	6,551,494	7,855,252	9,031,163	9,744,040	7.89%
Loans and Advances (net)	3,846,021	4,471,301	5,393,954	6,379,406	6,601,665	3.48%
Liabilities	5,210,700	5,461,868	6,650,217	7,714,515	8,362,020	8.39%
Deposits	4,367,898	4,611,296	5,716,020	6,388,991	7,227,813	13.13%
Share Capital	428,818	433,163	433,163	433,163	433,163	0.00%
Shareholders' Equity	964,462	1,089,626	1,199,042	1,310,588	1,375,999	4.99%
Gross Income	550,128	579,221	636,698	743,831	828,008	11.32%
Profit Before Income Tax	153,523	180,035	204,753	228,308	184,238	-19.30%
Net Profit After Tax	120,860	141,493	166,674	181,815	148,018	-18.59%
Earnings Per Share	0.29	0.33	0.39	0.42	0.34	-19.05%
Dividend Per Share	0.0763\$	0.0981\$	548.6405¢	685.8985¢	-	-

### Financial Highlights (CIFRS)

Assets	6,017,303	6,379,484	7,695,163	8,918,446	9,605,647	7.71%
Loans and Advances (net)	3,686,579	4,292,649	5,232,059	6,246,269	6,457,043	3.37%
Liabilities	5,045,025	5,285,458	6,486,071	7,587,359	8,213,001	8.25%
Deposits	4,256,424	4,477,033	5,582,534	6,280,045	7,101,695	13.08%
Share Capital	428,818	433,163	433,163	433,163	433,163	0.00%
Shareholders' Equity	972,279	1,094,026	1,209,092	1,331,086	1,392,646	4.62%
Gross Income	514,933	537,756	594,625	705,214	792,125	12.32%
Profit Before Income Tax	148,226	172,154	201,662	217,423	172,202	-20.80%
Net Profit After Tax	117,887	138,342	162,085	173,406	138,139	-20.34%

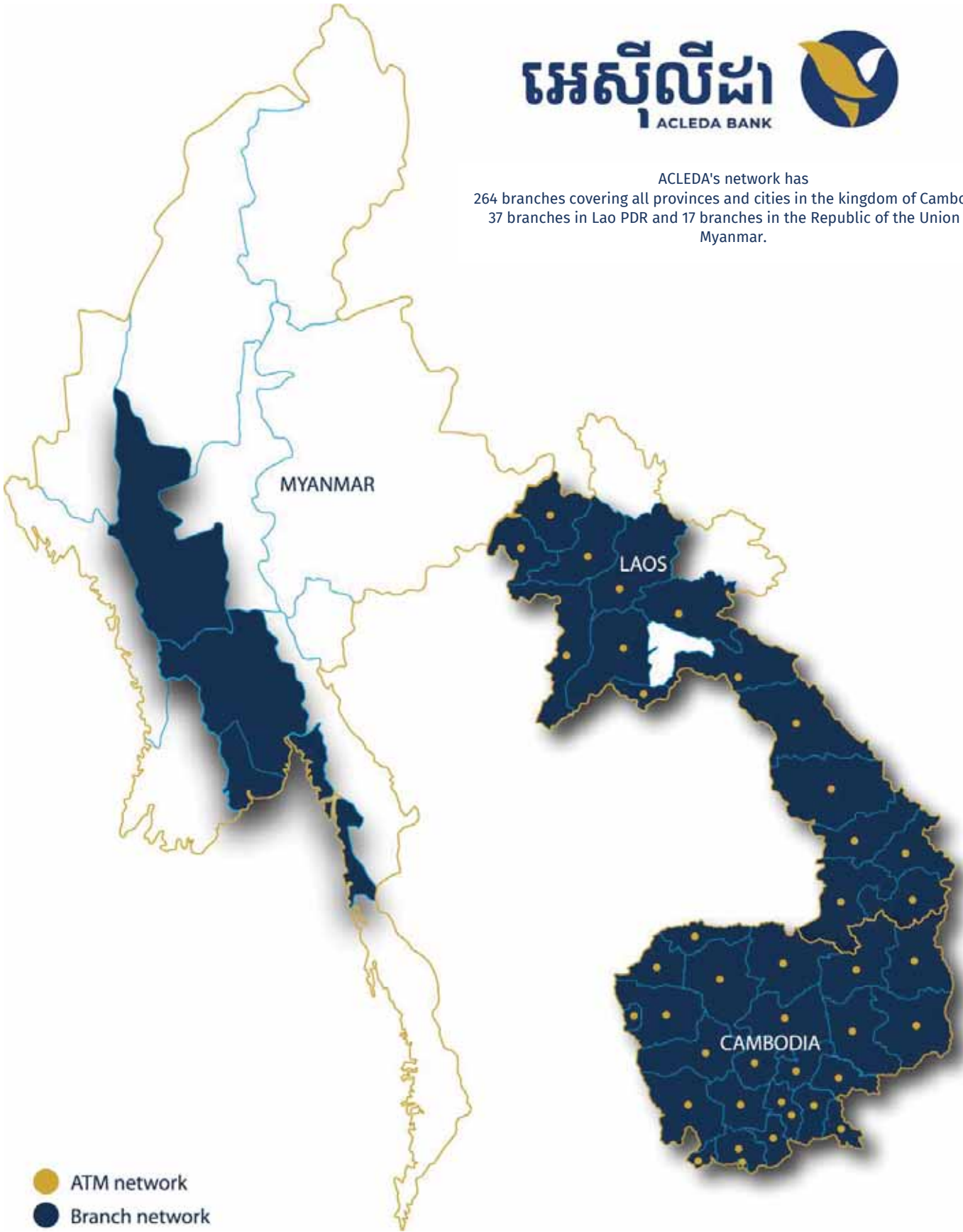
# Organizational Chart



# Branch Network



ACLEDA's network has 264 branches covering all provinces and cities in the kingdom of Cambodia. 37 branches in Lao PDR and 17 branches in the Republic of the Union of Myanmar.



## Products and Services

### Credit

- Small-Sized Enterprise Loan
- Medium-Sized Enterprise and Corporate Loan
- Overdraft
- Revolving Credit Line
- Trade Finance Facility
- Bank Guarantee Facility
- Personal Loan
- Car Loan
- Motorbike Loan
- Student Loan
- Housing Loan
- Home Improvement Loan
- Financial Lease

### Trade Finance

- Documentary Collection
- Letter of Credit (L/C)
- Bank Guarantee

### Deposits

- Savings Account
- Demand Deposit Account
- Current Account
- Term Deposit
- Euro Flex Account
- Securities Account
- Monk Account and Pagoda Fund Account
- Future Kid Account

### Cards

- Consumer Card
- ACLEDA Card
- VISA Debit/Credit Card
- Master Debit/ Credit Card
- Master Lady Debit/Credit Card
- JCB Debit Card
- UPI Debit Card

### Financial Health Check

### Corporate Agent Life Insurance Service

### Cash Management

- Bank Confirmation
- Cashier's Check
- Payroll Service
- Cash Collection Service
- Supplier Payment
- Cash Consolidation Accounts
- Standing Order / Direct Debit
- Foreign/Traveller Cheque Purchasing
- Tax Payment Service
- Forward Exchange Contract
- Bulk/Package Payment Service
- Foreign Exchange

### Funds Transfers

- Local Funds Transfers
- International Funds Transfers via SWIFT
- International Funds Transfers via Western Union
- International Funds Transfers via MoneyGram
- International Funds Transfers via Thune
- International Funds Transfers via Ria Money Transfer

### Digital Services

- ACLEDA Internet Bank
- ACLEDA mobile
- ACLEDA E-Commerce
- ACLEDA ATM
- ACLEDA POS
- Term Deposit Machine
- Virtual Teller Machine
- Pay Band
- Virtual Card
- Top Up Service
- Bill Payment
- Bank Service Order via Email/Fax
- Message Alert on Account Information.

### Securities & Trust Services

- Custody Services in the Securities Sector
- RTP Operation Service
- Government Bond Service
- Commercial Trust
- Social Trust
- Public Trust
- Individual Trust
- Financial Trust



## ACLEDA BANK TOWARD SUSTAINABILITY DEVELOPMENT

ACLEDA Bank conducts business in accordance with the principles of a sustainable bank that cover three areas: the economy, society, and environment. Since 2005, the Environment, Social, & Governance Policy has been developed and officially promulgated with the aims to provide a framework of guidelines, which could make the Bank operates in a sustainable manner by minimizing the impact on the environment, society and the community while it is reviewed annually. All business function units have implemented this policy in their day-to-day operations.

## ACLEDA Bank Sustainability Strategy

ACLEDA Bank focuses on achieving strong, sustainable financial returns while respecting the environmental protection, social responsibility, and robust governance. To achieve this objective, the Bank will strive to provide sustainable financial products, adhere to the highest principles of ethical behavior, respect for society, law and reduce the environmental footprints aiming toward sustainability development goals to improve the quality of lives.

### Our Sustainability Pillars



#### Environmental

Committed to minimize the negative environmental and climate change impacts from our operations and its associated partners' performance in order to support and pursue sustainable development goals



#### Social

Committed to promote an inclusive culture embracing not just only shareholders and staff, customers and business partners but also respect for the individual within our community.



#### Governance

Committed to integrity and fair dealing in all business activities in compliance with applicable laws and regulations and upholds the highest standard of corporate governance.

### Sustainability Actions

- Reduce carbon footprint in our operation to align with the Cambodia long term strategies in carbon neutrality.
- Encourage all level of employee to participate in activities that help reduce the impact on environment and climate change.
- Provide training and encourage all level of employee to participate in activities that help reduce the impact on environment and climate change.
- Respect human rights, diversity and gender equality.
- Provide a place to work with an environment and hygiene.
- Fair labor workforce.
- Provide financial inclusion and literacy to all segments of the community.
- Adhere to the code of conduct on lending guidelines.
- Avoid any activities that may lead to socially sensitive behavior and violate the regulation limit.
- Adhere to the best governance structure in business operations.
- Zero tolerance to any form of corruptions.
- Prioritize in digital transformation to enhance customer conveniences way in managing their banking needs, and reduce the cost of transaction.
- Protect customer assets & privacy with first class IT and security.
- Integrate ESG factor in business process.
- Transparent in disclosing both our financial and sustainability performance.



We committed to adhering to the Cambodian Sustainable Financial Principles by developing and integrating our sustainable finance approaches while also contributing to the best practice implementation in line with the United Nations Sustainable Development Goals (SDGs). Moreover, ACLEDA Bank will organize training and raise awareness of environmental, social and governance issues among our stakeholders in order to manage risks, promote capacity building, enhance the implementation of ESMS (Environmental and Social Management System), offer sustainable financial products, and use all possible means to minimize negative impacts in align with the international best practices or relevant standards.



## Cambodian Sustainable Finance Principles

### Protecting the Environment, our People and our cultural Heritage

- Principle 1. Assessing and managing environmental risk
- Principle 2. Assessing and managing social risk
- Principle 3. Assessing and managing risk to protect cultural heritage

### Financing the Future of Cambodia

- Principle 4. Raising financial literacy & customer protection
- Principle 5. Expanding access to finance
- Principle 6. Financing innovation with green finance

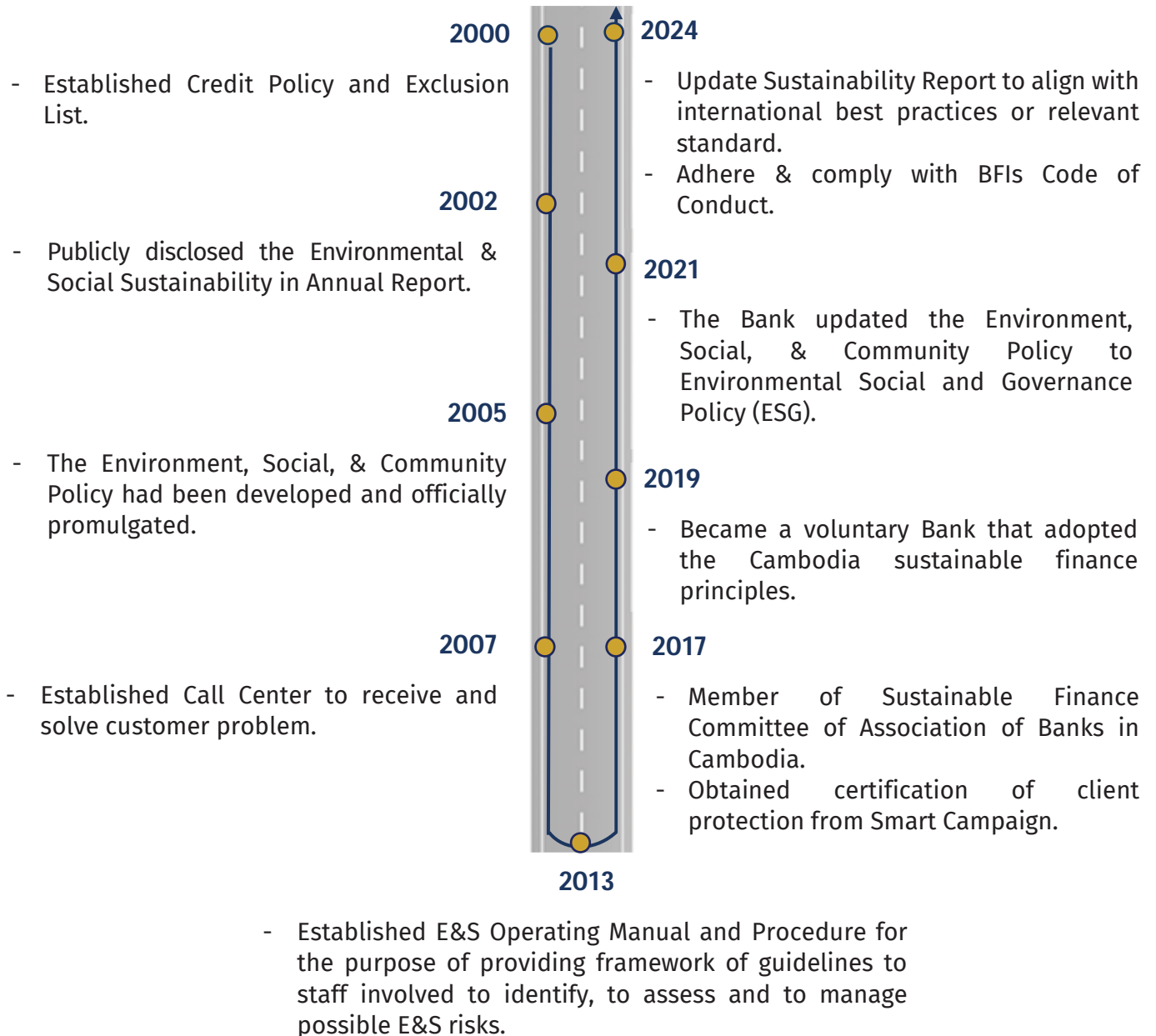
### Leading the Way

- Principle 7. Building capacity and raising awareness
- Principle 8. Managing our own footprints
- Principle 9. Reporting annually on progress against commitments

Note:

\* The 09 principles above are based on the Cambodia Sustainable Finance Principles, which officially launched in 2019.

## Timeline of our Sustainability Action



## ESG Highlights

### AWARD



Awarded by the SME Finance Forum as the GOLD winner in the "Best Financier for Women Entrepreneurs"



Asian Leadership Awards for the Bank with Leading Financial Inclusion Initiatives.

### ESG CREDIT INDICATORS



The rating outlook reflects the strength of the business network operations of ACLEDA Bank by maintaining sustainable development.



The Smart Campaign recognized ACLEDA Bank Plc. as Client Protection Certified for meeting strong standards of client care.

## Sustainability Governance

---

ACLEDA Bank recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, enhancing the efficiency of the Bank, creating shareholder value, and securing trust for all stakeholders including shareholders, customers, staff, and the public. The Board of Directors conduct risk management, culture, oversight by supporting and encouraging the adoption and implementation of good corporate governance policies, together with a code of conduct and business ethics. The Board of Directors is responsible for determining the strategy of the Bank and supervising the conduct of its business and affairs. Its members shall act in the best interests of the Bank. As proven of our responsibility towards the environment, society and governance, ACLEDA Bank's structure, policies and management with respect to ESG practices and climate-related risks and opportunities have been set up as part of the sustainability operational processes, as follows:

### Board of Directors

The Board of Directors approves business strategies, targets and policies that cover sustainable development operations. The Board of Directors also approves the risk management policies and frameworks as well as determine and oversee the management and monitoring of the Bank's material ESG factors and scopes that involve with opportunities and risks related to environmental, social and governance as well as the impact of climate-related risks. In addition, they also review and approve relevant disclosure.

### Board Risk Management and IT Committee (BRIC)

The Board Risk Management and IT Committee (BRIC) is accountable for monitoring the Bank's risk profile against the risk appetite and advises the Board on risk related matters, particularly review the potential risks in light of the high standards as set by the Board of Directors on the Environmental, Social, and Governance (ESG) aspects and climate-related risks. The committee hold the meeting quarterly to discuss the relevant risk & opportunities embedded in the daily operation.

### Executive Management Committee (EXCO)

The Executive Management Committee (EXCO) is responsible for recommending objectives and strategy for the group in the development of its business regarding the interests of its shareholders, customers, employees, and other stakeholders. Ensure the control, coordination, and monitoring within the group of risks and the provision of adequate management development within business divisions. They also oversee the management and monitoring of risk factors related to the environmental, social, and governance according to each business function.

### Credit Management Committee (MCC)

The Credit Management Committee has overall responsibility of the credit process, monitor that credit policies, credit operating manuals, procedures, or instructions are in place, up to date, appropriate to the business and consistent sound lending practice. Moreover, they also monitor portfolio quality, identify adverse trend to ensure that the Bank's portfolio has been align with sustainability plan well within the lending target and compliance with the regulatory framework as well as monitor problem exposures and take appropriate action.

## Stakeholders

# Our Stakeholders

Our stakeholders are including but not limited to shareholders, board of directors, customers, business partners/suppliers, communities, employees, and regulators.

We identified our stakeholders according to the relationships and the impact which may have on our operations. We believe that having good relationships and cooperation with our stakeholders are important for establishing and maintaining mutual values and interests. Stakeholder engagement is also a significant factor in evaluating the

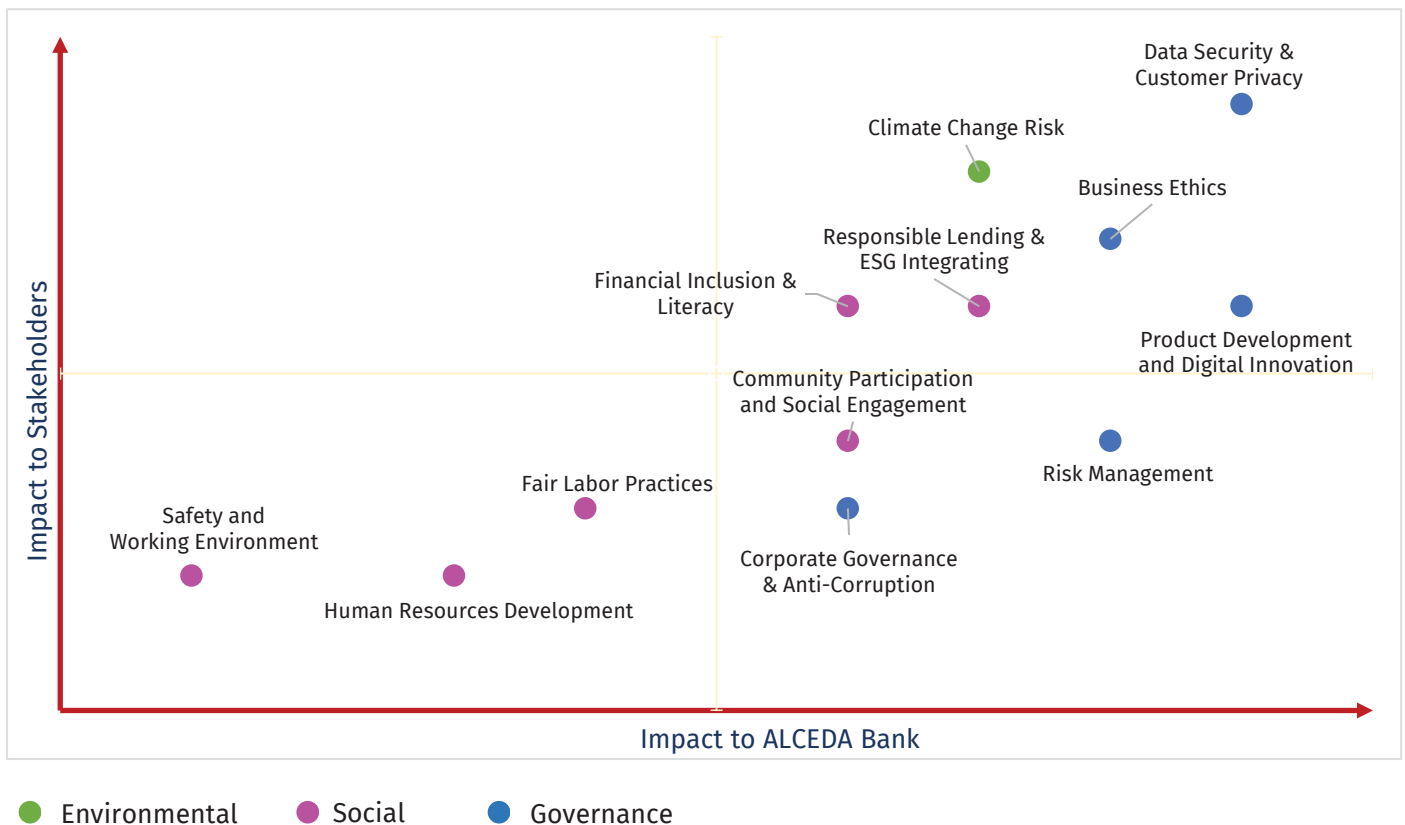
Key Stakeholder	Channel Engagement
Shareholders	Annual general meeting, annual report, sustainability report, ACLEDA Bank website and social media.
Board of Directors	Meeting discussion, annual report, sustainability report, ACLEDA Bank website and social media.
Employees	Internal communication channels, including email, video communication, face-to-face conversations between managers and team, regular team meeting, training and workshop.
Customers	Meetings (both formal and informal), surveys, website, social media page, call center, annual report, sustainability report.
Business Partners/Suppliers	Meetings (both formal and informal), surveys, and joint agreements.
Communities	Direct engagement within the communities in which we operate, through collaborations, partnerships, voluntaries, donations activities.
Regulators	Meetings, consultation and engagement, annual report.

## Materiality Assessment

A materiality assessment is a structured way to identify and prioritize the environmental, social, and governance (ESG) issues in which stakeholders care about, as well as what is important to the business. In order to identify the ESG factors which matter most to our business and to our stakeholders, the Bank conducts its material sustainability & climate-related issues by collecting, assessing, and benchmarking the national and global context/taxonomy such as regulatory, international framework, public/customer sentiment, and our internal policy. After identifying material topics, stakeholders' opinions and suggestions are also gathered in order to examine the connections between important issues connected to and resulted from the Group and the Bank's operations.

As a result, twelve materiality risk factors were identified, addressed, and prioritized based on their importance and effects on the operation of the Group and the Bank. Consequently, this report describes the Group and the Bank's performance in relation to the risk factors that have been identified with the goal to respond to the stakeholders' expectations regarding sustainability and climate-related issues.

The following is the material topics derived from the material matrix that reflect the Group and the Bank's current strategies, direction, and prioritization in integrating environmental, social, and governance considerations into business operations:



### How we determine our material factors







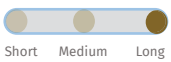






1. **Identification:** Review and identify material topics that may affect our strategy implementation. Through data collection, and benchmark from national and international sustainability standards, material related topics are identified. The UN SDGs also assess to evaluate how significant each of the 17 SDGs within the consolidated and entity level. From this, we identified ESG factors and trends that are relevant to both the group and the bank.
2. **Prioritization:** Prioritize these material aspects by considering on the information obtained from internal and external stakeholders, such as shareholders, customers, and employees through conducting surveys and questionnaires for analyze and review.
3. **Integration:** Issues that are material to value creation into our strategy were reviewed by senior management and responsible division. The final results are used as the basic information for the development of the sustainability action plan and the sustainability report 2023.
4. **Sustainability Report:** Disclose the voluntary information follow the content in the sustainability report.

### Detail materiality assessment factors

Material Factors	Stakeholders	ACLEDA Bank's Strategic	Impact	Contributed to the UN SDGs
Data security and customer privacy	<ul style="list-style-type: none"> <li>- Shareholders,</li> <li>- Board of Directors</li> <li>- Customers</li> <li>- Employees</li> <li>- Business Partners</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen internal capacity to protect customer data and privacy.</li> <li>- Build first-class IT services to support the Bank business.</li> </ul>		

<p>Climate change risk</p>	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Customers</li> <li>- Employees</li> <li>- Business Partners/Suppliers</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>- Identifying and managing our risks and opportunities in response to the impacts of climate change.</li> <li>- Collaborate with stakeholders to manage climate risk.</li> <li>- Raise Awareness regarding climate change.</li> </ul>		
<p>Business ethics</p>	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Customers</li> <li>- Employees</li> <li>- Business Partners/Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- Building and maintaining an ethical culture of integrity, transparency and accountability.</li> <li>- Training to avoid misconduct.</li> </ul>		
<p>Product development and digital innovation</p>	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Customers</li> <li>- Employees</li> <li>- Business Partners/Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- Innovating and transforming digital banking products to meet customers' demand.</li> </ul>		
<p>Responsible lending &amp; ESG integrating</p>	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Employees</li> <li>- Regulators</li> <li>- Communities</li> </ul>	<ul style="list-style-type: none"> <li>- Integrate ESG into credit process.</li> <li>- Enhance on ESMS implementation.</li> <li>- Train staff to identify and support sustainable finance.</li> </ul>		
<p>Financial inclusion and literacy</p>	<ul style="list-style-type: none"> <li>- Customers</li> <li>- Communities</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>- Make banking product and services more accessible and inclusive to all segment in the community.</li> <li>- Focus on digital marketing by offer educational resources to raise awareness about digital banking, and provided incentives to enhance the customer experience with digital services and products, retain their</li> </ul>		



		loyalty, and improve their financial literacy		
Risk management	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Board of Directors</li> <li>- Customers</li> <li>- Employees</li> <li>- Business Partners/Supplier</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen internal capacity to identify and management risk,</li> <li>- Strong risk management governance and transparency</li> </ul>		
Corporate governance & Anti-corruption	<ul style="list-style-type: none"> <li>- Shareholders,</li> <li>- Customers</li> <li>- Employees</li> <li>- Business Partners/Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- Maintain highest standards of governance and risk culture.</li> <li>- Adopt zero tolerance to bribery and corruption.</li> <li>- Always comply with banking regulation and supervision and on time reporting.</li> </ul>		
Community participation and social engagement	<ul style="list-style-type: none"> <li>- Employees</li> <li>- Communities</li> </ul>	<ul style="list-style-type: none"> <li>- Encourage social and community participation through voluntary activities.</li> </ul>		
Fair labor practices	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Board of Directors</li> <li>- Employees</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure fair treating to all employee.</li> <li>- Ensure equal opportunity to all employee through diverse backgrounds, age, genders.</li> </ul>		
Human resources development	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Board of Directors</li> <li>- Employees</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen capacity via training and career development.</li> <li>- Reskilling and upskilling development</li> </ul>		
Safety and working environment	<ul style="list-style-type: none"> <li>- Shareholders</li> <li>- Board of Directors</li> <li>- Employees</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure healthy, safety workplace and environmental around and well-being for all employees.</li> </ul>		

ACLEDA Bank will operate in a sustainable manner, minimizing the negative footprints on the environment through improving the practices of relevant frameworks and guidelines.

## ENVIRONMENTAL ASPECT







## Climate Change Risk

The climate change issue has raised concerns to the global communities and Cambodia due to its direct impact on economic development, business, ecosystems, biodiversity, and human health. Many countries around the world raise this issue and address it through both policies and institutional processes, despite it being an issue that the United Nations seeks to resolve by addressing through its sustainable development goals.

The Bank recognizes its own roles and responsibilities to protect and prosper the planet and acknowledges that the risks of climate change could pose a direct and indirect impact to the Bank's business operations and the country's economy as whole. As a responsible bank that takes environmental, social and governance issues into account, ACLEDA Bank is constantly developing indicators for measuring and reporting our performance and impacts on society and the environment.

### Management Approaches:



- ACLEDA's exclusion list is prohibited business activities that are important to assess clients' business activities on their impact on the environment.
- The Bank encourage green business by providing loans or financing, as part of promoting sustainable finance as well as managing climate change.

- ACLEDA Bank put in place the environmental, social and governance policy, environmental and social operating manual and procedure as framework and guideline for operating in a sustainable manner so that our impact on the environment, society and governance in which we operate is managed in a responsible way.



- Reduce our environmental footprints by promoting working processes and operations that reduce carbon emissions, such as digitalization which uses less resources and leaves fewer environmental footprints, including video conferences, digital approval, sensor equipment etc.
- Become a member of the Sustainable Finance Committee of the Association of Banks in Cambodia and became a voluntary bank that adopted the Cambodia Sustainable Finance Principles (CSFPs).
- Integrate Cambodia Sustainable Finance Principles and its implementation guidelines into our sustainable finance approaches, practices, and decision-making processes.

**យើងទាំងអស់គ្នាអាចចូលរួមជាមួយធនាគារ ដើម្បីកាត់បន្ថយផលប៉ះពាល់ទៅលើបរិស្ថាន តាមរយៈការអនុវត្តគោលការណ៍ 5Rs ។**



- Encourage all employees to participate in the implementation of the 5R principles of the Ministry of Environment aimed to optimize the reduction of plastic pollution.
- Promote awareness on appropriate electricity consumption, such as turning on and off lights, air conditioners, and other electrical appliances based on operational time.
- Encourage the use of environmentally friendly and renewable energy sources.
- Set out environment indicators as an essential tool for tracking our environmental performance.
- Put in place the Environmental and Social Management System (ESMS) and governance structure, policy, operating manuals, procedures and internal capacity resources to identify, manage, monitor and solve environmental risks posed by project/business operation being financed by the Bank.

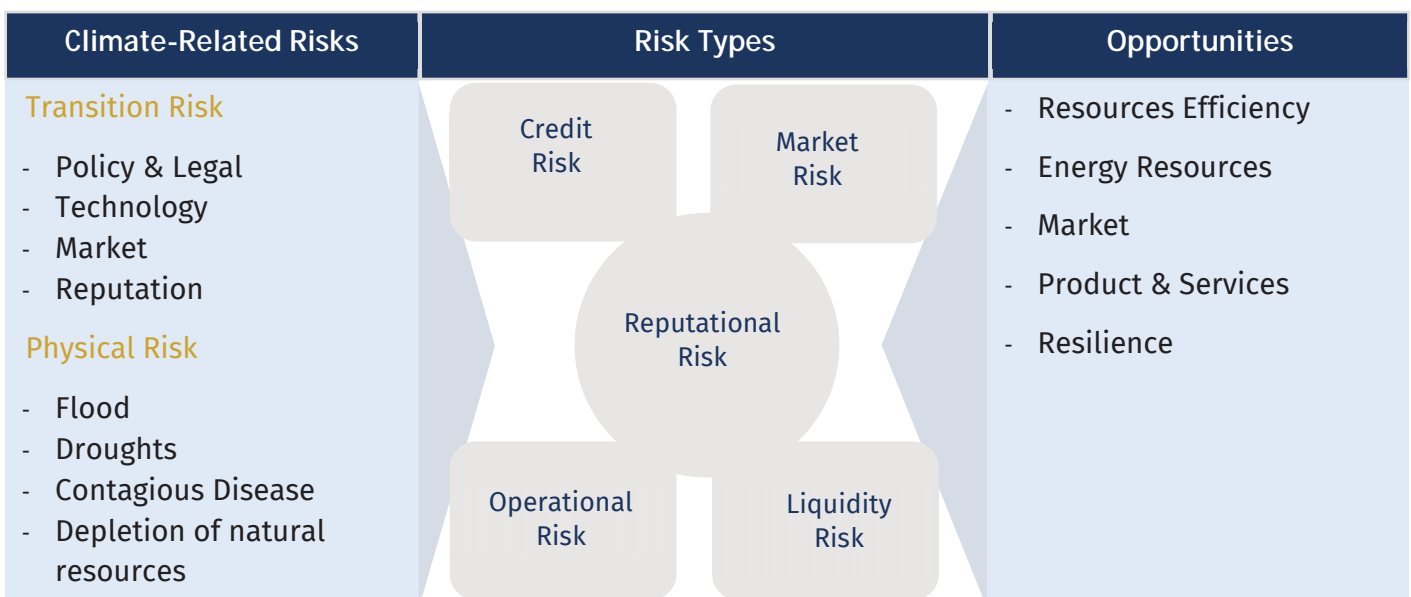
## Climate-Related Risk Assessment

The Bank conducts a climate-related risk assessment in order to identify external and internal risks and opportunities that have an impact on our management, and reflects the results in our business operations. It assesses not only the impact that sustainability and climate-related factors may have on the company, but also the impact that corporate business operations may have on economy, society and the environment.

### Identification of Climate-related Risks and Opportunities

Transition risks are risks arise from process of shifting towards a low-carbon economy including policy and legal, technology, market, reputational risks which could result in financial and non-financial impacts.

Physical risks are risk arise from climate change, it can be acute (driven by an event such as a flood or storm) or chronic (arising from longer-term shifts in climate patterns), which could result in increasing financial risks including damage to assets, interruption of operations, and disruption to supply chains.



## Climate-Related Risk

	Climate Related Risk	Risk	Impact on the Business
Transition Risks	Policy and Legal Risk	<ul style="list-style-type: none"> <li>- Non-compliance with laws or regulations</li> <li>- Enhance sustainability reporting obligation</li> <li>- Exposure to litigation</li> </ul>	<ul style="list-style-type: none"> <li>- Increase indirect operating cost</li> </ul>
	Market Risk	<ul style="list-style-type: none"> <li>- Changing consumer behaviors resulting in changes in demand and supply</li> <li>- Consumers considering environmental and global warming issue as another factor in their buying decisions</li> </ul>	<ul style="list-style-type: none"> <li>- Decrease asset value or asset useful life</li> <li>- Affecting sales of goods that cannot keep up with such trends, leading to financial problems</li> </ul>
	Technology Risk	<ul style="list-style-type: none"> <li>- Technology development in transition to low greenhouse gas emissions</li> <li>- Unsuccessful investment in new technology</li> <li>- Costs of transition to lower emission technology</li> </ul>	<ul style="list-style-type: none"> <li>- Costs to adopt/deploy new practices and process</li> <li>- Need more funds for research and development</li> </ul>
	Reputation Risk	<ul style="list-style-type: none"> <li>- Shift in consumer preferences</li> <li>- Increased stakeholder concern or negative stakeholder feedback</li> </ul>	<ul style="list-style-type: none"> <li>- Declining confidence of stakeholders</li> <li>- Reduction in capital availability</li> </ul>
Physical Risks	Acute	<ul style="list-style-type: none"> <li>- Increase extreme weather events such as droughts and floods that tend to occur more often and with increased severity</li> </ul>	<ul style="list-style-type: none"> <li>- Increase credit risk</li> <li>- Direct impact to assets, financials, earnings or reputation.</li> <li>- Business interruption</li> <li>- Increasing costs and expenditures for prevention of and recovery from impacts of natural disasters.</li> </ul>

	Chronic	<ul style="list-style-type: none"> <li>- Change in precipitation patterns and weather pattern</li> <li>- Rising mean temperature</li> <li>- Rising sea level</li> </ul>	<ul style="list-style-type: none"> <li>- Increase credit risk</li> <li>- Direct impact to assets, financials, earnings or reputation.</li> <li>- Decrease revenues from lower sale/output</li> <li>- Write-off and early retirement of existing assets (e.g. Damage property and assets)</li> </ul>
--	---------	---	---

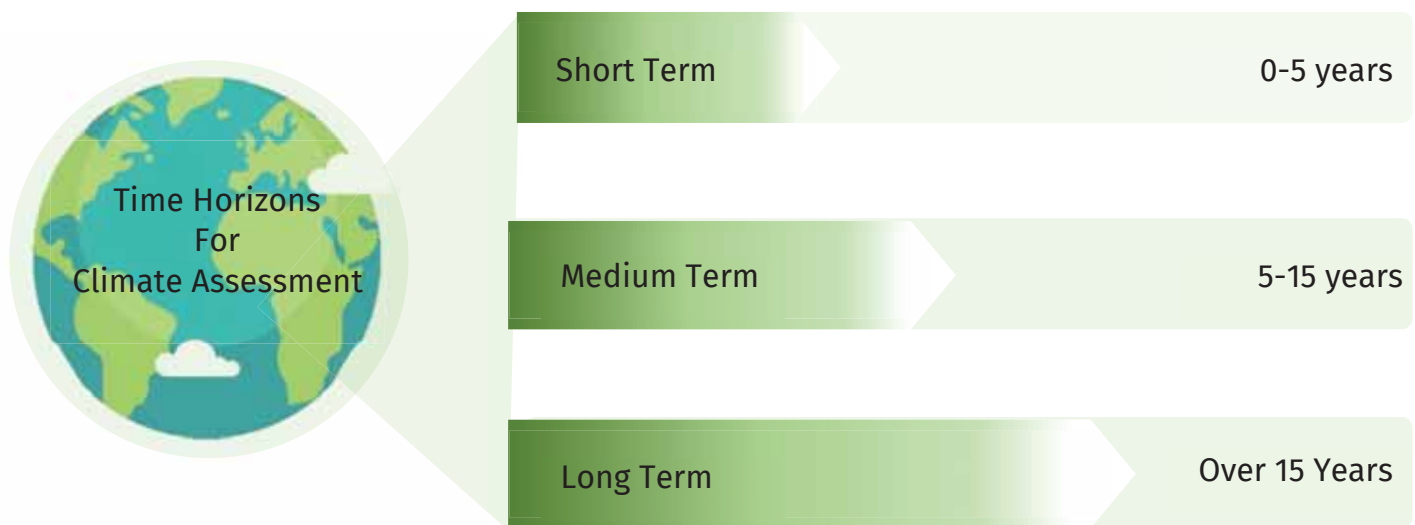
## Climate-Related Opportunity

Climate-Related Opportunity	Types of Opportunity	Opportunity on the Business
Resource Efficiency	<ul style="list-style-type: none"> <li>- Increase the use of energy and resource efficiency such as water recycling, energy-saving devices</li> <li>- Expansion of construction of green buildings</li> </ul>	<ul style="list-style-type: none"> <li>- Operating cost reduction through the enhancement in energy efficiency and minimize greenhouse gas emissions</li> <li>- Improvement on employees' quality of life and livelihoods</li> </ul>
Energy Resources	<ul style="list-style-type: none"> <li>- Increase in the use of green energy sources (renewable energy)</li> <li>- Expansion of low-carbon technologies</li> </ul>	
Products/Services	<ul style="list-style-type: none"> <li>- Increase in customer preference for green products</li> <li>- Development of green financial products and services</li> <li>- Development of products that can minimize impacts of climate changes</li> </ul>	<ul style="list-style-type: none"> <li>- Income generation from financial products and services in support of environmentally friendly businesses</li> <li>- Expansion of business opportunities</li> </ul>
Market	<ul style="list-style-type: none"> <li>- Diversify business portfolio</li> <li>- Creation of new market with products and services that are related to climate change</li> </ul>	
Resilience	<ul style="list-style-type: none"> <li>- Enhancement of energy efficiency/resource diversification</li> <li>- adaptation to climate change</li> </ul>	<ul style="list-style-type: none"> <li>- Review of business strategies to focus on management of the environment and climate conditions</li> <li>- Analysis of sustainability &amp; climate-related risks and business opportunities.</li> </ul>



## Climate Risk Analysis

Climate change not only poses risks to economic and financial stability, but also presents opportunities for growth. Analysis of climate risk helps the Bank better understand the risks and opportunities associated with climate change. The outcomes of these tests will assist us in developing preventive or corrective measures that will aid the Bank in addressing the risks posed by these climate-related risks.



- Short term (0 to 5 years):** the main risks are associated with transition to low carbon (e.g. changes in legislation and regulation, changes in technology). For instance, the capacity of the Bank and customers to achieve the transition to a low-carbon economy. ACLEDA Bank sees opportunities supporting our clients by financing to them and the potentially increasing our financing towards green industries (e.g. renewables energy).
- Medium term (5 to 15 years):** the risks stem from the fundamental change in business models, the emergence of new technologies, and ongoing regulatory updates which may increase risks from a physical perspective. Challenges will be presented by both physical and transition risks. Moreover, technology risks could advance if energy efficiency version is outdated.
- Long term (Over 15 years):** Physical risks are main challenges due to their effects on customers' business models and supply chains, and consequently on their capacity to mitigate and ensure that repayment capacity is not adversely affected. Numerous long-term analyses point to significant losses in the event of an uneven climate transition such as flood, drought, heatwave etc. while it brought huge impact to the client and the Bank's business.

For instance, climate change will influence food production via direct and indirect effects on crop growth processes while it is expected to damage key staple crop yields. Meanwhile, it would impact the Bank in the way of increased operating costs, credit risk, and business disruption etc.

## Climate Risk Management

Climate risk management is a key component of our overall response to climate change. The Bank has considered climate-related risk aspects within its analysis exercise, examples of the rising of global temperature and its impact as credit risk related to climate change which would affect our loan portfolios. We fully subscribe to international conventions which prohibit the provision of credit to, or otherwise support, any activities which might harm the environment, be morally repugnant or jeopardize human rights. Moreover, the Bank adopts preventive or corrective actions to mitigate these risks by integrating the ESG frameworks or policies into business and operational perspectives, particularly in the credit assessment to ensure that the Bank is equipped with the necessary strategies and mitigation plans to manage climate-related risks.

### E&S Management System:

- 1- Roles and Responsibilities: Separate roles and responsibilities as credit officer, Environment Unit, E&S Coordinator, E&S Manager.
- 2- Every loan is required to be screened against ACLEDA's Exclusion list, ACLEDA E&S Operating Manual and Procedure (ACLEDA E&S Performance Standards) and other requirements from lenders; and
- 3- E&S Teams: In case of the bigger size, E&S teams with support from E&S coordinator will conduct due diligence and make recommendation to E&S Manager then E&S Manager makes recommendation to Management Credit Committee for final decision.

### Loan Assessment:

- 1- Every loan is assessed and prepared by loan officer; and
- 2- Credit Analysis Officer independently verify and/or conduct separate analysis then recommend to approval authority for loan decision;
- 3- Approval Authority: Review and make final decision.

### Approval Authority:

Decentralized/delegated to management level based on experience, loan performance and loan size.

## ACLEDA Bank's Eligible Green Project Categories

Eligible Green Project Criteria	Subcategories
Renewable Energy	Finance the development, construction and operation of facilities that generate renewable energy including (i) solar energy including Concentrated Solar Power (CSP) and Photovoltaic (PV) projects, (ii) wind energy, (iii) biomass energy where the waste-based residue is from livestock, (iv) waste to energy where the majority of recyclables have been segregated before energy conversion i.e. waste prevention and recycling, (v) hydropower, and (vi) energy storage.
Green Buildings	Finance the acquisition, development, and construction of residential and commercial properties and logistics facilities or refurbishment/retrofit of existing buildings certified by a third party as green buildings Certification schemes eligible for the allocation of proceeds including LEED (Gold or above), BREEAM (Excellent or above), and EDGE (EDGE Certified or above).
Energy Efficiency	Finance the installation, operation, and support services to the energy conservation equipment, including, but not limited to LED lighting, efficient HVAC (heating, ventilating, and air conditioning), building insulation and energy demand control systems which improve energy efficiency.
Clean Transportation	Finance the clean energy vehicles as well as public transportation facilities including electric or hybrid vehicles (motorbikes, motor tricycles, and cars), electric vehicle re-charge station.
Sustainable Water and Wastewater Management	Finance the construction or operations of clean water treatment plants and water connections to home and finance the purchase and installation of products or technologies that reduce water consumption in office buildings including installation, operation and support services related to water, clean water and/or drinking water infrastructure construction and maintenances, waste water treatment, sewages and drainage systems. Finance the expenditures related to small scale dam/waterway and irrigation system.
Climate Change Adaptation	Finance the installation, operation, construction of flood and drought protection including building water reservations and big scale dam/waterway/ irrigation system. This big scale is required to have vulnerability assessment and adaptation plans in place.
Pollution Prevention and Control	Finance the waste collection and recycling facilities, including waste collection which supports source segregation of waste, waste collection vehicles which aligned with Clean Transportation category, mechanical recycling of waste, separating and recycling the waste into souvenirs/handicrafts. The recycling of e-waste and chemical recycling of waste are excluded.

## Environmental Performance Indicators

In order to establish baselines for the measurement of our efforts to reduce our environmental impact, ACLEDA Bank has established environmental key performance indicators (KPIs) as an essential tools for tracking environmental progress, supporting policy evaluation and informing the public. It will help the Bank manage and communicate the links between environmental and financial performance. The operating results have been monitored to attain the established objectives.

### GHG Emission



#### Scope 1

**2,963 Mt CO<sub>2</sub>e**

In 2023

ACLEDA Bank committed to minimize our carbon footprint in our business operations by maintaining the carbon emissions from the Bank's operations in 2024.

### GHG Emission



#### Scope 2

**20,755 Mt CO<sub>2</sub>e**

In 2023

### Our Short Term Target

**Reduce 4% Carbon Emission by 2025**

From baseline year 2023

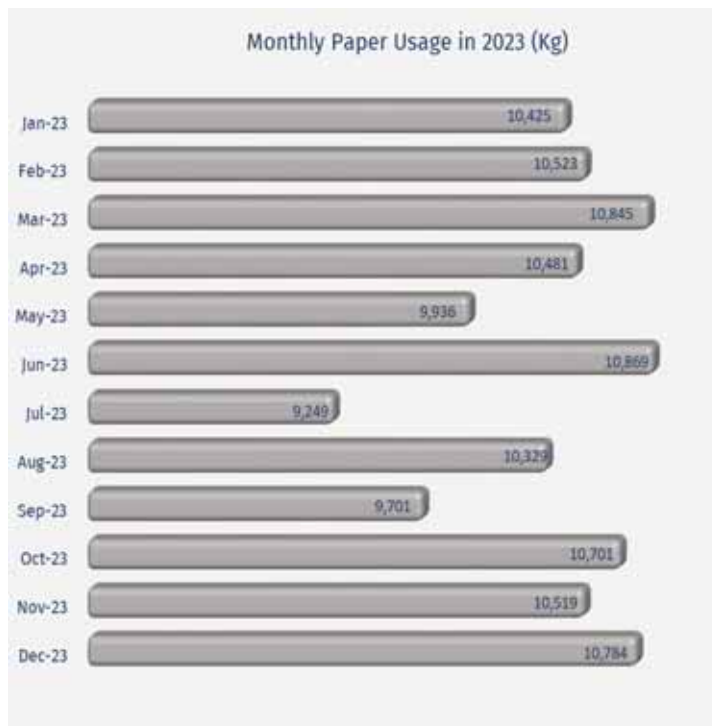
### ACLEDA Bank GHG Source

Scope	Item	ABC	ABL	AMM	AUB	DR. Site
Scope 01 Direct GHG emissions from organizational activities and operations						
	• Fuel Combustion from volume of gasoline or diesel consumption for Bank's generators	✓	✓	✓	✓	✓
	• Fuel Combustion from volume of gasoline or diesel consumption for Bank's vehicles	✓	✓	✓	✓	✗
Scope 02 Indirect GHG emissions from the generation of purchased energy consumption						
	• Purchased Electricity	✓	✓	✓	✓	✓
Scope 03 Other indirect GHG emissions						
	• Tap water withdrawn	✓	✓	✓	✓	✓
	• A4 paper consumption	✓	✓	✓	✓	✗

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



## Paper Usage



By establishing new platform of digital request, e-signature and e-stamp are used with the aim of reducing paper use from printing. As a result in 2023, the paper (A4) usage decreased to 124,360 kg (from 127,920 kg in 2022) of which by 2.55% per co-worker compared to 2022 as the Bank continue to strengthen the use of electronic data by using our system developed by the Bank's IT Divisions to send/receive internal information. Moreover, we committed to the print less action.

Meanwhile, in 2023 scrape paper recycle decreased by 20.00% per co-worker compared to 2022 due to the fact that most meeting /training were conducted by electronic/ online mean instead of onsite.

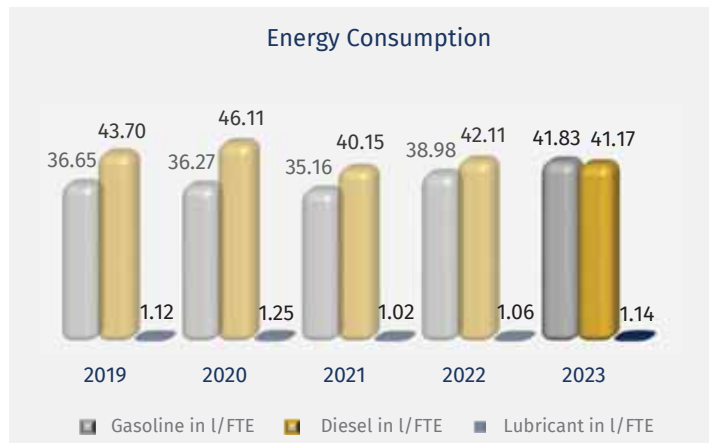
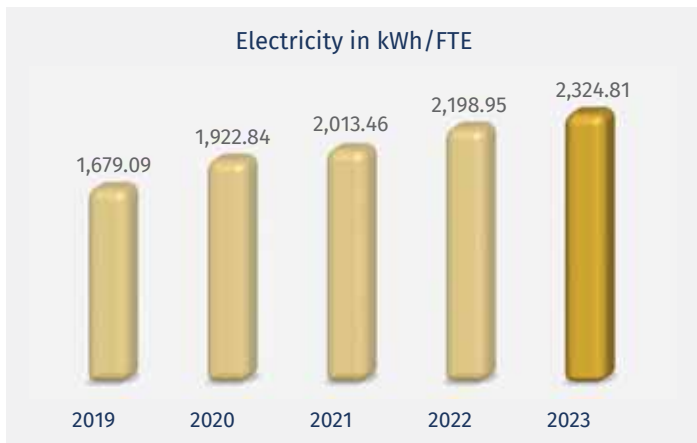
	2019	2020	2021	2022	2023	Target 2024
<b>Paper</b>						
Paper in kg/FTE	10.60	10.61	10.18	10.58	10.31	10.00
<b>Scrape Paper Recycled</b>						
Scrape paper in kg/FTE	1.03	1.23	2.06	1.80	1.44	1.30



## Energy & Fuel Consumption

In 2023, the electricity consumption per co-worker increased by 5.72% compared to 2022 due to the increasing in human resources and electronic equipment/devices to support daily work. Gasoline increased by 7.31% in 2023 and lubricants consumption increased by 7.55% due to the increasing in number of front office staff and vehicles for travelling. However, the use of diesel decreased by 2.23% per co-worker compared to 2022.

By all means, the Bank tries to raise awareness to all employees regarding energy conservation which hope to reduce emission in our operation.



	2019	2020	2021	2022	2023	Target 2024
<b>Energy</b>						
Electricity in kWh/FTE	1,679.09	1,922.84	2,013.46	2,198.95	2,324.81	2,100
Gasoline in l/FTE	36.65	36.27	35.16	38.98	41.83	38.06
Diesel in l/FTE	43.70	46.11	40.15	42.11	41.17	40.00
Lubricant in l/FTE	1.12	1.25	1.02	1.06	1.14	1.00



### Water consumption

Water consumption per co-worker decreased 6.95% in 2023 compared to 2022 due to the fact that the Bank keep pursuing a water conservation effort by installing advanced water-efficient technologies such as water sensor tap as well as monitor/ check to make sure there is no water supply pipe leaked, damaged and broke. Moreover, the Bank raise awareness and encourage all employees to save water by explaining and guiding on the impacts of wasting water to the environment.



	2019	2020	2021	2022	2023	Target 2024
<b>Tap Water Consumption</b>						
Water in m <sup>3</sup> /FTE	28.21	20.42	22.19	18.70	17.40	17.00



## Business Travel



In 2023, the total distance travelled by car decreased by 0.07%, while motorcycle travel increased by 24.33% compared to 2022 due to the economic resumption and the increased travelling for onsite client visit.

	2019	2020	2021	2022	2023
<b>Business Travel</b>					
By car in km/FTE	514.54	565.59	367.29	574.28	573.90
By motorcycle in km/FTE	1,838.73	1,845.04	1,705.52	1,979.70	2,461.44



## Emission of CO<sub>2</sub>

	2019	2020	2021	2022	2023
Scope 01 (Mt-CO <sub>2</sub> e)	2,484	2,550	2,339	2,521	2,963
Scope 02 (Mt-CO <sub>2</sub> e)	12,590	14,406	15,189	16,641	20,755
Full Time Employee (FTE)	11,984	11,975	12,057	12,095	12,067

- Note:
- ACLEDA Bank Plc. (ABC), ACLEDA Bank Lao Ltd. (ABL), ACLEDA MFI Myanmar Co.,Ltd. (AMM), ACLEDA University of Business (AUB).
  - For CO<sub>2</sub> emissions scope 01 and scope 02 from 2019 to 2022 are for ABC only, and 2023 are for the group.
  - The emission factor for purchased electricity has been changed in accordance with the grid emission factor of the Ministry of Environment.
  - For paper usage, energy consumption, water withdrawn, business travel are for ABC only. There was no disclosure about renewable energy consumption/production, solid waste, and wastewater recycling because the Bank considered such information not material and non-availability of data and resources.

ACLEDA Bank will honour the society in which we operate and will actively work to promote an inclusive culture embracing not just shareholders and staff, customers and business partners but respect for the individual within our community.

## SOCIAL ASPECT





ACLEDA Bank will honor the society in which we operate and will actively work to promote an inclusive culture embracing not just shareholders and staff, customers and business partners. The Bank will observe a policy of equal opportunity towards all members of society. In particular, the Bank commit to:

- Prohibit financing or any other support for activities involving harmful or exploitative forms of forced labour or child labour or discrimination.
- Providing appropriate products and services which are carefully selected, accessible, educable and developed for the particular needs to improve financial literacy and financial inclusion in Cambodian society;
- Careful in lending to subprime customers by adhere to best practice of client protection;
- Participate in programs to educate the public in financial matters so that they can manage their resources more effectively, improve their business skills and be better equipped to qualify for bank finance;
- Maintain our focus on providing financial services to the lower segment of society to provide them with the wherewithal to improve the quality of their lives;
- Increasing outreach, opening up banking services to new communities in new locations by expanding our network in the provinces and extending online banking services to mobilize savings;
- Promote career opportunities for women, within the reasonable constraints of the job requirements, so as to ensure an appropriate gender balance;
- Promote the best working environment for all employees and protecting the common interests of employee and community through improving the implementation of guidelines on labour, human resource management, occupational health, safety and security for both employees and communities.
- Support generous social welfare or pension schemes.
- Compliance with tax regimes where the Bank and subsidiaries operate.
- Encourage young generation to attend high education by giving them the chance for better lives.



## Safety & Working Environment

The Bank pledged to offer a secure and healthy working environment so that our employees can give their best work. We believe that taking care of their well-being also enables us to increase our productivity level, motivate our efforts, and maintain our skills for long-term growth. Over the previous years, the Bank strictly focused on prevention and control of the spread of COVID-19 in the area of the Bank in accordance with the Ministry of Health.

### Management Approaches:

- In order to support and maintain the health and working environment of our employees, the Bank promulgated guidelines and procedures such as Guideline and Procedure on Occupational risk, Guideline of Tidiness and Sanitation, Operating Manual on Office Safety Management, and Welfare Operating Manual.
- Establish a Disaster Management Committee aimed to reduce the occurrence of disasters and to reduce the impact of those that cannot be prevented.
- Put in place the procedures for the evacuation of employees from the office in the event of a fire in the office.
- Regularly conduct air quality assessment in the Bank's buildings to ensure the good environment for all staff.

#### Office –Indoor Temperature

Range from

**24 °C -26 °C**

#### Workplace Light Intensity

Range from

**300 lux – 500 lux**



- Ensure that lighting in the workplace is adequate and appropriate for operations in compliance with related regulatory requirements.
- Provide a health insurance coverage so that employees feel confident in safety and have lower healthcare expenses.
- To ensure the well-being of the employee, the Bank equipped water purifiers for use in all offices.
- Arrange health care consultants, one doctor and two nurses for employees to conveniently consult and interact with doctor via direct and call or telegram. Moreover, we prepared rest room for employees to relax when they feel unwell. Healthy and safe work practices are part of the training provided to all employees under the doctor's supervision.



## Fair Labour Practices

The Bank adhere a policy of equality in all dealings with the public in general and customers and staff alike. We are aware that appropriately managing and respecting human rights and treating employees fairly would promote business growth while also enhance the organization's competitiveness and fostering sustainable growth.

### Management Approaches:

- The Bank have promulgated the policies and procedure such as Collective Labor Agreement, Policy on HIV/AIDS, Human Resources Management Operating Manual, Operating Manual of Salary and Other Fringe Benefits, Performance Appraisal Operating Manual, and guidelines for effective implementation.
- Implement practical measures such as training interviewers on recruitment procedures and the non-discriminatory recruitment process and disseminating to managers and staffs on relevant laws and regulations.
- Promote career opportunities for women ensuring equal representation of women in the workplace.



### Promoting Gender Diversity

As of December 2023,

**4,711**

Female Staff

**Equaled 39.11%**

Total Staff

### Ensuring equal opportunity



- Promulgate the Rights of People with Disabilities Operating Manual to ensure the equal opportunities and treatment for disabled employees and career opportunity based on their job roles without discrimination.
- We strongly believe that providing employment opportunities is a means of advancing social equality and inclusivity. ACLEDA Bank offered employment to 2,897 disabled people nationwide in 2023.

Note: Criteria for disabled employees based on the Ministry of Social Affairs, Veterans and Youth Rehabilitation.



- Employee career development and management on compensation and benefits with fairness, transparency and non-conflict of interest which aim to encourage and motivate all workers to increase their capacity through knowledge, skills and experience in the job role.

- The staff is represented by a self-elected Staff Representative Committee, which excludes management, as a spokesperson to inform the employer of the grievances of individual or collective workers who are dissatisfied with the implementation of wages, performance of work, general rules of employment and collective agreements for implementation and propose all measures that are useful to contribute to the protection of health, improve security and working conditions of employees.

Classification of Employees by Age



Classification of Employees by Gender

	Male	Female
- Top managers	62.50%	37.50%
- Middle Managers	83.77%	16.23%
- First Line Managers	65.76%	34.24%
- Staff	59.29%	40.71%



## Community Participation & Social Engagement

ACLEDA recognizes that playing our part as good citizens in the community in which we abide is vital to our mutual interests and prosperity. Social and community engagement are critical in creating a vibrant, diverse, and resilient society. It provides a foundation for individuals to develop a strong social bonds and feel a sense of belonging. Actively engaging in the communities of the Bank not only benefit society but also increasing social support, improving mental well-being, and gaining a better understanding of the community's challenges and opportunities.

### Management Approaches:

- Encourage social responsibility among employees, including volunteerism and community involvement.
- Collaborate with public, private and civil society such as the Cambodian Red Cross, Kantha Bopha Foundation, Samdech Techo Voluntary Youth Doctor Association (TYDA), National Blood Transfusion Center, Cambodia Football Federation, and Association of Banks in Cambodia to promote quality of lives and overall well-being.

The social and humanitarian activities that ACLEDA Bank Plc. contributed in 2023:

### Charity

- Donation KHR800,000,000 to the Cambodian Red Cross on their 160<sup>th</sup> anniversary of World Red Cross Day on May 8<sup>th</sup>, 2023.
- Donation to the Ministry of Information to support Kantha Bopha and Krousar Thmey Foundations, a social affair and humanitarian activities, and to contribute with the Royal Government in socio-economic development and poverty alleviation.
- Donation to the Airavata Elephant Foundation to support their program "5<sup>th</sup> Annual Fundraising Gala Dinner".



## Education



- Sponsorship of the "Financial Technology Awareness Program" organized by Rithipul.
- Donation to the Ministry of Education, Youth and Sport to support their program "Our Business" for 2023.
- Donation US\$300,000 to build a new school building and meeting hall of the Preah Sihanouk Raja Buddhist University Phnom Penh.
- Sponsorship to the 20<sup>th</sup> Anniversary Celebration of Western International School.
- Silver sponsorship of the RULE's Education Fair 2023.

## Health

- Donation to the Samdech Techo Voluntary Youth Doctor Association (TYDA) to provide free health care services to Cambodian people nationwide.
- Sponsorship of the Road to Give 2023.
- Gold sponsorship of the Sunrise Japan Hospital Phnom Penh's 7<sup>th</sup> anniversary celebration.
- Sponsorship of the "1<sup>st</sup> Areyksat Fun Run" organized by Khmer Amateur Athletics Federation.
- Silver sponsorship to the Thansur Sokha Hotel to support their program "The 8<sup>th</sup> Bokor Cycling Tour and Half Marathon for Kantha Bopha Children's Hospital" on October 28<sup>th</sup>-29<sup>th</sup>, 2023.
- Sponsorship to the National Social Security Fund (NSSF) to support their program "NSSF Members Pageant 2023".



- In 2023, ACLEDA Bank organized two blood donation events in order to help patients in emergency situations. Over 1,400 ACLEDA Bank's management & staff nationwide voluntarily participated in the blood donation to the National Blood Transfusion Center to rescue all patients who need the blood transfusions in March and December, 2023.



## Sport



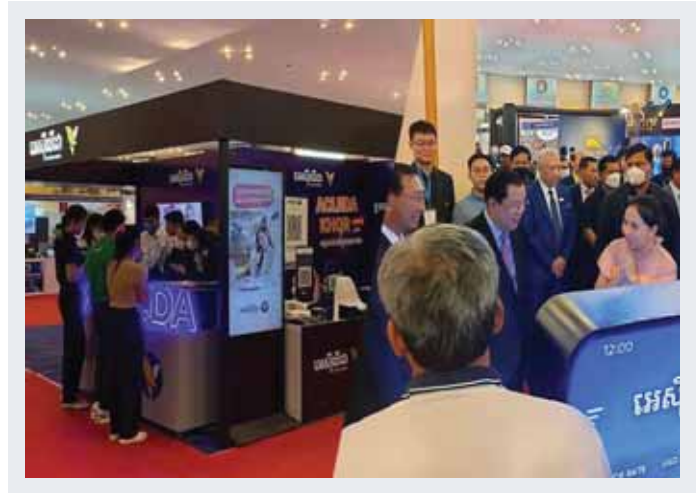
- Sponsorship of the "Paddy Field Half Marathon" event.
- Sponsorship to the Football Federation of Cambodia (FFC) in order to take part in supporting and developing football in Cambodia.
- Diamond sponsorship to the Association of Banks in Cambodia to support their program "Bankers' Cycling 2023 to Promote Khmer Riel and Sustainability of Banking Sector in Cambodia" held on October 29<sup>th</sup>, 2023 in Krong Preah Sihanouk.
- Sponsorship of the "CSX FUN RUN 2023" organized by Cambodia Securities Exchange to support sports and the Cambodia Kantha Bopha Foundation.

## Culture & Traditional

- Sponsorship of the "3<sup>rd</sup> Thanks Angkor" event organized by APSARA National Authority on December 7<sup>th</sup>, 2023.

## Sponsor Events

- Sponsorship to the National Social Security Fund (NSSF) to support their program "NSSF Members Pageant 2023".
- Silver sponsorship of the National Science, Technology, & Innovation Day 2023 organized by the Ministry of Industry, Science, Technology & Innovation at Koh Pich Convention & Exhibition Center.
- Gold sponsorship of the CWEA Expo 2023 organized by the Cambodia Women Entrepreneurs Association in Olympia Mall on March 29<sup>th</sup>-30<sup>th</sup>-31<sup>st</sup>, 2023.



- Premium sponsorship to the National Bank of Cambodia to support the 43<sup>rd</sup> Anniversary of the Reintroduction of Riel.
- Sponsorship of the "Plate Number Exhibition 2023" organized by the Ministry of Public Works and Transport.
- Gold sponsorship of "The First Trust Forum 2023: Regulatory Frameworks, Best Practices, and Opportunities" organized by Trust Regulator.
- Silver sponsorship of the "7<sup>th</sup> River Festival 2023" under the theme "Our River for Now and Next" organized by Ministry of Tourism.



- Gold sponsorship of "The First Economic Forum 2023" organized by Cambodia Economic Youth Association.
- Participation in the inauguration ceremony of the new headquarters of the National Social Security Fund (NSSF).



- Sponsorship to the National Bank of Cambodia to support their program "ASEAN Savings Day" on October 31<sup>st</sup>, 2023.
- Silver sponsorship of the 10th Sea Festival under the theme of "Together For Tourism", held on December 01<sup>st</sup> - 02<sup>nd</sup> -03<sup>rd</sup>, 2023 in Kep Province.

- Sponsorship of the "Cambodia Stock Market Exhibition (My First Stock)" organized by Cambodia Securities Exchange (CSX) on November 16<sup>th</sup>-19<sup>th</sup>, 2023
- Sponsorship to the Institute of Banking & Finance to support their program "Jobs & Skills Summit 2023" held on September 29<sup>th</sup>-30<sup>th</sup>, 2023.
- Diamond sponsorship of the "Cambodia Banking Conference 2023" organized by the Association of Banks in Cambodia.
- Sponsorship of the National Career and Productivity Fair 2023 on November 10<sup>th</sup>-11<sup>th</sup>, 2023.
- Gold sponsorship of the Cambodia Women Entrepreneur's Day under the topic: "The Challenges of Taxation on Women Entrepreneurs and Future Outlook".
- Sponsorship of the "CamTech Summit 2023" on November 30<sup>th</sup>, 2023.



As part of economic and society contribution, ACLEDA Bank complying with laws and regulations across the countries and territories in which we operate. ACLEDA file our tax returns accurately and in a timely manner, and fulfill our tax obligations appropriately. In 2022, the Bank received the "Gold" Certificate of Tax Compliance validity for a 2-year period 2022 and 2023 from the General Department of Taxation for complying with applicable laws and regulations on tax payment.

### Tax Paid Report

In the interests of fiscal transparency, we are pleased to publish our consolidated tax paid report in the table below:

Unit in US\$	2019	2020	2021	2022	2023	Total*
Patent tax	19,130	19,576	18,942	18,900	18,762	247,727
Signboard tax	64,096	83,562	49,965	54,709	89,120	993,445
Transportation tax	33,643	20,753	43,134	54,966	57,167	507,220
Property tax	7,673	7,636	7,683	9,545	22,616	159,571
Value Added Tax	5,749	22,181	195,574	557,516	775,588	1,566,163
Prepayment of profit tax	5,122,833	5,298,199	-	-	6,835,097	49,103,860
Profit tax	11,923,464	28,645,171	26,673,600	34,743,690	34,934,217	305,116,846
WHT-Salary	5,163,212	6,497,199	7,223,313	9,507,189	13,469,471	83,128,122
WHT-Saving Deposits	169,667	160,417	200,324	447,035	1,029,332	4,012,182
WHT-Fixed Deposits	4,758,442	5,129,096	6,310,737	7,873,068	11,651,275	61,733,745
WHT-Asset Rental	1,049,504	1,036,530	1,140,932	1,215,754	1,232,716	13,892,948
WHT-Local Services	335,193	298,033	256,376	328,028	329,739	4,992,456
WHT-Overseas Services	5,865,202	6,519,072	2,937,694	4,259,693	10,394,782	62,936,941
<b>Total Paid</b>	<b>34,517,809</b>	<b>53,737,423</b>	<b>45,058,275</b>	<b>59,070,093</b>	<b>80,839,881</b>	<b>588,391,226</b>
Accumulated amount* (Year to date)	349,685,554	403,422,977	448,481,251	507,551,345	588,391,226	

\*Total and Accumulated Amount from year 2000.



Contributed to UN SDGs

## Human Resources Development

With the rapid development of the financial services industry, which is shifting to the digital economy, the Bank is aware that if employee's knowledge falls behind such rapid development and customer expectations, they may not be supported to work effectively. The Bank is committed to improving the skills of its employees by expanding the scope of technical development and knowledge so that they can maintain work efficiency and competitive opportunities.

### Management Approaches:

- ACLEDA Bank put in place the Employee Training and Development Operating Manual in order to strengthen the development of knowledge and skills and improve the attitude of ACLEDA's employees so that they can perform their work effectively.
- Promulgate the Learning Support Operating Manual and Procedure as a guideline to implement and support to enhance the professional capacity to keep up with the Bank's development and growth as well as to maintain the advantage over competition, which is an important strategy for managing and encouraging.
- ACLEDA Bank offer many opportunities for learning by training through combinations of rank-based and business-related training programs.
- In 2023, the Bank reassessed its training programs for employees and management positions. We will actively encourage employees to improve their skills through training seminars and enhance the training's curriculum in accordance with ACLEDA's management strategy.

In 2023, the bank has invested and spent on staff training amount

**US\$ 3,171,586**



Average Training Hours per Employee

**25.3 Hours**

The Bank raises awareness of environmental, social and governance to all management and staff via e-learning.

**11,248 Participations**



Employees availed further education support

**2,364 Employees**

- Candidates that are selected to join ACLEDA Bank are formally trained by ACLEDA Bank to enhance their skills, knowledge, and attitudes in order to integrate them into the work culture of the Bank and make them feel happy at work and able to work more efficiently.
- ACLEDA Bank promulgate the operating manual and procedure on internship aimed to provide opportunities and facilitate internship applications of both local and international students at ACLEDA Bank Plc. and subsidiaries.

In 2023, the ACLEDA Bank conduct new recruits training program to

**607** employees

Internship students at ACLEDA Bank

**520** Students



ACLEDA Bank works to increase employee engagement in the area through organizational management strategies and initiatives that aim to promote and integrate risk culture into daily operations. The Bank specify five areas with significance to the Bank's operations as mandatory courses via e-learning for all staff.



Code of Conduct



Conflict of Interest



AML-CFT Knowledge



Whistleblowers Protection



Bank Risk Management



## Financial Inclusion & Literacy

With its reputation of offering superior banking services, ACLEDA Bank offers a comprehensive suite of financial services such as credits, deposits, funds transfers, cash management, trade finance, ACLEDA card, credit and debit card, and digital services including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. With the supported of its digital infrastructure and physical offices, the Bank is efficiently reaching out to assist farmers to manage their farmland or provide working capital for SMEs. By narrowing the financing gap, over four million Cambodians today have access to ACLEDA Bank's services as it is in the forefront driving financial inclusion in the Kingdom.

### Management Approaches:

In the near future, ACLEDA Bank will be seen as a digital bank with a sophisticated data lakehouse providing quality, security, and trust. While enabling clients to access financial services, the Bank actively promotes innovations in financial products and services that are suitable for customers in all segments. These initiatives not only help to provide funding sources for their business operations but also help to improve their quality of life, job creation, and the economy as a whole. The following are notable performances that occurred in 2023:



“ The Bank has worked closely with SMEs and provided them with a wide range of financial products, in particular a convenient and safe EBS and digital services to meet their needs. Moreover, ACLEDA Bank has mostly financed SMEs to take part in the sustainable development of SMEs at large. ”



In 2023, the Bank provide loan to

**298,606** SME customers

Amount of **US\$ 5,204.23** million

(80.43%) of total loan.

The Bank commits to create better and more appropriate financial access channels for all segments of the community by leveraging innovations and technologies that promote efficiency and improve financial access anywhere, anytime.



## Loan to Agriculture

**174,190**

Customers

**US\$ 1,370.05**

Million

The Bank promotes sustainable economic growth and job creation by providing financial access to all segments of the community, including agriculture, housing, student, and personal loans.

### Loan to First Home Buyer/Affordable Home

**4,799**

Customers

**US\$ 151.71**

million

### Staff Loan & Staff Housing Loan

**10,171**

Customers

**US\$ 324.84**

million

### Loan to Women

**220,716**

Customers

**US\$ 3,151.14**

million

### Loan to Personal

**81,752**

Customers

**US\$ 440.96**

million

In order to promote economic growth, inclusion, and decent work for all by 2023, the Bank provided loan to 280,187 small business customers with the amount of US\$ 2,868.65 million equivalent to 44.34% of total loan portfolio.

The Bank maintains a diversified infrastructure of choices with 264 traditional branches (or offices), and 177 self-service banking with 1,393 ATMs and 4,728 POS terminals.

**4,550,582**

Deposit Accounts

**US\$7,101.69 million**

Deposit Balance



- Developed diverse financial products, while more convenient channels have been offered for customers' access to our various financial services.

- In 2023, ACLEDA Bank and the Japan-Cambodia Association (JCA) organized a business match between Cambodian and Japanese investors to exchange knowledge on financial management, technical knowledge and key innovations for Cambodian businesses and Japanese investors. In addition, this program can promote local and international business opportunities for all investors.
- At the end of 2023, we conducted an annual survey on our small-sized and medium-sized enterprise loan customers' living standards that get loans at least twice from ACLEDA Bank to test the impact of our credit services. The responses indicated that their income had generated higher as a result of credit provided by ACLEDA Bank,

## ACLEDA Bank Financial Access Channel

ACLEDA Bank keep on improving and making our digital services to be more easily for customer usage by continuing to innovate new products and services as well as enhancing a variety of service channels to allow rapid and convenient customer access, anywhere, anytime in response to customers' demands.



With 264 branches office nationwide to provide excellent services with a hearted smiling and professional manner.

04 branches open from 7:30 AM to 7:00 PM from Monday to Friday (excluding public holidays)

03 branches in AEON 1, 2, 3 open daily from 9:00 AM to 7:00 PM from Monday to Sunday, including public holidays



ACLEDA Bank's Self Service Banking, equipped with machines that enable customer do transaction 24/7, around Phnom Penh and provinces.



An electronic machine for using with KHQR, GLN QR, ACLEDA cards and other banks' card to pay goods or services instead of cash safely and conveniently.



Financial Awareness

To make people financially literate and educated, ACLEDA Bank has been making sustained efforts to deliver a key message in order to promote financial literacy among students, customers, employees, and the general public which focused on the financial education for the next generation via Facebook, Telegram, YouTube, Video Clip, and Radio channels.





## Responsible Lending & ESG Integrating

ACLEDA Bank is aware of the crucial role we can play in influencing our customers' transition to a low-carbon future through our financing practices. By being responsible, the Bank cooperate to build a more sustainable financial system by taking the ESG and climate risk into account when making our decisions.

### Management Approaches:

ACLEDA Bank's maintains sustainability growth due to its adherence to the principles of law, environmental, social and strong governance, and its focus on triple bottom lines: people, profit and planet as stated in our vision and mission. By adhering to responsible lending practices while taking ESG factors into consideration by not only supporting businesses and society in moving toward sustainable development and growth, but also helping to prevent financial, operational, reputational, and regulatory risks.

- Promulgate Environmental, Social and Governance Policy (ESG Policy), Credit Policy, and Exclusion list for lending in accordance with the principles of sustainable finance in Cambodia.
- Since 2013, E&S Operating Manual and Procedure has been established for the purpose of providing framework of guidelines to staff involved to identify, to assess and to manage possible E&S risk so that ESG considerations are integrated into our credit evaluation and approval processes.
- The Bank requires, at the minimum, that all loans must be checked and screened to comply with ACLEDA's Exclusion list. Where avoidance of environmental impacts is not possible, the Bank seeks to engage with its clients to minimize such risks and impacts.

### Our responsible financing policy prohibits our financing of companies

- Business activities that directly or indirectly cause environmental and social Risks and Impacts such as deforestation, causing severe flood, drought, and biodiversity loss, hazard chemical producing, water waste etc.
- Business activities that affect labor and working conditions and community health, safety and security such as human trafficking or illegal labour, child labour, exploitation, and working in a dangerous environment etc.
- Business activities that consume resource efficiency and pollution such as large volume of water, and or power/electricity, papers, GHG emission, CO<sub>2</sub>, water pollution, and ground water contamination etc.

- Business activities that could cause land acquisition and involuntary resettlement such as the land dispute, land loss and loss of right on the land or loss of opportunity to get benefit from the land etc.
- Business activities that could affect biodiversity conservation and sustainable management of living natural resources etc.
- Business activities that could cause the loss of cultural heritage and indigenous people.

## Environmental and Social Impact Assessment Process

The assessment of the E&S impact breakdown into four levels as below:

- Level 1- ACLEDA's Exclusion Lists Screening

At an initial stage of inquiry, the credit officer will apply for the ACLEDA's Exclusion List for reviewing the target client's business activities to be financed by the Bank. If the target client involves any activity on the Exclusion List, the target client will be informed and further consideration of financing should be terminated.

- Level 2- ACLEDA's Environmental & Social Performance Standard/APS Screening

Credit Officer required all loans to be checked and screened on site regarding the client's business activities to comply with ACLEDA E&S Performance Standard to avoid of environmental significant impacts as set forth above.

- Level 3- Verification Compliance with National E&S Laws and Regulations

After the target clients have passed the ACLEDA's Exclusion List and APS screening, a legal compliance verification will be carried out for the potential client's business to be financed by the Bank.

- Level 4- High E&S Risks Screening

Environmental and Social Impact Assessment on the business activity or project will be additionally screened for high E&S risks by using 2-filter screening system. The outcome of 2-filter screening will be one among three situations below:

- No significant E&S risks
- Further E&S risks assessment is needed
- E&S risks too high

Where the potential clients are identified for E&S risks is too high, the target client will be informed, and further consideration of financing should be terminated.

## Social Performance Indicators

### Employee Data

	2019	2020	2021	2022	2023
Total Number of Employees	11,997	12,013	12,081	12,083	12,045
Number of Female Employees	4,816	4,761	4,750	4,687	4,711
Number of Male Employees	7,181	7,252	7,331	7,396	7,334

### Board of Directors Data

	2019	2020	2021	2022	2023
Total Number of Board of Directors	10	9	10	10	9
Number of Female	2	1	1	1	1
% of Female	20%	11%	10%	10%	11%
Number of Male	8	8	9	9	8
% of Male	80%	89%	90%	90%	89%

### Top Management Data

	2019	2020	2021	2022	2023
Total Number of Top Management	9	9	9	8	8
Number of Female	4	4	4	4	3
% of Female	44%	44%	44%	50%	38%
Number of Male	5	5	5	4	5
% of Male	56%	56%	56%	50%	62%

	2019	2020	2021	2022	2023
Ratio of Lowest Paid Employee Against Minimum Wage	0.95	0.95	0.95	1.00	1.00
Lowest Paid Employee	185	185	185	240	240
Minimum wage	195	195	195	240	240

## Data of Disabled Employees

	2019	2020	2021	2022	2023
No. of Disabled Employees Male	1,058	981	1,225	1,277	1,457
No. of Disabled Employees Female	1,137	1,049	1,254	1,305	1,440
Total	2,195	2,030	2,479	2,582	2,897

## Living Support

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Living Support	4,834	4,779	4,738	4,697	4,367
No. of Male Employees Who Aailed Living Support	7,157	7,191	7,286	7,358	6,853

## Work Related Accident

	2019	2020	2021	2022	2023
No. of Employees Injury	258	245	203	217	219
No. of Fatalities	-	-	2	-	-
Fatalities Rate	-	-	0.99%	-	-

## Social Welfare Fund (NSSF)

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Social Welfare Fund	825	806	554	480	511
No. of Male Employees Who Aailed Social Welfare Fund	165	177	122	135	145
Total no. of employees who aailed social welfare fund	990	983	676	615	656

## Monthly Telephone Fee

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Monthly Telephone Fee	1,393	1,419	1,495	1,586	1,808
No. of Male Employees Who Aailed Monthly Telephone Fee	5,186	5,236	5,436	5,538	5,272
Total No. of Employees Who Aailed Monthly Telephone Fee	6,579	6,655	6,931	7,124	7,080

## Employee Training Hour

	2019	2020	2021	2022	2023
Total Training Hours	283,705	227,468	275,972	339,695	304,583
Average Training Hours Per Employee	23.6	18.9	22.8	28.1	25.3

## Employee Training and Development

	2019	2020	2021	2022	2023
Training – Career Development and Refresher Programs	5,023	7,293	6,554	7,979	5,313
Training of New Recruits – Induction Program	940	788	843	776	607
Internships for Local Students	645	237	415	557	520
Internships for International Students	4	5	-	-	1
Employee Training Investment/Expense ( US\$)	2,500,564	2,892,983	2,883,690	4,058,026	3,171,586

## Further Education /Training Support

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Further Education Support	38	26	93	53	208
No. of Male Employees Who Aailed Further Education Support	38	92	203	213	2,156
Total No. of Employees Who Aailed Further Education Support	144	118	296	266	2,364

ACLEDA Bank recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, enhancing the efficiency of the Bank, creating shareholder value, and securing trust for all stakeholders including shareholders, customers, staff, and the public.

## GOVERNANCE ASPECT





Contributed to UN SDGs

## Corporate Governance & Anti-Corruption

ACLEDA Bank recognizes the critical importance of corporate governance in supporting the Group and the Bank's sustainable growth, enhancing the efficiency of the Group and the Bank, creating shareholders' value, and securing trust for all stakeholders including shareholders, customers, staff, and the public. The Board of Directors supports and encourages the adoption and implementation of good corporate governance policies, together with a code of conduct and business ethics.

### Management Approaches:

The Board of Directors is responsible for determining the strategy of the Bank by conducting risk management, culture, and oversight. Its members shall act in the best interests of the Bank. The Board of Directors supports and encourages the adoption and implementation of good corporate governance policies, together with a Code of Conduct and business ethics.

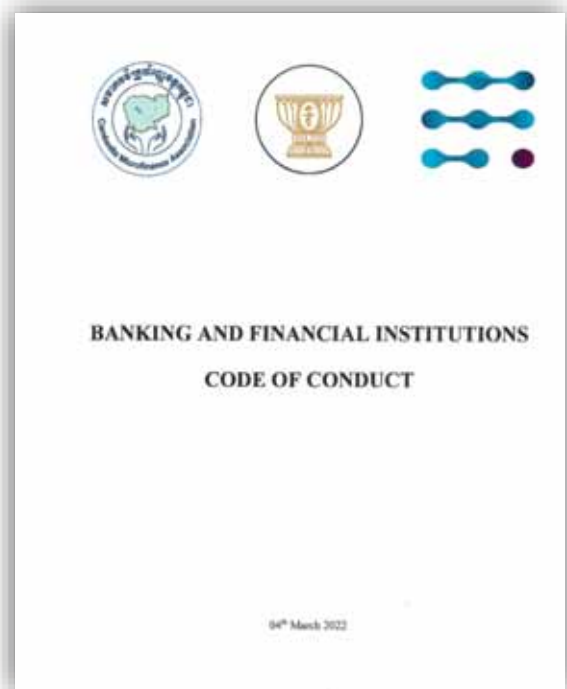
The Board of Directors assumes responsibility for corporate governance and for promoting the success of the Bank by directing and supervising its business operations and affairs. It appoints and may remove the President & Group Managing Director, Group Chief Internal Audit Officer, and Head of Compliance Division. It also ensures that the necessary human resources are in place, established with the management's strategies and financial objectives to be implemented by the management, and monitors the performance of management both directly and through the Board Committees. With the following management strategies, ACLEDA Bank place a strong emphasis on conducting business in accordance with the good corporate governance and preventing corruption in all its forms with the following management approaches:

- Stipulate the Corporate Governance Policy which covers the duties and responsibilities of the Boards of directors, right, transparency, composition, and qualification.
- Stipulate the code of conduct policy to pursue the highest standards of ethical conduct in the best interest of all stakeholders and as being practiced for all directors, executives, and staff by working with integrity. Moreover, all staff members will promote honest and ethical conducts, compliance with applicable rules and regulations, and accountability in adhering to this Policy.
- Establish its conflict of interest policy to enable all staff members of ACLEDA Bank easily identify, prevent, and manage conflict of interest which may arise in the course of the Bank's business.

**ក្រមប្រតិបត្តិការងារក្នុងតួនាទី**  
របស់កម្មករនិយោជិត ធនាគារ អេស៊ីលីដា ភីអិលស៊ី



- Adhere to the Banking and Financial Institution Code of Conduct to maintain the stability and sustainability in the development of the banking sector and built on integrity and trust with the customers and the public. The code covers on 1) Enhancing Good Governance, 2) Roles of Board and Executives, 3) Awareness Raising and Training, 4) Responsible Financing, 5) Conflicts of Interest, 6) Availability, 7) Accountability and Reliability, 8) Responsibility and Transparency, 9) Privacy and Consumer Data, 10) Service Standards, 11) Information, 12) Guarantee, 13) Advertising, Marketing and Sale, 14) Ethics, 15) Debt Collection, 16) Aggressive Selling Techniques, 17) Product and Service Design, 18) Discrimination, 19) Channel Communication, 20) Dispute Resolution for Consumers, 21) Dispute Resolution for Banking and Financial Institutions.



- The Bank prohibits offering or receiving bribes or corrupt payments in any form. All employees shall comply with laws and regulation in force. We are strongly committed to conducting our business with honesty, integrity and in accordance with all applicable laws including anti-corruption law.
- Promulgate the Collective Labour Agreement which mentioned the responsibilities of all employee to adhere to the business conduct and avoid any form of fraud and corruption.
- Promulgate the Compliance Policy and compliance function in identifying, evaluating, and addressing compliance risks and will help the Bank to look at and get across business lines and activities of the organization as a whole and to consider how activities in one area of the Bank may affect the legal and reputational risks of other business lines and the entire group/enterprise.
- Promulgate the Operating Manual on Gift, Commission and Persuasion in order to prevent improper behavior among employees, such as bribery, corruption, and other actions that violate ACLEDA Bank Plc's policies, procedures, and guidelines.



Contributed to UN-SDGs

## Business Ethics



ACLEDA Bank is committed to implement and serve the customer with highest ethical standards, while maintaining transparency and accountability at all levels of operations. It is for this reason that ACLEDA Bank has adopted a Code of Ethics to ensure that all Directors and employees of ACLEDA Bank shall pursue the highest standards of ethical conduct in the interests of shareholders, customers, staff and the public.

### Management Approaches:

All staff members will promote honest and ethical conduct, compliance with applicable rules and regulations, and accountability in adhering to the code of ethics which is incorporated into the Collective Labour Agreement. The Bank's code of ethics covers the following important principles including personal behavior, relationships with colleagues, customers and regulators, confidentiality, conflicts of interest, acceptance of gifts, money laundering and "whistle blowing".

### Whistleblower Protection

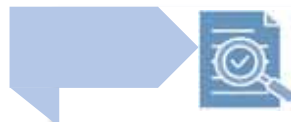
The Bank always pays attention to any attitude against to regulations, policies, operating manuals, procedures, code of ethics which are likely to occur sometimes; therefore, the Bank established the Whistle Blower's Protection Policy as one of a measure to identify such behavior and take preventive and corrective actions in order to remove it. Employees are encouraged to disclose any concerns which is the constructive opinion and could affect and detrimental to the best interests of ACLEDA Bank Plc. and general public. The Bank has adopted a Whistle Blower's Protection Policy aimed to receive the information and protect each whistleblower who expresses a concern in good faith, without malice and with no expectations of personal gain.

Under the Whistle Blower's Protection Policy, the Bank offers channels for reporting information or tips regarding violations of laws, rules, and the Bank's code of conduct, such as cases of corruption, nepotism, fraud and unethical behaviour etc.

### Whistleblower Handling Process



Whistleblower send information via employee suggestion letter, email, or direct call.



Compliance Division compile and review, while the information of whistleblower is kept confidential.



Disciplinary action will be taken if wrongdoing or inappropriate behavior is found.

## Customer Complaint Channel



### For complaint purpose

(Every working day from 7:30 to 16:30)

- Tel: 015 888 654
- E-mail: [cmc@acledabank.com.kh](mailto:cmc@acledabank.com.kh)

### 24-hour customer service:

- Tel: 023 994 444, 015 999 233
- E-mail: [inquiry@acledabank.com.kh](mailto:inquiry@acledabank.com.kh)
- Visit the nearest ACLEDA Bank Plc. Branch
- Fulfill the "[CUSTOMERS' COMPLAINT](#)" form

Please fulfill the following information:

Name	<input type="text"/>
Address	<input type="text"/>
Tel	<input type="text"/>
E-mail	<input type="text"/>

1. Please select **Product-Service** which you are using:

E-Banking  
 Credit  
 Deposit  
 Cash Management  
 Fund Transfer  
 Trade Finance  
 Financial Lease  
 Other...

2. Subject:

3. Please provide the information of **Product-Service** which you are facing the problem:

Example: Card Number (First 6 digits and last 4 digits: 123456-XXXXXX-1234) / Account Number / User ID...

4. Please describe on the problem:



Contributed to UN SDGs

## Data Security & Customer Privacy



Since businesses now need to connect with more external parties, such as business partners and service providers, cyber threats have remained a significant risk for ACLEDA Bank. The Group and the Bank committed to protecting the privacy and confidentiality of personal Information of its employees, customers, business partners, and other identifiable individuals.

### Management Approaches:

In order to commit to this, the Group and the Bank specified governance structure that promotes collaboration from the board of directors, senior management, and employees. Under this structure, the Board of Directors is responsible for reviewing the related policies and the internal control system to make sure that they comply with regulations and potential conflict of interest that deserve special attention.

- Establish IT Steering Committee to assist in governance, risk and control framework; and directing, monitoring and managing continual improvement of IT Governance implementation.
- Establish IT Security Division to supervise, monitor and strengthen compliance with IT security principles of users and monitor physical security related to the organization of information technology equipment in the Data Center in order to identify risks and lead to set policies and procedures for prevention in a timely and safe manner.
- Promulgate Data Classification Policy to protect the Bank's data appropriately and comply with the relevant laws and regulations related to different types of data. It governs the confidentiality, integrity, availability, privacy and security of firm's sensitive data and the responsibilities of individuals for such data.
- Promulgate Information Security Incident Management Policy to prevent the disruptive short and long-term effects of security incidents and thereby prevent their recurrence in the Bank.
- Promulgate the Back-Up Policy as the rules for the backup and storage of information and improve business operations to enable the business continuity plan and recovery of the data and applications in case of disaster, system failures, and espionage of system operations.
- Promulgate Data Privacy Policy to protect the privacy and confidentiality of Personal Information about ACLEDA's employees, customers, business partners and other identifiable individuals.

ACLEDA Bank declare a [Legal and Privacy Notice](#) to inform clients and the public while sternly enforcing its Data Privacy Policy and Information Security Policy across the entire organization. Employees of the Bank and its contracted service providers are required to adhere to all relevant policies and procedures, including those governing the protection, collection, and management of customer, employee, and other data owners' personal information as required by law. To prevent violation and unauthorized access to personal information, appropriate safeguards are put in place when using, sending, or transferring that data. Customer's consent is required before the provider shares personal information with any external audience, including credit bureaus.

### **Establishing a Cyber Risk Awareness Culture**

To help employees handle and respond to the cases of privacy breach effectively and appropriately, the Bank has specified the Information Security Policy and others. Moreover, the Bank also emphasizes on raising employee awareness through consistent training, communication, and activities.

#### **1. The Board of Director and Senior Management**

- Cyber security management, IT risk management and other main IT issues have been reported to the Board Risk Management and IT Committee on a quarterly basis.
- High-level executives of ACLEDA Bank participated in a cyber-attack simulation to familiar with such incidents and develop the procedures they will need to deal with any future threats.

#### **2. Employees**

- E-learning and testing on data security management has been arranged for employees.
- To ensure that our employees have a better awareness and understanding of cyber threats, IT newsletters on security tips and security alerts have been regularly released on a PC's screen to all employees.
- Regular phishing exercises have been carried out. Employees of ACLEDA Bank and its subsidiaries have received fictitious emails as a way to put them to the test, ensure their awareness, and provide them with training on how to handle the situation. According to the exercise results, employees are becoming more cautious and aware of phishing emails.

### **Reporting of Cybersecurity Performance**

In 2023, there were no incidents of leakage, theft, or loss of customer sensitive data as a result of all cyber threats reported.

### **IT Security Awareness**

In 2023, IT Security Division conducted 2,568 IT security training sessions for ACLEDA Bank executives and staff members in order to ensure that executives and staff members understood and were aware of cyber threats in accordance with the Bank's IT security regulations and policies.



Contributed to UN-SDGs

## Risk Management

In the competitive business environment along with the rapid evolution and development of technology and changes in the law, the Group and the Bank is fully aware that today's business operations could involve volatility and uncertainty from both internal and external factors, some of which are uncontrollable, such as the COVID-19 pandemic, domestic and international economies, unpredictable weather, changes of laws and regulatory requirements, etc. Most of these factors have either positive or negative impacts on the Group and the Bank's operations.

### Management Approaches:

ACLEDA Bank values the importance of risk management, while we strongly believes that proactively identifying the risk before it occurs and adapting to future changes could even help the Bank manage and minimize the potential risk properly efficiently and in a timely manner.

- The Bank integrated risk management into all business process while the risk governance structure has been developed with well-defined, and consistent lines of responsibility of employee to all levels in order to manage risk effectively.
- The board of directors is responsible for reviewing and approving on risk management policy and risk appetite with considering the most significant risk that specifies the nature, types, and levels that the Bank is willing to assume and provides an outline of the approach to managing these risks.
- The Board Risk Management and IT Committee (BRIC) that appointed by the Board responsible for oversight and promote the risk management and risk governance of the bank, conducts annual review on the adequacy of the risk management framework outlining the bank wide high-level policies which include the risk identification, risk assessment, risk treatment and monitoring and reporting.
- Promulgate the Risk Management Policy to set standards for the Bank's enterprise-wide risk management in a way that optimally balances managing risks while adding value to the Bank. The policy distinguished different risk categories in line with the categories identified by the Basel.
- Establish Risk Management Division to ensure that material risks as set out in the risk management policy are identified, measured, monitored, monitored and reported effectively and in a timely manner.
- Establish "**three lines model**" approach to provide structure around risk management and controls within the Bank by defining roles and responsibilities in different areas and the relationship between those different areas.

## Risk Management Process

ACLEDA Bank has a process in place for managing risks that includes risk identification, assessment, monitoring, and reporting.

### Risk Identification

The risk identification process begins with identifying what could happen and could cause a potential loss as well as gaining insight into how, where, and why the loss might happen from each process flow. Moreover, comprehensive identification of risk of risks faced by the Bank is determined by evaluating on the people, process, system, products, and external events that can adversely affect the Bank's business strategy and risk profile.

### Risk Assessment

Once a risk has been identified, it needs to be assessed and measured. The risk assessment or measurement enables the Bank to consider the extent of potential events that could affect the accomplishment process based on two perspectives: likelihood and impact, which are normally used by the combination of qualitative and quantitative methods. In addition, the identified risks are plotted onto the risk heat map with three levels i.e. high, medium, and low, based on their likelihood and impact ratings and control effectiveness.

### Risk Mitigation

The results from the risk assessment are then used as the basis to determine the appropriate treatment of the identified risks. Options for treatment of the risks are evaluated in relation to Bank's risk appetite and cost-benefit analysis of potential risk response.

Four type of risk mitigation options:

1

#### Risk Acceptance

The impact of risk is very low or because of the potential benefits bigger than the risk; therefore the Bank can accept the risk.

2

#### Risk Reduction

The impact of risk on the Bank is high and the Bank is able to take measures to solve the problem effectively and low cost; therefore, the Bank chooses this method to reduce risk.

3

#### Risk Transfer

This is where the risk is such a high impact on the Bank due to lack of expertise to manage, high management cost and significant loss; therefore the Bank can transfer the risk to another party such as buying insurance.

4

#### Risk Avoidance

This is where the risk is such a very high threat to the business or over the Bank's current risk appetite that may lead to stop of operations/systems, high management costs, no risk transfer solutions are available; therefore the Bank can choose the risk avoidance strategy.

## Risk Categories within the Bank



## Risk Management Approach

In order to effectively identify and manage the risk, the Bank set up "**three lines model**" approach to providing structure around risk management and controls within the Bank by defining roles and responsibilities in different areas and the relationship between those different areas.

### Three Lines Model

#### 1. First lines roles

The first line roles are both business operations and support functions who are the risk owners, ultimately responsible to acknowledge and manage day-to-day risk inherent in the Bank's business and activities.

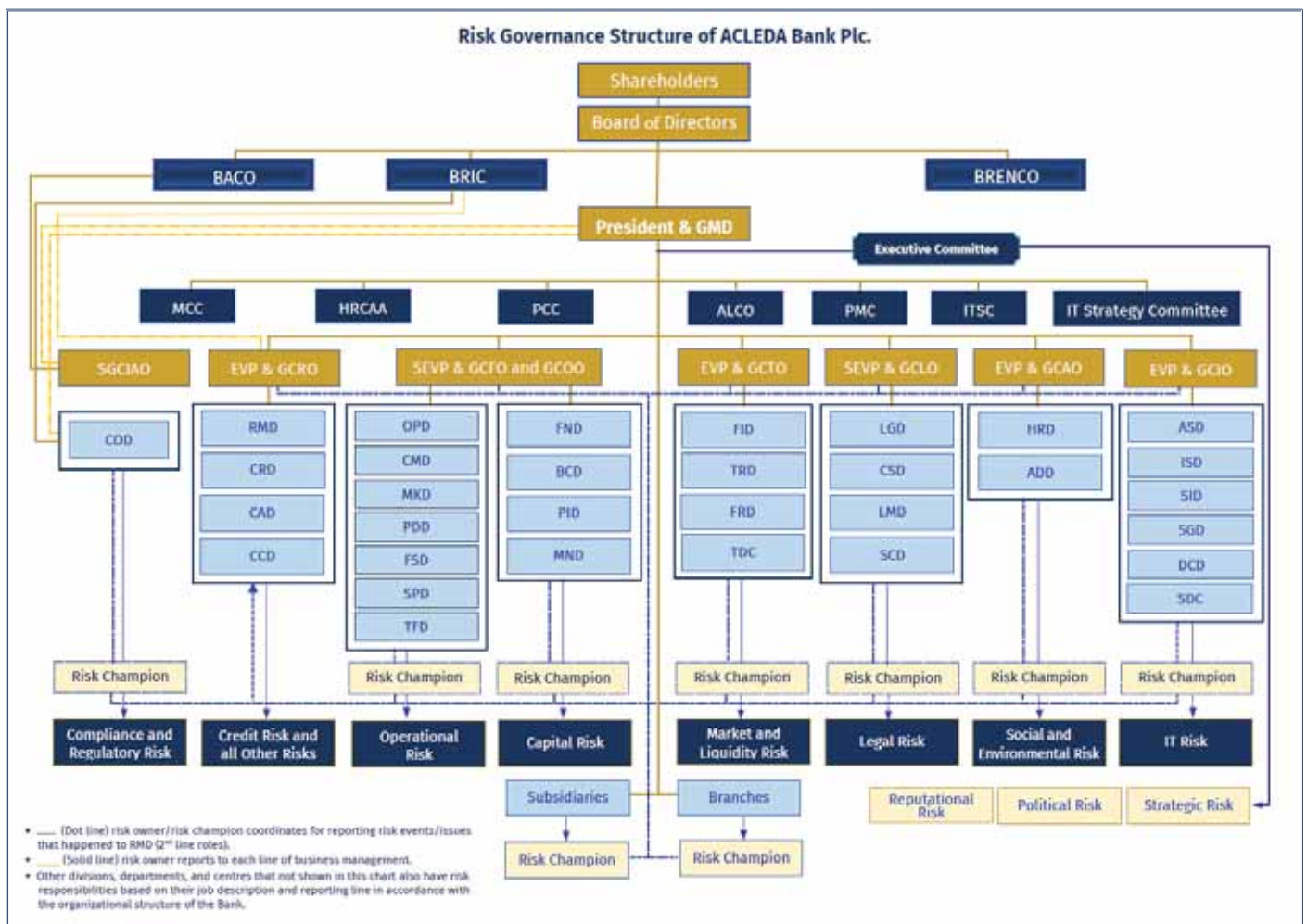
#### 2. Second line roles

The second line roles comprise Risk Management Division who are responsible for developing risk methodologies, templates, and procedures, and providing training and guidance to the first line roles in order to perform the risk management processes.

#### 3. Third line roles

The internal audit forms as the third line roles are responsible for providing an independent review and performing regular post checking on the business and operations activities. It reviews implementation of policies, procedures as well as the effectiveness and adequacy of risk management.





- The Bank puts in the place the Risk Governance Structure and mapping the risk owner by the line of business in order to manage the risk effectively and in a timely manner.
- Have set the risk appetite statement and its key metrics within the Bank risk in order to identify, measure, mitigate, monitor and report in a consistent manner across the Bank.
- Conduct Material Risk Assessment annually in order to manage the Bank's risks effectively and to identify the risk before it occurs and minimize the potential risk properly and in a timely manner.
- Determine the 'Risk and Control Self-Assessment' (RCSA) and 'Key Risk Indicators' (KRI) as tools and methods that ACLEDA Bank uses for closely monitoring and assessing various aspects of all business function risks.



Contributed to UN SDGs

## Product Development & Digital Innovation

ACLEDA Bank is aware of how critical it is to build competitive capability in today's innovation- and technology-driven. The plans are to keep on improving and making its digital service to be more convenient for customer usage by continuing to innovate new products and services and continuing to update all existing digital products and services. Additionally, ACLEDA Bank plans to reduce the number of physical branches by establishing the Banking Self-Service, equipped with machines and enable customers to do transaction 24/7, around Phnom Penh and provinces. They play a key role in facilitating trade and enabling the efficient use of resources.

### Management Approaches:

The Bank is developing a payment platform to enable licensed partners of all sizes, locally as well as internationally, to join forces in servicing its customers mutually and beyond borders. This will not only benefit to our valued customers directly but also their own business partners and recognizing that they are an important link for extending the Bank's outreach and growth together. Meanwhile, the digitized ACLEDA mobile has proved very popular in which the number of registered users has reached 3.29 million users as at the end of December 2023, all enabling the rapid circulation of money in the economy.

The Bank supports the development of innovation and digitization based on management approaches as follows:

- Establish Portfolio Management Committee (PMC) to manage all projects and investments in a timely manner in accordance with market needs and in accordance with the strategic plan of the Bank and reserve sufficient resources, equipment and materials to support the development process effectively.
- Promulgate the Product Development Operating Manual in order to develop and improve a wide range of IT products and infrastructure, including investment in new product development, improvement of existing products, development of new technology systems, or modernization of technology, ease of use and high security to meet market demand.

### Product Development Process

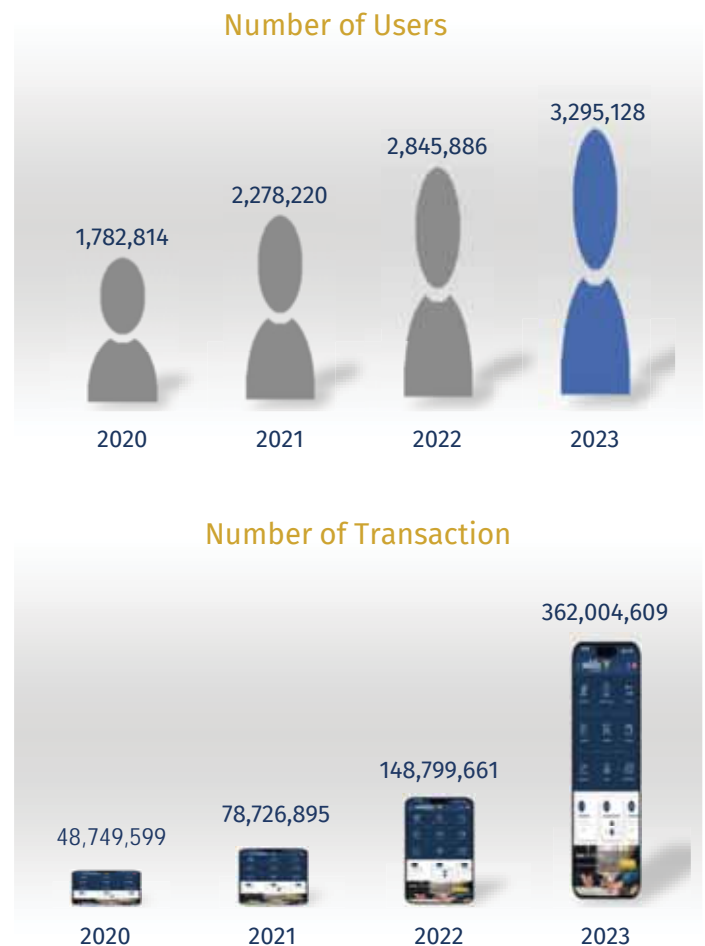


- Promulgate the software development project management operating manual to serve as a guidance for stakeholders to refer to throughout the various phases of the project. This document outlines activities, milestones and deliverables involved in the project management process. Software development project management process is organized into five phases, namely initiating, planning, designing, executing and closing.
- Emphasize and educate employees about innovation and technology in order to maximize their potential and prepare them for new ways of working, such as learning and employing new technology and data analytics, the agile management method and the scrum method, and design thinking for long-term success.
- Initiate in the development and adoption of innovations and digital technologies in our operational processes and customer services to ensure a positive experience for employees, customers, and relevant stakeholders.

- The mobile banking application (Mobile App) shows its popularity and competitiveness, in the digital era, with about two-third (2/3) of banks having launched their App.

- ACLEDA Mobile is designed to meet the financial needs of customers of all ages. Customers can use ACLEDA Mobile worldwide where WiFi/internet is available, scan KHQR/QR within Cambodia countrywide, and cross-border payment with QR in Thailand, Vietnam, Lao PDR etc. The Bank design ACLEDA Mobile by thinking of a benefit that we can provide to the users including convenient, fast and highly secure, reduce cost and save time by not going to the Bank, decrease risk of carrying physical cash along for making payment as well as deducing the use of paper documents through digital services.

- In 2022, ACLEDA Bank received the "Data Innovation Leader Award" from Credit Bureau Cambodia (CBC) at the 10th Anniversary of CBC. The Bank is so proud and honored to receive this award since the Bank is the leading data innovation in banking and financial sector, in particular effectively delivering the credit reporting in Cambodia.



## ABOUT THIS REPORT

This report is ACLEDA Bank's Sustainability Report and covers the 2023 financial year. The report boundaries cover ACLEDA Bank Plc. ("the Bank") and its subsidiaries (collectively referred to as "the Group")' performance during January 1 - December 31, 2023.

### Economic & Governance Information,

Performance of the Group and the Bank that are consistent with our 2023 Annual Report.

### Environmental Information,

#### Reporting boundaries

Direct GHG emissions and indirect GHG emissions from electricity have been reported by ACLEDA Bank, its branches, subsidiaries and entities where ACLEDA Bank has operational control and through which ACLEDA Bank conducts its banking and finance business or provides services in support of such business.

#### Greenhouse Gas Emission (GHG)

The Greenhouse Gas Emission indicated in the report are from ACLEDA Bank's operation and activities and is calculated based on the reference rates of Intergovernmental Panel on Climate Change 2006 (IPCC) and greenhouse gas protocol.

All GHG emission figures are in metric tons of carbon dioxide equivalents (CO<sub>2</sub>e).

#### Calculation Method

1. The calculation of Scope 1 GHG direct emissions is based on fuel consumption (by weight or quantity), e.g., the quantity of gasoline/petrol and diesel multiplied by its emission factors.
2. The calculation of Scope 2 GHG indirect emissions is based on the quantity of purchased electricity multiplied by grid emission factors.
3. The calculation of Scope 3 GHG indirect emissions is not applicable in this report.

### Social Information,

#### Number of ACLEDA Bank Employees

Employees are workers under employment contracts with ACLEDA Bank Plc; they are classified into five groups, as below:

1. Top Management Level: Includes President & Group Managing Director, and EVP & Group Chief Officers.
2. Middle Management Level: Includes SVP & Head of Division, VP & Head of Department, and Branch Manager "A"
3. First-Line Management Level: Includes VP & DH, ASVP, Assistant Head, VP & BM "B", VP & BM "C", AVP & Manager, AVP & Assistant Manager, AVP & Manager "B"

4. Skilled/Technical Staff: Includes Group Specialist, Group Engineer, Group Vault, Staff, and Clerk.
5. Unskilled Staff: Includes Driver, CSA / Cleaner.

The above employees are also classified in accordance with the employee contracts, i.e., permanent and temporary employees. Data collection on number of employees (headcount) was collected at the end of the reporting period.

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



## Contact Us

**Headquarters:** Building N<sup>o</sup> 61, Preah Monivong Blvd., Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Kingdom of Cambodia.

P.O. Box: 1149

Tel: +855 (0)23 998 777 / 430 999

Fax: +855 (0)23 430 555

E-mail: [acledabank@acledabank.com.kh](mailto:acledabank@acledabank.com.kh)

Website: [www.acledabank.com.kh](http://www.acledabank.com.kh)

SWIFT Code: ACLBKHPP

---

Call Centre (24/7):

Tel: +855 (0)23 994 444, +855 (0)15 999 233

E-mail: [inquiry@acledabank.com.kh](mailto:inquiry@acledabank.com.kh)

## MAPPING TO UN SDGs

Goals	Targets	Response & Reference
1. No Poverty	1.4 Equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	<ul style="list-style-type: none"> <li>Financial Inclusion &amp; Literacy, Page 50-54</li> <li>Community Participation &amp; Social Engagement, Page 42</li> </ul>
2. Zero Hungry	2.3 Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	<ul style="list-style-type: none"> <li>Financial Inclusion &amp; Literacy, Page 50-51</li> </ul>
3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines.	<ul style="list-style-type: none"> <li>Safety &amp; Working Environment, Page 39</li> </ul>
	3.C Substantially increase health financing and the recruitment, development, training and retention of the health workforce.	<ul style="list-style-type: none"> <li>Community Participation and Social Engagement, Page 42-44</li> </ul>
4. Quality Education	4.3 Equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	<ul style="list-style-type: none"> <li>Fair Labour Practice, Page 41</li> <li>Human Resources Development, Page 48-49</li> </ul>
	4.4 Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	<ul style="list-style-type: none"> <li>Human Resources Development, Page 48-49</li> </ul>
	4.6 Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.	<ul style="list-style-type: none"> <li>Community Participation &amp; Social Engagement, Page 42</li> </ul>
	4.7 Learners acquire the knowledge and skills needed to promote sustainable development, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.	<ul style="list-style-type: none"> <li>Human Resources Development, Page 48-49</li> <li>Financial Inclusion and Literacy, Page 50-54</li> </ul>
5. Gender Equality	5.5 Full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	<ul style="list-style-type: none"> <li>Fair Labor Practice, Page 40-41</li> <li>Responsible lending &amp; ESG Integrating, Page 55</li> </ul>
6. Clean Water and Sanitation	6.1 Equitable access to safe and affordable drinking water for all.	<ul style="list-style-type: none"> <li>Safety &amp; Working Environment, Page 39</li> </ul>
	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials.	<ul style="list-style-type: none"> <li>Responsible lending &amp; ESG Integrating, Page 55-56</li> </ul>
7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy.	<ul style="list-style-type: none"> <li>Responsible lending &amp; ESG Integrating, Page 55-56</li> </ul>
8. Decent Work and Economic Growth	8.2 Higher levels of economic productivity through diversification, technological upgrading and innovation.	<ul style="list-style-type: none"> <li>Product Development &amp; Digital Innovation, Page 70-72</li> </ul>
	8.5 Full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	<ul style="list-style-type: none"> <li>Fair Labor Practice, Page 40-41</li> </ul>

<b>9. Industry, Innovation and Infrastructure</b>	9.1 Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.	<ul style="list-style-type: none"> <li>• Safety &amp; Working Environment, Page 39</li> </ul>
	9.3 Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit.	<ul style="list-style-type: none"> <li>• Financial Inclusion &amp; Literacy, Page 50-54</li> </ul>
<b>10. Reduce Inequalities</b>	10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	<ul style="list-style-type: none"> <li>• Fair Labor Practice, Page 40</li> <li>• Responsible lending &amp; ESG Integrating, Page 55-56</li> </ul>
<b>11. Sustainable Cities and Communities</b>	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	<ul style="list-style-type: none"> <li>• Responsible lending &amp; ESG Integrating, Page 55-56</li> </ul>
	11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	
<b>12. Responsible Consumption and Production</b>	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> <li>• Climate Change Risk, Page 25-26, 33-36</li> </ul>
<b>13. Climate Action</b>	13.2 Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> <li>• Climate Change Management, Page 33-36</li> <li>• Responsible lending &amp; ESG Integrating, Page 55-56</li> </ul>
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
<b>14. Life Below Water</b>	14.1 Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	<ul style="list-style-type: none"> <li>• Responsible lending &amp; ESG Integrating, Page 55-56</li> </ul>
<b>15. Life On Land</b>	15.a Increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.	<ul style="list-style-type: none"> <li>• Responsible lending &amp; ESG Integrating, Page 55-56</li> </ul>
<b>16. Peace, Justice and Strong Institutions</b>	16.4 Strengthen the recovery and return of assets and combat all forms of organized crime.	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy, Page 65-66</li> </ul>
	16.5 Substantially reduce corruption and bribery in all their forms.	<ul style="list-style-type: none"> <li>• Business Ethics, Page 63</li> </ul>
<b>17. Partnerships for the Goals</b>	17.1 Strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection.	<ul style="list-style-type: none"> <li>• Financial Inclusion and Literacy, Page 50-54</li> <li>• Community Participation &amp; Social Engagement, Page 42-46</li> </ul>
	17.16 Complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals	<ul style="list-style-type: none"> <li>• Responsible lending &amp; ESG Integrating, Page 55-56</li> <li>• Product Development &amp; Digital Innovation, Page 71</li> </ul>

អេស៊ីធីដា  
ACLEDA BANK





**ACLEDA BANK PLC.  
AND ITS SUBSIDIARIES**

**Consolidated and Separate  
Financial Statements  
As at 31 December 2023 and for the year then ended  
and  
Independent Auditor's Report on  
Financial Statements**

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### Contents

	<b>Pages</b>
Report of the Board of Directors	1 – 7
Independent auditor's report	8 – 12
Financial statements:	
Consolidated financial statements:	
Consolidated statement of financial position	13
Consolidated statements of profit or loss and other comprehensive income	14 – 15
Consolidated statement of changes in equity	16 – 17
Consolidated statement of cash flows	18 – 19
Separate financial statements:	
Separate statement of financial position	20
Separate statements of profit or loss and other comprehensive income	21
Separate statement of changes in equity	22 – 23
Separate statement of cash flows	24 – 25
Notes to the financial statements	26 – 195

## Report of the Board of Directors

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

### The Group and the Bank

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

On 25 May 2020, the Bank was successfully listed in the Cambodia Securities Exchange (“CSX”). The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the initial public offering (“IPO”) amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR48,235,459 thousand).

On 23 November 2020, the shareholders approved the amendment to the Memorandum and Articles of Association (“MAA”) relating to the capital increase from the IPO. On 18 February 2021, the Bank submitted a letter to the NBC requesting for its approval on the capital increase, which was approved on 29 March 2021. Accordingly, the Bank’s amended MAA was approved by the MOC on 12 May 2021.

The Bank and its subsidiaries, ACLEDA Bank Lao Ltd. (“ABL”) and ACLEDA MFI Myanmar Co., Ltd. (“AMM”), are all in the financial industry sector and have operations across 264 offices covering all provinces and cities in the Kingdom of Cambodia, 37 offices in the Lao People’s Democratic Republic (“PDR”), and 17 offices in the Republic of the Union of Myanmar. The Bank’s other subsidiaries, ACLEDA Securities Plc. (“ACS”) is in the securities sector and ACLEDA Institute of Business Co., Ltd. (“AIB”) is in the education sector.

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

On 7 December 2022, the Securities and Exchange Regulator of Cambodia (“SERC”) approved the Bank’s request for its nominated Cash Settlement Agent, Registrar Agent, and Transfer Agent, and ACS as the Bond Agent when the Bank issues the green bonds in the CSX.

On 13 September 2023, the NBC approved the Bank’s request for the issuance of Thai Baht Denominated Subordinated Unsecured Debentures in the Thai Bond Market Association amounting to THB3.5 Billion (equivalent to US\$100Million).

## Principal activities

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

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

ACS is wholly-owned by the Bank and its principal business is providing securities brokerage and other services approved by Securities and Exchange Commission of Cambodia (“SECC”) (currently, the SERC).

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

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

## Financial performance

The audited financial performance of the Group and the Bank for the year ended 31 December 2023 are set out in the consolidated statements of profit or loss and other comprehensive income and separate statements of profit or loss and other comprehensive income on pages 14 – 15 and 21, respectively.

## Share capital and share premium

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

## Reserves and provisions

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

## Bad and doubtful loans

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

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

## Assets

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

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Group and the Bank misleading in any material respect.

## Valuation methods

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

## Contingent and other liabilities

At the date of this report, there is:

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

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

## Change of circumstances

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

## Items of an unusual nature

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

## Items of an unusual nature (continued)

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

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

The expected credit loss (“ECL”) was estimated based on a range of forecast economic conditions as at the reporting date. In 2020, the COVID-19 outbreak has spread across mainland China, Cambodia and beyond, which caused disruption to business and economic activity. In response to the COVID-19 situation, the Management provides its best estimate of the continuing impact of COVID-19 on the Group’s and the Bank’s ECL considering the current and future probable economic scenarios.

## The Board of Directors and the Executive Committee

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

- Mr. Chhay Soeun Chairman (Non-executive Director)
- Dr. In Channy Member (Executive Director)
- Mr. Kyosuke Hattori Member (Non-executive Director)
- Mr. Albertus Bruggink Member (Non-executive Director)
- Mr. Kay Lot Member (Non-executive Director)
- Mr. Stéphane Mangiavacca Member (Non-executive Director)
- Drs. Pieter Kooi Member (Independent Director)
- Mr. Van Sou leng Member (Independent Director) (retired on 10 October 2023)
- Dr. Heng Dyna Member (Independent Director) (effective 11 December 2023)
- Ms. Phurik Ratana Member (Independent Director)

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

- Dr. In Channy President & Group Managing Director
- Dr. So Phonnary Senior EVP & Group Chief Operations Officer  
(retired on 6 November 2023)
- Mrs. Mar Amara Senior EVP & Group Chief Financial Officer and Group Chief  
Operations Officer (appointed on 6 November 2023)
- Mr. Ly Thay EVP & Group Chief Administrative Officer
- Mrs. Buth Bunseyha EVP & Group Chief Legal Officer and Corporate Secretary
- Mr. Mach Theary EVP & Group Chief Information Officer
- Dr. Loeung Sopheap EVP & Group Chief Risk Officer
- Mr. Yin Virak EVP & Group Chief Treasury Officer  
(appointed on 1 January 2023)

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

The Management and those charged with governance are responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position as at 31 December 2023, the financial performance and cash flows for the year then ended of the Group and the Bank in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and guidelines of the NBC.

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

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

Headquarters



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

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

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



H.E. In Channy  
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

7 February 2024



Headquarters



### Approval of the financial statements

The accompanying financial statements, together with the notes thereto set out in pages 13 to 195, present fairly, in all material respects, the financial position as at 31 December 2023, the financial performance and cash flows for the year then ended, of the Group and the Bank in accordance with CIFRSs and guidelines of the NBC, were approved by the Board of Directors.



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

Mr. Chhay Soeun  
Chairman

Phnom Penh, Kingdom of Cambodia

7 February 2024



Grant Thornton

# Independent auditor's report

**Grant Thornton (Cambodia) Limited**

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

T +855 23 966 520  
www.grantthornton.com.kh

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

## Opinion

We have audited the consolidated financial statements of ACLEDA Bank Plc. and its subsidiaries ("the Group") and the separate financial statements of ACLEDA Bank Plc. ("the Bank"), which comprise the consolidated and separate statements of financial position of the Group and the Bank as at 31 December 2023, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information as set out in pages 13 to 195 (hereafter referred to as "the financial statements").

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

## Basis for opinion

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

**Certified Public Accountants and Auditors**

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.



# Grant Thornton

## Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Allowance for impairment losses on loans and advances</b></p> <p>Loans and advances constitute approximately 67.75% and 67.22% of the Group's and the Bank's total assets, respectively, as at 31 December 2023. The Group's and the Bank's loan portfolio mainly comprises loans and advances to customers (both customers and individuals) in wholesale and retail, services and agriculture. Refer to Note 38.1(d)(ii) for details.</p> <p>The Group's and the Bank's expected credit loss ("ECL") models are significant to our audit as this requires the use of complex models and significant assumptions about future economic conditions and credit behaviors. The ECL models require considerable judgement and interpretation in its implementation of the requirements of CIFRS 9, <i>Financial Instruments</i>, which brings about a high degree of estimation uncertainty.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> <li>• Building the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgement is applied in determining the appropriate construction of the models;</li> <li>• Timely identification of loans and advances to customers and financing that have experienced a significant increase in credit risk;</li> <li>• Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets; and,</li> <li>• Continuing effects of COVID-19 situation in relation to the significant judgements listed above.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We updated our understanding, evaluated the design and implementation, and tested the operating effectiveness of the key controls over the allowance for impairment losses. These controls, among others, included: <ul style="list-style-type: none"> <li>- Loan applications and credit reviews;</li> <li>- Identification of significant increase in credit risk;</li> <li>- Review of the credit worthiness of the borrower; and,</li> <li>- Accuracy of data inputs.</li> </ul> </li> <li>• We assessed whether the methodology and assumptions used in the ECL models are consistent with the requirements of CIFRS 9, incorporating consideration of COVID-19 continuing impacts.</li> <li>• We reviewed a sample of loans for the appropriateness of the loan grading and staging, challenged Management's evaluations and conclusions on the credit worthiness and classification of the selected loans.</li> <li>• We evaluated the processes used by Management to develop forward-looking information (overlays) used in the ECL models and validated their reasonableness against publicly available information and our understanding of the Group's and the Bank's loan portfolios and industry where the Group operates. In addition, we assessed the level of significant of correlation of selected macro-economic factors to the default rates as well as the impact of these variables to the ECL.</li> <li>• We tested the accuracy of key inputs into the ECL models by comparing them against source systems and documents.</li> <li>• We recomputed the ECL to test the mathematical accuracy of the ECL models.</li> <li>• We assessed the adequacy of disclosures to ensure compliance with CIFRS 9.</li> </ul>

### Certified Public Accountants and Auditors

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.



# Grant Thornton

Key audit matter	How our audit addressed the key audit matter
The details of the accounting policies, critical accounting judgements and estimation uncertainty, and credit risk management used by the Group and the Bank have been disclosed in Notes 2(e)(vii), 4 and 38.1 to the financial statements, respectively.	We involved our specialists in the performance of the above procedures, when necessary, where their specific expertise is required.

## Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors as set out in pages 1 to 7, but does not include the financial statements and our auditor's report thereon, and the annual report, which is expected to be made available to us after that date.

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

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

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

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

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

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

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

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

## Certified Public Accountants and Auditors

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.



## Grant Thornton

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

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

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

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

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

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

#### Certified Public Accountants and Auditors

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.



# Grant Thornton

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

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

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

*Grant Thornton*

**GRANT THORNTON (CAMBODIA) LIMITED**

Certified Public Accountants  
Registered Auditors



**Ronald C. Almera**

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

7 February 2024

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Notes 5 & 42)
<b>ASSETS</b>					
Cash on hand	7	495,793,568	497,027,041	2,025,316,725	2,046,260,328
Deposits and placements with other banks, net	8	1,509,543,178	846,602,175	6,166,483,882	3,485,461,154
Financial investments, net	9	357,544,384	556,037,532	1,460,568,809	2,289,206,519
Loans and advances, net	10	6,601,665,231	6,379,406,093	26,967,802,469	26,264,014,885
Other assets	11	32,839,518	78,818,566	134,149,431	324,496,036
Statutory deposits	12	548,627,109	482,330,993	2,241,141,740	1,985,756,698
Property and equipment, net	14	147,746,865	140,220,709	603,545,944	577,288,659
Intangible assets, net	15	10,771,018	10,896,541	43,999,609	44,861,059
Right-of-use assets, net	16	32,410,303	28,785,805	132,396,088	118,511,159
Deferred tax assets	17	1,352,626	1,407,258	5,525,477	5,793,681
Derivative financial instruments	23	5,746,686	9,630,593	23,475,212	39,649,151
<b>TOTAL ASSETS</b>		<b>9,744,040,486</b>	<b>9,031,163,306</b>	<b>39,804,405,386</b>	<b>37,181,299,329</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	419,792,620	417,826,399	1,714,852,853	1,720,191,285
Deposits from customers	19	6,808,020,419	5,971,164,302	27,810,763,412	24,583,283,431
Other liabilities	20	85,845,344	141,630,044	350,678,230	583,090,891
Borrowings	21	859,813,550	957,335,868	3,512,338,352	3,941,351,769
Subordinated debts	22	117,053,882	127,762,328	478,165,108	525,997,504
Lease liabilities	24	32,527,687	28,448,770	132,875,601	117,123,586
Employee benefits	25	8,392,621	33,374,198	34,283,857	137,401,573
Current income tax liabilities	32(a)	3,791,516	34,428,462	15,488,343	141,741,978
Deferred tax liabilities	17	26,782,045	2,545,115	109,404,654	10,478,238
<b>TOTAL LIABILITIES</b>		<b>8,362,019,684</b>	<b>7,714,515,486</b>	<b>34,158,850,410</b>	<b>31,760,660,255</b>
<b>EQUITY</b>					
Share capital	26	433,163,019	433,163,019	1,732,652,076	1,732,652,076
Share premium	26	11,706,215	11,706,215	48,235,459	48,235,459
Reserves	36	722,627,638	638,862,248	3,005,581,984	2,706,552,320
Retained earnings		208,502,399	226,856,479	834,487,503	908,250,779
Non-controlling interests		6,021,531	6,059,859	24,597,954	24,948,440
<b>TOTAL EQUITY</b>		<b>1,382,020,802</b>	<b>1,316,647,820</b>	<b>5,645,554,976</b>	<b>5,420,639,074</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,744,040,486</b>	<b>9,031,163,306</b>	<b>39,804,405,386</b>	<b>37,181,299,329</b>

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Interest income	27	755,631,085	670,753,456	3,105,643,759	2,741,369,375
Interest expense	28	(329,001,434)	(220,822,466)	(1,352,195,894)	(902,501,419)
<b>Net interest income</b>		<u>426,629,651</u>	<u>449,930,990</u>	<u>1,753,447,865</u>	<u>1,838,867,956</u>
Fee and commission income	29	46,678,617	47,455,203	191,849,116	193,949,415
Fee and commission expense		(3,957,350)	(4,564,217)	(16,264,709)	(18,653,955)
<b>Net fee and commission income</b>		<u>42,721,267</u>	<u>42,890,986</u>	<u>175,584,407</u>	<u>175,295,460</u>
Allowance for impairment losses on loans and advances, deposits and placements with other banks, other receivables, and investment securities	10	(41,683,690)	(20,581,207)	(171,319,966)	(84,115,393)
(Allowance for)/reversal of impairment losses on off-balance sheet commitments	10	(2,180)	2,588	(8,960)	10,577
<b>Net impairment losses</b>		<u>(41,685,870)</u>	<u>(20,578,619)</u>	<u>(171,328,926)</u>	<u>(84,104,816)</u>
<b>Income after impairment losses</b>		<u>427,665,048</u>	<u>472,243,357</u>	<u>1,757,703,346</u>	<u>1,930,058,600</u>
Other income, net	30	25,698,536	25,622,725	105,620,983	104,720,077
General and administrative expenses	31	(269,126,054)	(269,557,936)	(1,106,108,082)	(1,101,683,284)
<b>Profit before income tax</b>		<u>184,237,530</u>	<u>228,308,146</u>	<u>757,216,247</u>	<u>933,095,393</u>
Income tax expense	32(b)	(36,219,105)	(46,493,371)	(148,860,522)	(190,018,407)
<b>Profit for the year (carried forward to next page)</b>		<u>148,018,425</u>	<u>181,814,775</u>	<u>608,355,725</u>	<u>743,076,986</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Profit for the year (brought forward from previous page)</b>		<u>148,018,425</u>	<u>181,814,775</u>	<u>608,355,725</u>	<u>743,076,986</u>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of employee benefit obligations	25	-	(3,125,546)	-	(12,774,107)
Exchange differences		-	-	(45,439,046)	54,054,920
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Currency translation differences - foreign subsidiaries		(5,835,579)	(18,481,195)	(23,984,230)	(75,532,644)
Remeasurement of the effective portion of derivatives arising from cash flow hedge		<u>(3,883,907)</u>	<u>10,136,751</u>	<u>(15,962,858)</u>	<u>41,428,901</u>
Other comprehensive (loss)/income for the year		<u>(9,719,486)</u>	<u>(11,469,990)</u>	<u>(85,386,134)</u>	<u>7,177,070</u>
<b>Total comprehensive income for the year</b>		<u>138,298,939</u>	<u>170,344,785</u>	<u>522,969,591</u>	<u>750,254,056</u>
<b>Profit for the year attributable to:</b>					
Owners of the Bank		148,054,791	181,738,358	608,505,189	742,764,670
Non-controlling interests		<u>(36,366)</u>	<u>76,417</u>	<u>(149,464)</u>	<u>312,316</u>
		<u>148,018,425</u>	<u>181,814,775</u>	<u>608,355,725</u>	<u>743,076,986</u>
<b>Total other comprehensive income attributable to:</b>					
Owners of the Bank		138,336,670	170,277,683	523,124,665	749,720,108
Non-controlling interests		<u>(37,731)</u>	<u>67,102</u>	<u>(155,074)</u>	<u>533,948</u>
		<u>138,298,939</u>	<u>170,344,785</u>	<u>522,969,591</u>	<u>750,254,056</u>
The earnings per share attributable to shareholders of the Bank during the year:					
Basic earnings per share	33	<u>0.34</u>	<u>0.42</u>	<u>1.40</u>	<u>1.71</u>
Diluted earnings per share	33	<u>0.34</u>	<u>0.42</u>	<u>1.40</u>	<u>1.71</u>

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Parent												Non-controlling interest		Total equity	
	Share capital		Share premium		Reserves		Retained earnings		Total							
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000		
		(Notes 5 & 42)		(Notes 5 & 42)		(Notes 5 & 42)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		
<b>As at 1 January 2023, as reclassified</b>	433,163,019	1,732,652,076	11,706,215	48,235,459	638,862,248	2,706,552,320	226,856,479	908,250,779	1,310,587,961	5,395,690,634	6,059,859	24,948,440	1,316,647,820	5,420,639,074		
Profit for the year	-	-	-	-	-	-	148,054,791	608,505,189	148,054,791	608,505,189	(36,366)	(149,464)	148,018,425	608,355,725		
<i>Other comprehensive income:</i>																
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	(3,883,907)	(15,962,858)	-	-	(3,883,907)	(15,962,858)	-	-	(3,883,907)	(15,962,858)		
Currency translation differences - foreign subsidiaries	-	-	-	-	(5,834,214)	(23,978,620)	-	-	(5,834,214)	(23,978,620)	(1,365)	(5,610)	(5,835,579)	(23,984,230)		
<b>Total comprehensive (loss) income for the year</b>	-	-	-	-	(9,718,121)	(39,941,478)	148,054,791	608,505,189	138,336,670	568,563,711	(37,731)	(155,074)	138,298,939	568,408,637		
<b>Transaction with owners:</b>																
ABL's increase in capital	-	-	-	-	-	-	(230,017)	(945,370)	(230,017)	(945,370)	(597)	(2,454)	(230,614)	(947,824)		
Dividends paid	-	-	-	-	-	-	(72,695,343)	(297,105,865)	(72,695,343)	(297,105,865)	-	-	(72,695,343)	(297,105,865)		
Transfer from retained earnings to regulatory reserves	-	-	-	-	93,483,511	384,217,230	(93,483,511)	(384,217,230)	-	-	-	-	-	-		
Exchange differences	-	-	-	-	-	(45,246,088)	-	-	-	(45,246,088)	-	(192,958)	-	(45,439,046)		
<b>Total transactions with owners</b>	-	-	-	-	93,483,511	338,971,142	(166,408,871)	(682,268,465)	(72,925,360)	(343,297,323)	(597)	(195,412)	(72,925,957)	(343,492,735)		
<b>As at 31 December 2023</b>	433,163,019	1,732,652,076	11,706,215	48,235,459	722,627,638	3,005,581,984	208,502,399	834,487,503	1,375,999,271	5,620,957,022	6,021,531	24,597,954	1,382,020,802	5,645,554,976		

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Parent													
	Share capital		Share premium		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
<b>As at 1 January 2022, as reclassified</b>	433,163,019	1,764,706,139	11,706,215	47,691,120	592,403,586	2,431,370,827	161,769,465	641,130,182	1,199,042,285	4,884,898,268	5,992,757	24,414,492	1,205,035,042	4,909,312,760
Profit for the year	-	-	-	-	-	-	181,738,358	742,764,670	181,738,358	742,764,670	76,417	312,316	181,814,775	743,076,986
<i>Other comprehensive income:</i>														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(3,120,802)	(12,754,718)	(3,120,802)	(12,754,718)	(4,744)	(19,389)	(3,125,546)	(12,774,107)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	10,136,751	41,428,901	-	-	10,136,751	41,428,901	-	-	10,136,751	41,428,901
Currency translation differences - foreign subsidiaries	-	-	-	-	(18,476,624)	(75,513,962)	-	-	(18,476,624)	(75,513,962)	(4,571)	(18,682)	(18,481,195)	(75,532,644)
Exchange differences	-	-	-	-	-	12,314,612	-	-	-	12,314,612	-	259,703	-	12,574,315
<b>Total comprehensive (loss) income for the year</b>	-	-	-	-	(8,339,873)	(21,770,449)	178,617,556	730,009,952	170,277,683	708,239,503	67,102	533,948	170,344,785	708,773,451
<b>Transaction with owners:</b>														
ABL's increase in capital	-	-	-	-	-	-	(312,446)	(1,276,967)	(312,446)	(1,276,967)	-	-	(312,446)	(1,276,967)
Dividends paid	-	-	-	-	-	-	(58,419,561)	(237,650,775)	(58,419,561)	(237,650,775)	-	-	(58,419,561)	(237,650,775)
Transfer from retained earnings to regulatory reserves	-	-	-	-	54,798,535	223,961,613	(54,798,535)	(223,961,613)	-	-	-	-	-	-
Exchange differences	-	18,626,010	-	503,367	-	22,351,228	-	-	-	41,480,605	-	-	-	41,480,605
<b>Total transactions with owners</b>	-	18,626,010	-	503,367	54,798,535	246,312,841	(113,530,542)	(462,889,355)	(58,732,007)	(197,447,137)	-	-	(58,732,007)	(197,447,137)
<b>As at 31 December 2022</b>	<u>433,163,019</u>	<u>1,783,332,149</u>	<u>11,706,215</u>	<u>48,194,487</u>	<u>638,862,248</u>	<u>2,655,913,219</u>	<u>226,856,479</u>	<u>908,250,779</u>	<u>1,310,587,961</u>	<u>5,395,690,634</u>	<u>6,059,859</u>	<u>24,948,440</u>	<u>1,316,647,820</u>	<u>5,420,639,074</u>

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>				
Profit for the year before income tax	184,237,530	228,308,146	757,216,247	933,095,393
<i>Adjustments for:</i>				
Net impairment losses	10 41,685,870	20,578,619	171,328,926	84,104,816
Depreciation of property and equipment	14 23,541,254	21,991,373	96,754,554	89,878,741
Depreciation of right-of-use assets	16 12,227,167	11,777,321	50,253,656	48,133,911
Seniority indemnity benefits	25(c) 9,610,624	9,260,343	39,499,665	37,847,022
Amortisation of intangible assets	15 2,821,055	3,096,546	11,594,536	12,655,584
Career development expense	25(b) 1,672,985	1,774,997	6,875,968	7,254,413
Provident fund	860,481	71,537	3,536,577	292,372
Unrealised foreign exchange gains	590,010	(2,816,294)	2,424,941	(11,510,194)
Adjustment in property and equipment	364,663	482,341	1,498,765	1,971,328
Adjustment in intangible assets	106,902	(50,152)	439,367	(204,971)
(Reversal of)/provision for retirement benefits	25(a) (121,300)	2,887,044	(498,543)	11,799,349
Dividend income	30 (407,862)	(117,333)	(1,676,313)	(479,540)
Gain on disposals of property and equipment and lease	30 (426,746)	(804,700)	(1,753,926)	(3,288,809)
Currency translation reserves	(5,835,579)	(18,481,195)	(23,984,230)	(75,532,644)
Net interest income	(426,629,651)	(449,930,990)	(1,753,447,865)	(1,838,867,956)
<b>Operating loss before changes in working capital</b>	<b>(155,702,597)</b>	<b>(171,972,397)</b>	<b>(639,937,675)</b>	<b>(702,851,185)</b>
<i>Changes in:</i>				
Deposits from customers	836,856,117	738,885,609	3,439,478,641	3,019,825,484
Other assets	45,777,932	(50,870,783)	188,147,301	(207,908,890)
Deposits and placements with other banks	11,039,941	(2,239,167)	45,374,158	(9,151,476)
Deposits and placements from other banks and financial institutions	1,966,221	(65,914,593)	8,081,168	(269,392,942)
Statutory deposits	(66,296,116)	(66,874,033)	(272,477,037)	(273,314,173)
Other liabilities	(89,199,747)	53,258,432	(366,610,960)	217,667,212
Loans and advances	(263,763,061)	(1,001,868,648)	(1,084,066,181)	(4,094,637,164)
<b>Cash flows from/(used in) operations</b>	<b>320,678,690</b>	<b>(567,595,580)</b>	<b>1,317,989,415</b>	<b>(2,319,763,134)</b>
Interest received	751,560,355	667,746,225	3,088,913,059	2,729,078,822
Provident fund paid	(860,093)	-	(3,534,982)	-
Career development benefits paid	25(b) (3,882,076)	(13,882)	(15,955,332)	(56,736)
Seniority benefits paid	25(c) (9,766,773)	(9,369,932)	(40,141,437)	(38,294,912)
Retirement benefits paid	25(a) (22,464,315)	(253,266)	(92,328,335)	(1,035,098)
Income tax paid	32(a) (42,669,437)	(38,459,561)	(175,371,386)	(157,184,226)
Interest paid	(218,069,981)	(152,518,962)	(896,267,622)	(623,344,998)
<b>Net cash from/(used in) operating activities (carried forward to next page)</b>	<b>774,526,370</b>	<b>(100,464,958)</b>	<b>3,183,303,380</b>	<b>(410,600,282)</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Net cash from/(used in) operating activities (brought forward from previous page)</b>		<u>774,526,370</u>	<u>(100,464,958)</u>	<u>3,183,303,380</u>	<u>(410,600,282)</u>
<b>Cash flows from investing activities</b>					
Proceeds from matured investments		57,185,184	1,292,496	235,031,106	5,282,431
Interest received from investments		4,070,729	3,007,229	16,730,696	12,290,545
Proceeds from disposals of property and equipment		475,133	1,715,852	1,952,797	7,012,687
Dividends received		407,862	117,333	1,676,313	479,540
Purchases of financial investments		-	(125,397,320)	-	(512,498,847)
Purchases of intangible assets	15	(2,858,118)	(1,946,425)	(11,746,865)	(7,955,039)
Purchases of property and equipment	14	<u>(31,658,674)</u>	<u>(24,674,783)</u>	<u>(130,117,150)</u>	<u>(100,845,838)</u>
<b>Net cash from/(used in) investing activities</b>		<u>27,622,116</u>	<u>(145,885,618)</u>	<u>113,526,897</u>	<u>(596,234,521)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		142,939,167	518,708,879	587,479,976	2,119,963,188
Proceeds from subordinated debts		14,962,500	-	61,495,875	-
Payment of tax on ABL's increase capital		(230,614)	(312,446)	(947,824)	(1,276,967)
Payments of lease liabilities	24	(14,205,707)	(13,405,900)	(58,385,456)	(54,789,913)
Repayments of subordinated debts		(26,000,000)	(29,000,000)	(106,860,000)	(118,523,000)
Interest paid		(70,942,605)	(61,835,494)	(291,574,107)	(252,721,664)
Payments of dividends		(72,695,343)	(58,419,561)	(297,105,865)	(237,650,775)
Repayments of borrowings		<u>(244,700,980)</u>	<u>(164,180,530)</u>	<u>(1,005,721,028)</u>	<u>(671,005,826)</u>
<b>Net cash (used in)/from financing activities</b>		<u>(270,873,582)</u>	<u>191,554,948</u>	<u>(1,111,618,429)</u>	<u>783,995,043</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		531,274,904	(54,795,628)	2,185,211,848	(222,839,760)
<b>Cash and cash equivalents at the beginning of the year</b>		1,748,443,669	1,803,239,297	7,198,342,585	7,346,396,896
Exchange differences		-	-	(70,904,062)	74,785,449
<b>Cash and cash equivalents at the end of the year</b>	34	<u>2,279,718,573</u>	<u>1,748,443,669</u>	<u>9,312,650,371</u>	<u>7,198,342,585</u>

During the year ended 31 December 2023, the Group entered into new lease agreements and recognised right-of-use assets amounting to US\$17,886,445 (31 December 2022: US\$13,800,949), and pre-terminated right-of-use assets and lease liabilities amounting to US\$1,245,468 (31 December 2022: US\$1,479,735) and US\$1,306,483 (31 December 2022: and US\$1,491,043), respectively, and recognised a gain from pretermination amounting to US\$101,682 (31 December 2022: US\$7,424), which is a non-cash transaction.

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Notes 5 & 42)
<b>ASSETS</b>					
Cash on hand	7	486,584,317	486,665,483	1,987,696,935	2,003,601,794
Deposits and placements with other banks, net	8	1,478,882,021	828,396,425	6,041,233,056	3,410,508,082
Financial investments, net	9	357,544,384	556,037,532	1,460,568,809	2,289,206,519
Loans and advances, net	10	6,457,043,288	6,246,269,485	26,377,021,831	25,715,891,470
Other assets	11	31,035,271	77,642,135	126,779,083	319,652,671
Statutory deposits	12	543,302,104	479,556,076	2,219,389,095	1,974,332,365
Investments in subsidiaries	13	91,117,716	91,117,716	372,215,870	375,131,637
Property and equipment, net	14	113,709,160	106,286,031	464,501,919	437,579,590
Intangible assets, net	15	9,829,455	10,318,424	40,153,324	42,480,952
Right-of-use assets, net	16	30,852,413	26,525,687	126,032,107	109,206,253
Derivative financial instruments	23	5,746,686	9,630,593	23,475,212	39,649,151
<b>TOTAL ASSETS</b>		<b>9,605,646,815</b>	<b>8,918,445,587</b>	<b>39,239,067,241</b>	<b>36,717,240,484</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	386,405,927	390,611,644	1,578,468,212	1,608,148,138
Deposits from customers	19	6,715,289,025	5,889,433,410	27,431,955,667	24,246,797,349
Other liabilities	20	82,983,974	140,022,120	338,989,534	576,471,068
Borrowings	21	843,418,591	944,275,857	3,445,364,944	3,887,583,703
Subordinated debts	22	117,053,882	127,762,328	478,165,108	525,997,504
Lease liabilities	24	30,547,348	26,457,635	124,785,917	108,926,083
Employee benefits	25	8,200,636	32,626,027	33,499,598	134,321,353
Current income tax liabilities	32(a)	2,319,080	33,911,933	9,473,442	139,615,428
Deferred tax liabilities	17	26,782,045	2,258,353	109,404,654	9,297,639
<b>TOTAL LIABILITIES</b>		<b>8,213,000,508</b>	<b>7,587,359,307</b>	<b>33,550,107,076</b>	<b>31,237,158,265</b>
<b>EQUITY</b>					
Share capital	26	433,163,019	433,163,019	1,732,652,076	1,732,652,076
Share premium	26	11,706,215	11,706,215	48,235,459	48,235,459
Reserves	36	765,115,248	676,078,984	3,178,952,563	2,858,819,277
Retained earnings		182,661,825	210,138,062	729,120,067	840,375,407
<b>TOTAL EQUITY</b>		<b>1,392,646,307</b>	<b>1,331,086,280</b>	<b>5,688,960,165</b>	<b>5,480,082,219</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,605,646,815</b>	<b>8,918,445,587</b>	<b>39,239,067,241</b>	<b>36,717,240,484</b>

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022	2023	2022
	Note	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Interest income	27	726,710,020	640,434,867	2,986,778,182	2,617,457,301
Interest expense	28	(321,533,128)	(214,047,601)	(1,321,501,156)	(874,812,545)
<b>Net interest income</b>		<u>405,176,892</u>	<u>426,387,266</u>	<u>1,665,277,026</u>	<u>1,742,644,756</u>
Fee and commission income	29	42,205,729	42,603,133	173,465,546	174,119,005
Fee and commission expense		(3,858,699)	(4,268,857)	(15,859,253)	(17,446,819)
<b>Net fee and commission income</b>		<u>38,347,030</u>	<u>38,334,276</u>	<u>157,606,293</u>	<u>156,672,186</u>
Allowance for impairment losses on loans and advances, deposits and placements with other banks, other receivables, and investment securities	10	(38,466,607)	(13,412,953)	(158,097,755)	(54,818,739)
Reversal of impairment losses on off-balance sheet commitments	10	15,518	66,794	63,779	272,987
<b>Net impairment losses</b>		<u>(38,451,089)</u>	<u>(13,346,159)</u>	<u>(158,033,976)</u>	<u>(54,545,752)</u>
<b>Income after impairment losses</b>		<u>405,072,833</u>	<u>451,375,383</u>	<u>1,664,849,343</u>	<u>1,844,771,190</u>
Other income, net	30	23,209,381	22,176,472	95,390,556	90,635,241
General and administrative expenses	31	(256,080,366)	(256,128,574)	(1,052,490,304)	(1,046,797,482)
<b>Profit before income tax</b>		<u>172,201,848</u>	<u>217,423,281</u>	<u>707,749,595</u>	<u>888,608,949</u>
Income tax expense	32(b)	(34,062,571)	(44,017,496)	(139,997,167)	(179,899,506)
<b>Profit for the year</b>		<u>138,139,277</u>	<u>173,405,785</u>	<u>567,752,428</u>	<u>708,709,443</u>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations	25	-	(3,129,039)	-	(12,788,382)
Exchange differences		-	-	(45,805,759)	54,540,820
<i>Item that is or may be reclassified subsequently to profit or loss -</i>					
Remeasurement of the effective portion of derivatives arising from cash flow hedge		(3,883,907)	10,136,751	(15,962,858)	41,428,901
<b>Other comprehensive (loss)/income during the year</b>		<u>(3,883,907)</u>	<u>7,007,712</u>	<u>(61,768,617)</u>	<u>83,181,339</u>
<b>Total comprehensive income for the year</b>		<u>134,255,370</u>	<u>180,413,497</u>	<u>505,983,811</u>	<u>791,890,782</u>

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Notes 5 & 42)	US\$	KHR'000 (Notes 5 & 42)	US\$	KHR'000 (Notes 5 & 42)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2023, as reclassified</b>	433,163,019	1,732,652,076	11,706,215	48,235,459	676,078,984	2,858,819,277	210,138,062	840,375,407	1,331,086,280	5,480,082,219
Profit for the year	-	-	-	-	-	-	138,139,277	567,752,428	138,139,277	567,752,428
<i>Other comprehensive income -</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	(3,883,907)	(15,962,858)	-	-	(3,883,907)	(15,962,858)
<b>Total comprehensive (loss)/income for the year</b>	-	-	-	-	(3,883,907)	(15,962,858)	138,139,277	567,752,428	134,255,370	551,789,570
<b>Transaction with owners:</b>										
Dividends paid	-	-	-	-	-	-	(72,695,343)	(297,105,865)	(72,695,343)	(297,105,865)
Transfer from retained earnings to regulatory reserves	-	-	-	-	92,920,171	381,901,903	(92,920,171)	(381,901,903)	-	-
Exchange differences	-	-	-	-	-	(45,805,759)	-	-	-	(45,805,759)
<b>Total transactions with owners</b>	-	-	-	-	92,920,171	336,096,144	(165,615,514)	(679,007,768)	(72,695,343)	(342,911,624)
<b>As at 31 December 2023</b>	<u>433,163,019</u>	<u>1,732,652,076</u>	<u>11,706,215</u>	<u>48,235,459</u>	<u>765,115,248</u>	<u>3,178,952,563</u>	<u>182,661,825</u>	<u>729,120,067</u>	<u>1,392,646,307</u>	<u>5,688,960,165</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2022, as reclassified</b>	433,163,019	1,764,706,139	11,706,215	47,691,120	607,375,402	2,491,977,194	156,847,708	621,467,759	1,209,092,344	4,925,842,212
Profit for the year	-	-	-	-	-	-	173,405,785	708,709,443	173,405,785	708,709,443
<i>Other comprehensive income:</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	10,136,751	41,428,901	-	-	10,136,751	41,428,901
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(3,129,039)	(12,788,382)	(3,129,039)	(12,788,382)
Exchange differences	-	-	-	-	-	11,852,753	-	-	-	11,852,753
<b>Total comprehensive income for the year</b>	-	-	-	-	10,136,751	53,281,654	170,276,746	695,921,061	180,413,497	749,202,715
<b>Transaction with owners:</b>										
Dividends paid	-	-	-	-	-	-	(58,419,561)	(237,650,775)	(58,419,561)	(237,650,775)
Transfer from retained earnings to regulatory reserves	-	-	-	-	58,566,831	239,362,638	(58,566,831)	(239,362,638)	-	-
Exchange differences	-	18,626,010	-	503,367	-	23,558,690	-	-	-	42,688,067
<b>Total transactions with owners</b>	-	18,626,010	-	503,367	58,566,831	262,921,328	(116,986,392)	(477,013,413)	(58,419,561)	(194,962,708)
<b>As at 31 December 2022</b>	<u>433,163,019</u>	<u>1,783,332,149</u>	<u>11,706,215</u>	<u>48,194,487</u>	<u>676,078,984</u>	<u>2,808,180,176</u>	<u>210,138,062</u>	<u>840,375,407</u>	<u>1,331,086,280</u>	<u>5,480,082,219</u>

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>				
Profit for the year before income tax	172,201,848	217,423,281	707,749,595	888,608,949
<i>Adjustments for:</i>				
Net impairment losses	10 38,451,089	13,346,159	158,033,976	54,545,752
Depreciation of property and equipment	14 22,044,132	20,328,111	90,601,383	83,080,990
Depreciation of right-of-use assets	16 11,755,148	11,113,156	48,313,658	45,419,469
Seniority indemnity benefits	25(c) 9,448,722	9,175,310	38,834,247	37,499,492
Amortisation of intangible assets	15 2,622,695	2,848,307	10,779,276	11,641,031
Career development expense	25(b) 1,593,047	1,675,191	6,547,423	6,846,506
Provident fund	845,959	70,410	3,476,891	287,766
Unrealised foreign exchange losses/(gains)	409,096	(438,153)	1,681,385	(1,790,731)
Adjustment in property and equipment	364,663	482,341	1,498,765	1,971,328
Adjustment in intangible assets	106,902	(50,152)	439,367	(204,971)
(Reversal of)/provision for retirement benefits	25(a) (49,526)	2,803,698	(203,551)	11,458,714
Dividend income	30 (407,862)	(117,333)	(1,676,313)	(479,540)
Gain on disposals of property and equipment and lease	30 (424,901)	(803,422)	(1,746,343)	(3,283,586)
Net interest income	<u>(405,176,892)</u>	<u>(426,387,266)</u>	<u>(1,665,277,026)</u>	<u>(1,742,644,756)</u>
<b>Operating loss before changes in working capital</b>				
	<u>(146,215,880)</u>	<u>(148,530,362)</u>	<u>(600,947,267)</u>	<u>(607,043,587)</u>
<i>Changes in:</i>				
Deposits from customers	825,855,615	762,506,420	3,394,266,578	3,116,363,739
Other assets	46,480,053	(51,676,257)	191,033,018	(211,200,862)
Deposits and placements with other banks	12,468,670	(2,645,888)	51,246,234	(10,813,744)
Deposits and placements of other banks and financial institutions	(4,205,717)	(64,995,191)	(17,285,497)	(265,635,346)
Statutory deposits	(63,746,028)	(66,569,622)	(261,996,175)	(272,070,045)
Other liabilities	(89,314,969)	53,743,207	(367,084,523)	219,648,487
Loans and advances	<u>(249,381,778)</u>	<u>(1,026,736,664)</u>	<u>(1,024,959,108)</u>	<u>(4,196,272,746)</u>
<b>Cash flows from/(used in) operations</b>				
	<u>331,939,966</u>	<u>(544,904,357)</u>	<u>1,364,273,260</u>	<u>(2,227,024,104)</u>
Interest received	722,639,291	637,427,638	2,970,047,486	2,605,166,757
Provident fund paid	(845,679)	-	(3,475,741)	-
Career development benefits paid	25(b) (3,882,076)	(13,882)	(15,955,332)	(56,736)
Seniority benefits paid	25(c) (9,609,515)	(9,231,540)	(39,495,107)	(37,729,304)
Retirement benefits paid	25(a) (21,920,036)	(253,266)	(90,091,348)	(1,035,098)
Income tax paid	32(a) (41,131,732)	(35,814,822)	(169,051,419)	(146,375,178)
Interest paid	<u>(212,987,464)</u>	<u>(147,407,788)</u>	<u>(875,378,477)</u>	<u>(602,455,630)</u>
<b>Net cash from/(used in) operating activities (carried forward to next page)</b>				
	<u>764,202,755</u>	<u>(100,198,017)</u>	<u>3,140,873,322</u>	<u>(409,509,293)</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Net cash from/(used in) operating activities (brought forward from previous page)</b>		<u>764,202,755</u>	<u>(100,198,017)</u>	<u>3,140,873,322</u>	<u>(409,509,293)</u>
<b>Cash flows from investing activities</b>					
Proceeds from matured investments		57,185,184	1,189,330	235,031,106	4,860,792
Interest received from investments		4,070,729	3,007,229	16,730,696	12,290,545
Proceeds from disposals of property and equipment		465,316	847,882	1,912,449	3,465,294
Dividend received		407,862	117,333	1,676,313	479,540
Purchases of financial investments		-	(125,294,154)	-	(512,077,207)
Purchases of intangible assets	15	(2,238,497)	(1,715,997)	(9,200,223)	(7,013,280)
Purchases of property and equipment	14	<u>(29,856,118)</u>	<u>(22,605,798)</u>	<u>(122,708,645)</u>	<u>(92,389,896)</u>
<b>Net cash from/(used in) investing activities</b>		<u>30,034,476</u>	<u>(144,454,175)</u>	<u>123,441,696</u>	<u>(590,384,212)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		132,955,273	503,765,701	546,446,172	2,058,890,420
Proceeds from subordinated debts		14,962,500	-	61,495,875	-
Payments of lease liabilities	24	(13,521,708)	(12,616,442)	(55,574,220)	(51,563,398)
Repayments of subordinated debts		(26,000,000)	(29,000,000)	(106,860,000)	(118,523,000)
Interest paid		(69,898,383)	(53,181,970)	(287,282,354)	(217,354,711)
Payments of dividends		(72,695,343)	(58,419,561)	(297,105,865)	(237,650,775)
Repayments of borrowings		<u>(238,660,802)</u>	<u>(144,905,958)</u>	<u>(980,895,896)</u>	<u>(592,230,650)</u>
<b>Net cash (used in)/from financing activities</b>		<u>(272,858,463)</u>	<u>205,641,770</u>	<u>(1,119,776,288)</u>	<u>841,567,886</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		521,378,768	(39,010,422)	2,144,538,730	(158,325,619)
<b>Cash and cash equivalents at the beginning of the year</b>		1,719,370,446	1,758,380,868	7,078,648,126	7,163,643,656
Exchange differences		-	-	(69,726,317)	73,330,089
<b>Cash and cash equivalents at the end of the year</b>	34	<u>2,240,749,214</u>	<u>1,719,370,446</u>	<u>9,153,460,539</u>	<u>7,078,648,126</u>

During the year ended 31 December 2023, the Bank entered into new lease agreements and recognised right-of-use assets amounting to US\$17,331,167 (31 December 2022: US\$13,441,138), and pre-terminated right-of-use assets and lease liabilities amounting to US\$1,244,938 (31 December 2022: US\$1,454,035) and US\$1,324,238 (31 December 2022: US\$1,458,441), respectively, and recognised a gain from pretermination amounting to US\$76,783 (31 December 2022: US\$163), which is a non-cash transaction.

The accompanying notes on pages 26 to 195 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 1. Background information

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

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

On 7 December 2022, the Securities and Exchange Regulator of Cambodia (“SERC”) approved the Bank’s request for its nominated Cash Settlement Agent, Registrar Agent, Transfer Agent, and ACLEDA Securities Plc. (“ACS”), a wholly-owned subsidiary of the Bank, as the Bond Agent when the Bank issues the green bonds in the CSX.

On 13 September 2023, the NBC approved the Bank’s request for the issuance of Thai Baht (“THB”) Denominated Subordinated Unsecured Debentures in the Thai Bond Market Association amounting to THB3.5 Billion (equivalent to US\$100 Million).

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

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

The Bank and its four subsidiaries (collectively referred to as “the Group”) are operating in the Kingdom of Cambodia, Lao People’s Democratic Republic (“PDR”) and the Republic of the Union of Myanmar. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements. Currently, the Group has 264 offices covering all provinces and cities in the Kingdom of Cambodia, 37 offices in the Lao PDR, and 17 offices in the Republic of the Union of Myanmar.

As at 31 December 2023, the Group and the Bank have 13,503 and 12,045 employees, respectively (31 December 2022: 13,582 and 12,083 employees, respectively).

### 2. Material accounting policy information

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

- Defined benefit asset or obligation; and,
- Provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

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

The Management presents the statement of financial position based on liquidity. Generally, assets and liabilities over 12 months are considered non-current assets and non-current liabilities, respectively.

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

##### (i) Amended accounting standards effective during the year

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

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

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

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

*The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.*

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

The application of these amendments is reflected in the Group’s and the Bank’s financial statements under Notes 2 and 4.

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

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*)

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

#### (c) Consolidation

##### (i) Subsidiaries

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

#### (c) Consolidation (continued)

##### (ii) *Investments in subsidiaries*

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

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

##### (iii) *Disposal of subsidiaries*

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

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

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

##### (v) *Non-controlling interests*

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

#### (d) Foreign currency translation

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

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

##### (ii) *Transactions and balances*

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

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

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

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

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

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

##### (i) *Recognition and initial measurement*

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

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



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

##### (ii) Classification

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

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

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

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

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

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

All other financial assets are classified as FVTPL. As at the reporting date, the Group and the Bank do not have financial assets classified as FVTPL.

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

#### ***Business model assessment***

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's and the Bank's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy on how those risks are managed;

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and,
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

##### **Assessment of whether contractual cash flows are SPPI**

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

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

#### **Non-recourse loans**

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

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

#### **Reclassifications**

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

#### **Financial liabilities**

The Group and the Bank classify its financial liabilities, other than financial guarantees and loan commitments, either at amortised cost or FVTPL. As at the reporting date, the Group and the Bank do not have financial liabilities classified as FVTPL.

##### (iii) Derecognition

#### **Financial assets**

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

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

###### **Financial liabilities**

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

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

###### **Financial assets**

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

- 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 that will affect 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; and/or,
- insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

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

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

#### **Financial liabilities**

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

##### (v) *Offsetting*

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

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

##### (vi) *Fair value measurement*

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

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

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

##### (vii) *Impairment*

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

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

No impairment loss is recognised on equity investments.

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

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

#### ***Measurement of ECL***

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

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

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

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



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

##### ***Restructured financial assets***

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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

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

##### ***Credit-impaired financial assets***

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

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

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

##### **Presentation of allowance for ECL in the statement of financial position**

The Group and the Bank present loss allowances for ECL in the statement of financial position as follows:

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

##### **Write-off**

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 2. Material accounting policy information (continued)

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

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

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

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

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

##### **Non-integral financial guarantee contracts**

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

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

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

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

As at the reporting date, the Group and the Bank only have cash flow hedges for its interest rate swap agreements.

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss and in the same line as the recognised hedged item. If the Group and the Bank no longer expect the transaction to occur, that amount is immediately reclassified to profit or loss.

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

#### (f) Cash and cash equivalents

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

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

#### (g) Loans and advances

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

#### (h) Financial investments

The 'Financial investments' caption in the statement of financial position may include:

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

#### (i) Other assets

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

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

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

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

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

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

#### (j) Share capital and share premium

Share capital and share premium are classified as equity.

Share capital represents the nominal (par) value of shares that have been issued. Other shares, if any, are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

#### (k) Earnings per share

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

Diluted EPS is also computed by dividing net profit by the weighted average number of common stocks subscribed and issued during the year. However, net profit attributable to common stocks and the weighted average number of common stocks outstanding are adjusted to reflect the effects of all the dilutive potential common stocks into common stocks. Currently, there are no potentially dilutive common stocks.

#### (l) Property and equipment

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

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

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

The cost of any self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Land is not depreciated. The other items of property and equipment are depreciated on a straight-line basis to write off the cost of these assets to their residual values over their estimated useful lives as follows:

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss in the line item 'Other income, net'.

#### (m) Intangible assets

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

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

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

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

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

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



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

#### (o) Reserves

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

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

Regulatory reserves are set up for the variance of provision between impairment in accordance with CIFRSs (on loans and advances, deposits and placements with other banks, other receivables, investments in debt securities and off-balance sheet commitments) and regulatory provision (on loans and advances, deposits and placements with other banks, other receivables and off-balance sheet commitments based on the prescribed credit grading rate from the NBC). It is transferred between retained earnings and regulatory reserves.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

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

#### (p) Retained earnings

Retained earnings includes all current and prior period retained profits.

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

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

Current tax expense is determined according to the tax laws of each jurisdiction where each entity of the Group operates and generates taxable income and includes all taxes based upon the taxable profits.

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

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

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

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

#### (r) Employee benefits

##### (i) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for short-term employee benefits. The Group and the Bank recognise a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

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

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

###### **Retirement benefits**

The Bank and its subsidiaries, except AMM, provide an unfunded retirement benefit plan, which is a defined benefit plan for eligible employees, upon reaching the retirement age, as follows:

- Eligible employees who have worked for 15 years or more reach a retirement age of 58 years old and 60 years old for unskilled and skilled, respectively, are entitled to retirement benefits equivalent to 12 months of their last salary; or,
- Eligible employees who have worked for 15 years or more reach the early retirement age of 55 years old and 57 years old for unskilled and skilled, respectively, are entitled to retirement benefits equivalent to 6 months of their last salary.

No separate fund is maintained for the retirement benefits.

As at 31 December 2022, the liability is recognised in the statement of financial position at the present value of defined benefit obligation at the reporting period using the Projected Unit Credit method to estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods. The Group and the Bank attribute benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expect to pay in the future reporting periods. The present value of the retirement benefit obligation is determined by discounting the estimated future payments using the Bank's long-term fixed deposit interest rate as its reference rate, as there is no deep high-quality corporate bonds or government bonds currently being offered in the market.

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 2. Material accounting policy information (continued)

### (r) Employee benefits (continued)

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

##### ***Retirement benefits (continued)***

In 2023, the Group and the Bank amended the Employee Retirement Operating Manual and decided to terminate the retirement benefit plan due to the Group and the Bank have legal obligation required by the Royal Government of Cambodia to pay the seniority benefits and provident fund (see Note 25).

#### (iii) *Long term employment benefits*

The Group and the Bank have various long term employment benefit schemes as summarised below.

##### ***Seniority benefits***

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

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

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

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

##### ***Provident Fund***

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 2. Material accounting policy information (continued)

### (r) Employee benefits (continued)

#### (iii) Long term employment benefits (continued)

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

The Bank and its subsidiaries provide career development benefits to their employees ranging from US\$1,250 to US\$6,250 based on the management position level except for ABL which provides career development benefits to its employees ranging from LAK7,947,000 (equivalent to US\$417) to LAK23,372,500 (equivalent to US\$1,226) based on the management position level.

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

The liability is recognised in the statement of financial position at the present value of employee benefit obligation at the end of each reporting period using the Projected Unit Credit method. The present value is determined by discounting the estimated future payments by reference to three-year fixed deposit interest rate, as the period of the benefit entitlement is three years.

### (s) Provisions

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

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

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

### (t) Interest

#### ***Effective interest rate***

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

#### (t) Interest (continued)

##### *Effective interest rate (continued)*

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group and the Bank estimate future cash flows considering all the contractual terms of the financial instrument, but not the ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using the estimated future cash flows, including the ECL.

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

##### *Amortised cost and gross carrying amount*

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

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

##### *Calculation of interest income and interest expense*

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

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

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

##### *Presentation*

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income may include:

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

#### (t) Interest (continued)

##### *Presentation (continued)*

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

Interest expense presented in the statement of profit or loss and other comprehensive income may include:

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

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

#### (u) Fee and commission

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

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

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

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

#### (v) Recognition of fee and other income

##### (i) Dividends

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

Any dividends on equity instruments designated as FVOCI that clearly represent a recovery of part of the cost of the investment are presented in other comprehensive income.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

#### (v) Recognition of fee and other income (continued)

##### (ii) *Training and consultancy services*

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

#### (w) Leases

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

##### **As a lessee**

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group and the Bank use an incremental borrowing rate. Practically, the Group and the Bank used the incremental borrowing rate as the discount rate to measure its right-of-use assets and lease liabilities.

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

- fixed payments, including in-substance fixed payments, less any lease incentives;

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 2. Material accounting policy information (continued)

### (w) Leases (continued)

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's and the Bank's estimate of the amount expected to be payable under a residual value guarantee; if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment; or a lease contract is modified and the lease modification is not accounted for as a separate lease. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### ***Short-term leases and leases of low-value assets***

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

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

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

### (x) Contingent assets and contingent liabilities

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



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 2. Material accounting policy information (continued)

#### (x) Contingent assets and contingent liabilities (continued)

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

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

#### (y) Events after the reporting period

The Group and the Bank identify events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The financial statements of the Group and the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

#### (z) Segment reporting

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

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

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

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

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

Financial information on segment reporting is presented in Note 6.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 3. Composition of the Group

Details of the Bank's subsidiaries as at 31 December 2023 and 2022 are presented in Note 13.

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

ACLEDA Institute of Business Co., Ltd.

	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<u>Financial position:</u>				
Current assets	296,691	1,538,723	1,211,983	6,334,923
Non-current assets	31,433,019	32,117,464	128,403,883	132,227,599
<b>Total assets</b>	<b>31,729,710</b>	<b>33,656,187</b>	<b>129,615,866</b>	<b>138,562,522</b>
Current liabilities	2,793,262	2,134,580	11,410,475	8,788,066
Non-current liabilities	3,179,093	5,600,054	12,986,596	23,055,422
<b>Total liabilities</b>	<b>5,972,355</b>	<b>7,734,634</b>	<b>24,397,071</b>	<b>31,843,488</b>
<b>Equity</b>	<b>25,757,355</b>	<b>25,921,553</b>	<b>105,218,795</b>	<b>106,719,034</b>
<u>Ownership and voting interest held by</u>				
non-controlling interest	23.391%	23.391%	23.391%	23.391%
<u>Equity attributable to:</u>				
Equity holders of the Parent	19,732,452	19,858,243	80,607,067	81,756,385
Non-controlling interest	6,024,903	6,063,310	24,611,728	24,962,649
<u>Results of operations:</u>				
Revenue	4,651,145	5,312,828	19,116,206	21,713,528
Costs and expenses	(4,815,343)	(4,993,208)	(19,791,060)	(20,407,241)
<b>(Loss)/profit for the year</b>	<b>(164,198)</b>	<b>319,620</b>	<b>(674,854)</b>	<b>1,306,287</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(164,198)</b>	<b>299,314</b>	<b>(674,854)</b>	<b>1,223,296</b>
<u>(Loss)/profit attributable to:</u>				
Equity holders of the Parent	(125,790)	244,858	(516,997)	1,000,735
Non-controlling interest	(38,408)	74,762	(157,857)	305,552
<u>Total comprehensive (loss)/income for the year</u>				
<u>attributable to:</u>				
Equity holders of the Parent	(125,790)	229,301	(516,997)	937,153
Non-controlling interest	(38,408)	70,013	(157,857)	286,143
Dividends paid to non-controlling interest	-	-	-	-
<u>Cash flows:</u>				
Net cash inflows from operating activities	1,514,747	2,222,815	6,225,610	9,084,645
Net cash outflows from investing activities	(72,319)	(54,479)	(297,231)	(222,656)
Net cash outflows from financing activities	(1,867,480)	(1,868,523)	(7,675,343)	(7,636,654)
<b>Net cash (outflows)/inflows</b>	<b>(425,052)</b>	<b>299,813</b>	<b>(1,746,964)</b>	<b>1,225,335</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

#### (a) Judgements

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

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

#### Functional currency

Based on the economic substance of underlying circumstances relevant to the Group and the Bank, the Management determines the functional currency of the Group and the Bank to be the USD. The USD is the currency of the primary economic environment in which the Group and the Bank operate.

#### Leases

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

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

#### Post-employment benefits

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

#### (b) Assumptions and estimation uncertainties

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

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

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

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

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

Following CIAS 36, *Impairment of assets*, at the end of each reporting period, the Group and the Bank assess whether there is any indication that non-financial assets may be impaired. If any such indication exists, the Group and the Bank shall estimate the recoverable amount of the assets and writes down its carrying amount to the assessed recoverable amount.

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

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

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

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

As at 31 December 2023, the Management believes that the recoverable amounts of its equity investments and non-financial assets, exceed their carrying amounts. Accordingly, no impairment loss was recognised.

###### ***Coronavirus and continuing impact on ECL***

The ECL was estimated based on a range of forecasted economic conditions as at the reporting date. In 2020, the Novel Coronavirus (“COVID-19”) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. In response to the COVID-19 situation, the Management provides its best estimate of the continuing impact of COVID-19 on the Group’s and the Bank’s ECL considering the current and future probable economic scenarios.

###### **Post-employment benefits**

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

###### **Recognition of deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income together with future tax planning strategies.

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

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED**

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

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

###### **Taxes**

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

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

###### **Estimating cost of right-of-use assets and lease liabilities**

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

Lease liabilities are measured at the present value of lease payments to be made over the lease term. In calculating the lease liabilities, the Group and the Bank use its average incremental borrowing rate which is based on long-term fixed deposit interest rate at the time of the commencement of the lease term.

###### **Estimating useful lives of assets**

The useful lives of the Group's and the Bank's assets with definite useful life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of Group's and the Bank's property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's and the Bank's assets. In addition, the estimation of the useful lives is based on the Group's and the Bank's collective assessment of industry practice, internal technical evaluation, and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the assets would increase the recognised operating expenses and decrease non-current assets.

###### **Fair value measurement**

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 39).

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

The financial statements are expressed in USD. The translations of USD amounts into Khmer Riel (“KHR”) are included solely for compliance with the Law on Accounting and Auditing. Assets and liabilities are translated using the closing rate as at the reporting date. The statement of profit or loss and other comprehensive income and the statement of cash flows are translated into KHR using the applicable average rates for the reporting date. Exchange differences arising from the translation are recognised as “Currency translation differences” in the other comprehensive income.

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

		<b>Closing rate</b>	<b>Average rate</b>
31 December 2023	US\$1 =	KHR4,085	KHR4,110
31 December 2022	US\$1 =	KHR4,117	KHR4,087

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

### 6. Segment information

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

#### (a) Business segments

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

- *Lending* - provides loans to individual, group, and corporate as well as financial institutions. Products offered depend on the purpose, feature and size, such as group loan, small loan, medium loan, housing loan, car loan, motor loan, overdraft loan, revolving loan, financial lease, trade finance loan, etc.
- *Other financial services* - provides other services such as foreign exchange transaction, debit & credit card issuing and acquiring service, fund transfer (local & overseas), and cash management services (such as payroll, cash collection, bills payment, top-up and standing order). These services are leaning toward modernising the digital banking services via mobile application, internet banking and e-commerce as well as other digital ways.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm’s length basis.

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 6. Segment information (continued)

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

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

	2023						2022						
	Lending		Other financial services		Total		Lending		Other financial services		Total		
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	
		(Note 5)	(Note 5)	(Note 5)	(Note 5)		(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	
<b>Revenues</b>													
Interest income	755,631,085	3,105,643,759	-	-	755,631,085	3,105,643,759	670,753,456	2,741,369,375	-	-	670,753,456	2,741,369,375	
Interest expense	(329,001,434)	(1,352,195,894)	-	-	(329,001,434)	(1,352,195,894)	(220,822,466)	(902,501,419)	-	-	(220,822,466)	(902,501,419)	
<b>Net interest income</b>	<b>426,629,651</b>	<b>1,753,447,865</b>	<b>-</b>	<b>-</b>	<b>426,629,651</b>	<b>1,753,447,865</b>	<b>449,930,990</b>	<b>1,838,867,956</b>	<b>-</b>	<b>-</b>	<b>449,930,990</b>	<b>1,838,867,956</b>	
Non-interest income	-	-	72,377,153	297,470,099	72,377,153	297,470,099	-	-	73,077,928	298,669,492	73,077,928	298,669,492	
<b>Total net revenues</b>	<b>426,629,651</b>	<b>1,753,447,865</b>	<b>72,377,153</b>	<b>297,470,099</b>	<b>499,006,804</b>	<b>2,050,917,964</b>	<b>449,930,990</b>	<b>1,838,867,956</b>	<b>73,077,928</b>	<b>298,669,492</b>	<b>523,008,918</b>	<b>2,137,537,448</b>	

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

Secondary information (by geographical locations) follows:

	2023								2022							
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
<b>Profit or loss</b>																
Total income	797,311,514	3,276,950,323	26,845,940	110,336,813	6,067,231	24,936,319	830,224,685	3,412,223,455	711,533,289	2,908,036,552	28,208,386	115,287,674	7,467,425	30,519,366	747,209,100	3,053,843,592
Total expense	(659,302,676)	(2,709,733,998)	(18,115,501)	(74,454,709)	(4,742,684)	(19,492,433)	(682,160,861)	(2,803,681,140)	(537,377,514)	(2,196,261,900)	(21,134,270)	(86,375,761)	(6,899,084)	(28,196,558)	(565,410,868)	(2,310,834,219)
<b>Net profit</b>	<b>138,008,838</b>	<b>567,216,325</b>	<b>8,730,439</b>	<b>35,882,104</b>	<b>1,324,547</b>	<b>5,443,886</b>	<b>148,063,824</b>	<b>608,542,315</b>	<b>174,155,775</b>	<b>711,774,652</b>	<b>7,074,116</b>	<b>28,911,913</b>	<b>568,341</b>	<b>2,322,808</b>	<b>181,798,232</b>	<b>743,009,373</b>
<b>Other segment information</b>																
Depreciation and amortisation	37,300,794	153,306,263	1,102,304	4,530,469	204,800	841,728	38,607,898	158,678,461	35,209,729	143,902,162	1,397,973	5,713,516	271,767	1,110,712	36,879,469	150,726,390



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 6. Segment information (continued)

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

Secondary information (by geographical locations) follows: (continued)

	2023								2022								
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	
		(Note 5)			(Note 5)			(Note 5)			(Note 5)			(Note 5)			(Note 5)
<b>Financial position</b>																	
Total assets	9,640,091,494	39,379,773,753	181,744,965	742,428,182	19,972,177	81,586,343	9,841,808,636	40,203,788,278	8,954,952,434	36,867,539,171	158,217,647	651,382,053	17,320,296	71,307,656	9,130,490,377	37,590,228,880	
Total liabilities	8,219,112,182	33,575,073,263	145,443,101	594,135,068	4,254,070	17,377,877	8,368,809,353	34,186,586,208	7,595,402,710	31,270,272,957	124,579,961	512,895,699	2,926,736	12,049,373	7,722,909,407	31,795,218,029	

##### (d) Reconciliation

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

	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Revenues</b>				
Total segment revenues	830,224,685	747,209,100	3,412,223,455	3,053,843,592
Elimination of intersegment revenues	(2,216,447)	(3,377,716)	(9,109,597)	(13,804,725)
<b>Group net revenues as reported in profit or loss</b>	<b>828,008,238</b>	<b>743,831,384</b>	<b>3,403,113,858</b>	<b>3,040,038,867</b>
<b>Profit or loss</b>				
Total segment profit	148,063,824	181,798,232	608,542,315	743,009,373
Elimination of intersegment (profit)/loss	(45,399)	16,543	(186,590)	67,613
<b>Group net profit as reported in profit or loss</b>	<b>148,018,425</b>	<b>181,814,775</b>	<b>608,355,725</b>	<b>743,076,986</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 6. Segment information (continued)

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

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

	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Assets</b>				
Total segment assets	9,841,808,636	9,130,490,377	40,203,788,278	37,590,228,880
Elimination of intersegment assets	(97,768,150)	(99,327,071)	(399,382,892)	(408,929,551)
<b>Total assets</b>	<u>9,744,040,486</u>	<u>9,031,163,306</u>	<u>39,804,405,386</u>	<u>37,181,299,329</u>
<b>Liabilities</b>				
Total segment liabilities	8,368,809,353	7,722,909,407	34,186,586,208	31,795,218,029
Elimination of intersegment liabilities	(6,789,669)	(8,393,921)	(27,735,798)	(34,557,774)
<b>Total liabilities</b>	<u>8,362,019,684</u>	<u>7,714,515,486</u>	<u>34,158,850,410</u>	<u>31,760,660,255</u>
<b>Other segment information</b>				
Total segment depreciation and amortisation	38,607,898	36,879,469	158,678,461	150,726,390
Elimination of intersegment depreciation and amortisation	(18,422)	(14,229)	(75,715)	(58,154)
<b>Total depreciation and amortisation</b>	<u>38,589,476</u>	<u>36,865,240</u>	<u>158,602,746</u>	<u>150,668,236</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 7. Cash on hand

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>By currency:</b>								
In USD	303,036,520	347,641,854	1,237,904,184	1,431,241,513	301,587,525	346,175,903	1,231,985,040	1,425,206,193
In KHR	151,910,894	113,035,256	620,556,002	465,366,149	151,904,672	113,025,660	620,530,585	465,326,642
In THB	32,204,150	25,283,928	131,553,953	104,093,932	30,583,206	23,581,457	124,932,397	97,084,858
In Euro	576,681	1,819,435	2,355,742	7,490,614	572,521	1,813,640	2,338,748	7,466,756
In other currencies	8,065,323	9,246,568	32,946,844	38,068,120	1,936,393	2,068,823	7,910,165	8,517,345
	<u>495,793,568</u>	<u>497,027,041</u>	<u>2,025,316,725</u>	<u>2,046,260,328</u>	<u>486,584,317</u>	<u>486,665,483</u>	<u>1,987,696,935</u>	<u>2,003,601,794</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Balances with local banks:</b>								
National Bank of Cambodia	1,389,931,664	493,778,912	5,677,870,847	2,032,887,781	1,389,931,664	493,778,912	5,677,870,847	2,032,887,781
Other banks	248,726	68,717,001	1,016,046	282,907,893	248,726	68,717,001	1,016,046	282,907,893
	<u>1,390,180,390</u>	<u>562,495,913</u>	<u>5,678,886,893</u>	<u>2,315,795,674</u>	<u>1,390,180,390</u>	<u>562,495,913</u>	<u>5,678,886,893</u>	<u>2,315,795,674</u>
<b>Balances with overseas banks:</b>								
Bank of Lao PDR	27,299,355	15,024,630	111,517,865	61,856,402	-	-	-	-
Other banks	92,179,627	269,389,900	376,553,777	1,109,078,218	88,714,056	266,123,757	362,396,919	1,095,631,508
	<u>119,478,982</u>	<u>284,414,530</u>	<u>488,071,642</u>	<u>1,170,934,620</u>	<u>88,714,056</u>	<u>266,123,757</u>	<u>362,396,919</u>	<u>1,095,631,508</u>
Total balances with local and overseas banks	1,509,659,372	846,910,443	6,166,958,535	3,486,730,294	1,478,894,446	828,619,670	6,041,283,812	3,411,427,182
Allowance for impairment losses	(116,194)	(308,268)	(474,653)	(1,269,140)	(12,425)	(223,245)	(50,756)	(919,100)
	<u>1,509,543,178</u>	<u>846,602,175</u>	<u>6,166,483,882</u>	<u>3,485,461,154</u>	<u>1,478,882,021</u>	<u>828,396,425</u>	<u>6,041,233,056</u>	<u>3,410,508,082</u>
Current	1,509,543,178	846,602,175	6,166,483,882	3,485,461,154	1,478,882,021	828,396,425	6,041,233,056	3,410,508,082
Non-current	-	-	-	-	-	-	-	-
	<u>1,509,543,178</u>	<u>846,602,175</u>	<u>6,166,483,882</u>	<u>3,485,461,154</u>	<u>1,478,882,021</u>	<u>828,396,425</u>	<u>6,041,233,056</u>	<u>3,410,508,082</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

#### a) By account types

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Balances with local banks:</b>								
Current accounts	1,390,180,390	494,834,864	5,678,886,893	2,037,235,135	1,390,180,390	494,834,864	5,678,886,893	2,037,235,135
Fixed deposits	-	67,661,049	-	278,560,539	-	67,661,049	-	278,560,539
	<u>1,390,180,390</u>	<u>562,495,913</u>	<u>5,678,886,893</u>	<u>2,315,795,674</u>	<u>1,390,180,390</u>	<u>562,495,913</u>	<u>5,678,886,893</u>	<u>2,315,795,674</u>
<b>Balances with overseas banks:</b>								
Current accounts	118,474,163	154,018,565	483,966,956	634,094,432	88,714,056	136,028,251	362,396,919	560,028,309
Fixed deposits	1,004,819	130,395,965	4,104,686	536,840,188	-	130,095,506	-	535,603,199
	<u>119,478,982</u>	<u>284,414,530</u>	<u>488,071,642</u>	<u>1,170,934,620</u>	<u>88,714,056</u>	<u>266,123,757</u>	<u>362,396,919</u>	<u>1,095,631,508</u>
Total balances with local and overseas banks	1,509,659,372	846,910,443	6,166,958,535	3,486,730,294	1,478,894,446	828,619,670	6,041,283,812	3,411,427,182
Allowance for impairment losses	(116,194)	(308,268)	(474,653)	(1,269,140)	(12,425)	(223,245)	(50,756)	(919,100)
	<u>1,509,543,178</u>	<u>846,602,175</u>	<u>6,166,483,882</u>	<u>3,485,461,154</u>	<u>1,478,882,021</u>	<u>828,396,425</u>	<u>6,041,233,056</u>	<u>3,410,508,082</u>

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

	The Group		The Bank	
	2023	2022	2023	2022
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.00% - 0.75%	0.00% - 0.50%	Nil	Nil
Fixed deposits	0.74% - 7.50%	0.14% - 7.50%	4.34% - 6.95%	0.14% - 6.00%

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

#### c) By maturity

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
On demand	1,508,602,147	648,853,430	6,162,639,772	2,671,329,572	1,478,894,446	630,863,115	6,041,283,812	2,597,263,445
Within 1 month	52,405	102,998,141	214,074	424,043,346	-	102,697,683	-	422,806,361
Between 2 to 3 months	502,910	95,058,872	2,054,387	391,357,376	-	95,058,872	-	391,357,376
Between 4 to 6 months	501,910	-	2,050,302	-	-	-	-	-
Between 7 to 12 months	-	-	-	-	-	-	-	-
	<u>1,509,659,372</u>	<u>846,910,443</u>	<u>6,166,958,535</u>	<u>3,486,730,294</u>	<u>1,478,894,446</u>	<u>828,619,670</u>	<u>6,041,283,812</u>	<u>3,411,427,182</u>

### 9. Financial investments, net

	Note	The Group				The Bank			
		2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Unlisted equity securities at FVOCI</b>	(a)								
Credit Bureau Holding (Cambodia) Ltd.		153,529	153,529	627,166	632,079	153,529	153,529	627,166	632,079
SWIFT		36,141	36,141	147,636	148,792	36,141	36,141	147,636	148,792
<b>Total financial investments at FVOCI</b>		<u>189,670</u>	<u>189,670</u>	<u>774,802</u>	<u>780,871</u>	<u>189,670</u>	<u>189,670</u>	<u>774,802</u>	<u>780,871</u>
<b>Unquoted financial investments at amortised cost</b>									
Negotiable Certificate of Deposits with the NBC	(b)	284,890,089	519,982,197	1,163,776,014	2,140,766,705	284,890,089	519,982,197	1,163,776,014	2,140,766,705
Debt securities	(c)	73,093,885	36,481,870	298,588,520	150,195,859	73,093,885	36,481,870	298,588,520	150,195,859
		357,983,974	556,464,067	1,462,364,534	2,290,962,564	357,983,974	556,464,067	1,462,364,534	2,290,962,564
ECL Allowance		(629,260)	(616,205)	(2,570,527)	(2,536,916)	(629,260)	(616,205)	(2,570,527)	(2,536,916)
<b>Total financial investments at amortised cost</b>		<u>357,354,714</u>	<u>555,847,862</u>	<u>1,459,794,007</u>	<u>2,288,425,648</u>	<u>357,354,714</u>	<u>555,847,862</u>	<u>1,459,794,007</u>	<u>2,288,425,648</u>
<b>Total financial investments</b>		<u>357,544,384</u>	<u>556,037,532</u>	<u>1,460,568,809</u>	<u>2,289,206,519</u>	<u>357,544,384</u>	<u>556,037,532</u>	<u>1,460,568,809</u>	<u>2,289,206,519</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

- (a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly owned at 5% and indirectly owned at 1% through the Association of Banks in Cambodia. As at 31 December 2023, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (31 December 2022: US\$153,529) and the Bank's investment in Society for Worldwide Interbank Financial Telecommunications ("SWIFT") is valued at cost amounting to US\$36,141 (31 December 2022: US\$36,141) as the Management believes the cost of these investments approximates its fair value. Dividend income received from CBC during year ended 31 December 2023 amounted to KHR1,662,534,720 (US\$407,862) (31 December 2022: KHR475,200,000 (US\$117,333)).
- (b) As at 31 December 2023, the Bank has pledged negotiable certificate of deposits ("NCD") amounting to US\$3,038,699 (31 December 2022: US\$22,400,230) with the NBC as collateral for settlement clearing facility. As at 31 December 2023, the other NCD amounting to US\$281,851,390 (31 December 2022: US\$497,581,967) with the NBC is made for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to twelve months. As at 31 December 2023, the Bank is yet to utilise the overdraft on the settlement clearing facility.
- (c) On 12 January 2022, the Bank invested in a corporate debt security with a face value of US\$30,000,000 guaranteed by Overseas Cambodian Investment Corporation Ltd, a third party. The debt security earns an interest at the rate of 5.5% per annum and will mature on 11 January 2025. As at 31 December 2023, the carrying amount of this investment is US\$31,604,794 (31 December 2022: US\$31,600,274).

The Bank bought the government bonds from the Ministry of Economy and Finance with information below:

No	Value Date	Quantity (Sheets)	Interest per annum	Yield to maturity	Tenure	Maturity Date	Face value (KHR)	Issuance size	
								KHR'000	US\$
1	27/01/2023	20,000	3.48%	3.60%	1	27/01/2024	1,000,000	20,000,000	4,895,961
2	24/02/2023	60,000	4.00%	4.10%	2	24/02/2025	1,000,000	60,000,000	14,687,882
3	21/07/2023	10,000	3.48%	3.80%	1	21/07/2024	1,000,000	10,000,000	2,447,980
4	21/07/2023	10,000	3.48%	3.70%	1	21/07/2024	1,000,000	10,000,000	2,447,980
5	18/08/2023	20,000	4.00%	4.30%	2	18/08/2025	1,000,000	20,000,000	4,895,961
6	22/09/2023	8,000	4.50%	5.20%	3	22/09/2026	1,000,000	8,000,000	1,958,384
7	20/10/2023	10,000	3.48%	3.90%	1	20/10/2024	1,000,000	10,000,000	2,447,980
8	20/10/2023	10,000	3.48%	3.80%	1	20/10/2024	1,000,000	10,000,000	2,447,980
9	24/11/2023	10,000	4.00%	4.50%	2	24/11/2025	1,000,000	10,000,000	2,447,980
10	24/11/2023	10,000	4.00%	4.60%	2	24/11/2025	1,000,000	10,000,000	2,447,980

As at 31 December 2023, the amortised cost of the investments in government bonds is KHR169,482,933,554 (US\$41,489,090) (31 December 2022: KHR20,097,529,580 (US\$4,881,596)).

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 9. Financial investments, net (continued)

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Within 1 month	288,443,092	499,182,241	1,178,290,030	2,055,133,286	288,443,092	499,182,241	1,178,290,030	2,055,133,286
Between 2 to 3 months	3,414,265	22,132,777	13,947,273	91,120,643	3,414,265	22,132,777	13,947,273	91,120,643
Between 4 to 6 months	71,316	300,698	291,326	1,237,974	71,316	300,698	291,326	1,237,974
Between 7 to 12 months	9,761,465	4,848,351	39,875,585	19,960,661	9,761,465	4,848,351	39,875,585	19,960,661
More than 12 months	56,293,836	30,000,000	229,960,320	123,510,000	56,293,836	30,000,000	229,960,320	123,510,000
	<u>357,983,974</u>	<u>556,464,067</u>	<u>1,462,364,534</u>	<u>2,290,962,564</u>	<u>357,983,974</u>	<u>556,464,067</u>	<u>1,462,364,534</u>	<u>2,290,962,564</u>



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 10. Loans and advances, net

	The Group											
	2023			2022			2023			2022		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
						(Note 5)			(Note 5)			
Small Loan	3,010,956,957	27,770,215	2,983,186,742	2,868,926,918	22,413,324	2,846,513,594	12,299,759,169	113,441,328	12,186,317,841	11,811,372,121	92,275,655	11,719,096,466
Medium Loan	2,363,039,566	18,938,304	2,344,101,262	2,507,150,225	14,113,589	2,493,036,636	9,653,016,627	77,362,972	9,575,653,655	10,321,937,476	58,105,646	10,263,831,830
Personal & Others Loan	483,524,761	3,643,801	479,880,960	262,623,532	1,700,385	260,923,147	1,975,198,650	14,884,929	1,960,313,721	1,081,221,081	7,000,485	1,074,220,596
Staff Loan	297,515,093	59,271	297,455,822	289,854,485	82,333	289,772,152	1,215,349,155	242,122	1,215,107,033	1,193,330,915	338,965	1,192,991,950
Overdraft Loan	159,816,406	689,036	159,127,370	161,555,205	310,254	161,244,951	652,850,019	2,814,712	650,035,307	665,122,779	1,277,316	663,845,463
Public Housing Loan	154,400,982	990,876	153,410,106	153,915,879	1,086,746	152,829,133	630,728,011	4,047,728	626,680,283	633,671,674	4,474,133	629,197,541
Credit Card Loan	88,962,172	2,502,209	86,459,963	63,294,403	1,101,478	62,192,925	363,410,473	10,221,524	353,188,949	260,583,057	4,534,785	256,048,272
Revolving Loan	29,992,751	97,276	29,895,475	41,060,604	72,286	40,988,318	122,520,388	397,372	122,123,016	169,046,507	297,601	168,748,906
Staff Housing Loan	31,007,135	26,261	30,980,874	29,013,820	29,394	28,984,426	126,664,146	107,276	126,556,870	119,449,897	121,015	119,328,882
Home Improvement Loan	21,134,005	913,194	20,220,811	23,246,999	1,312,237	21,934,762	86,332,410	3,730,397	82,602,013	95,707,895	5,402,480	90,305,415
Trade Loan	16,962,181	16,335	16,945,846	21,006,685	20,636	20,986,049	69,290,509	66,728	69,223,781	86,484,522	84,958	86,399,564
	<u>6,657,312,009</u>	<u>55,646,778</u>	<u>6,601,665,231</u>	<u>6,421,648,755</u>	<u>42,242,662</u>	<u>6,379,406,093</u>	<u>27,195,119,557</u>	<u>227,317,088</u>	<u>26,967,802,469</u>	<u>26,437,927,924</u>	<u>173,913,039</u>	<u>26,264,014,885</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Bank											
	2023			2022			2023			2022		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
						(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	
Small Loan	2,884,157,048	12,673,382	2,871,483,666	2,748,136,582	9,619,193	2,738,517,389	11,781,781,541	51,770,765	11,730,010,776	11,314,078,308	39,602,218	11,274,476,090
Medium Loan	2,349,484,724	18,865,068	2,330,619,656	2,499,495,011	14,081,544	2,485,413,467	9,597,645,098	77,063,803	9,520,581,295	10,290,420,960	57,973,717	10,232,447,243
Personal & Others Loan	480,498,163	3,612,266	476,885,897	258,973,137	1,652,271	257,320,866	1,962,834,995	14,756,107	1,948,078,888	1,066,192,406	6,802,399	1,059,390,007
Staff Loan	293,163,708	44,899	293,118,809	285,038,052	71,760	284,966,292	1,197,573,747	183,412	1,197,390,335	1,173,501,660	295,436	1,173,206,224
Overdraft Loan	158,920,550	684,232	158,236,318	160,552,411	308,800	160,243,611	649,190,447	2,795,088	646,395,359	660,994,276	1,271,330	659,722,946
Public Housing Loan	151,945,600	982,034	150,963,566	151,376,678	1,083,712	150,292,966	620,697,776	4,011,609	616,686,167	623,217,783	4,461,642	618,756,141
Credit Card Loan	88,962,172	2,502,209	86,459,963	63,294,403	1,101,478	62,192,925	363,410,473	10,221,524	353,188,949	260,583,057	4,534,785	256,048,272
Revolving Loan	29,992,751	97,276	29,895,475	41,060,604	72,286	40,988,318	122,520,388	397,372	122,123,016	169,046,507	297,601	168,748,906
Staff Housing Loan	30,933,591	26,254	30,907,337	28,972,643	29,389	28,943,254	126,363,719	107,248	126,256,471	119,280,371	120,995	119,159,376
Trade Loan	16,962,181	16,335	16,945,846	21,006,685	20,636	20,986,049	69,290,509	66,728	69,223,781	86,484,522	84,958	86,399,564
Home Improvement Loan	11,622,338	95,583	11,526,755	16,520,247	115,899	16,404,348	47,477,251	390,457	47,086,794	68,013,857	477,156	67,536,701
	<u>6,496,642,826</u>	<u>39,599,538</u>	<u>6,457,043,288</u>	<u>6,274,426,453</u>	<u>28,156,968</u>	<u>6,246,269,485</u>	<u>26,538,785,944</u>	<u>161,764,113</u>	<u>26,377,021,831</u>	<u>25,831,813,707</u>	<u>115,922,237</u>	<u>25,715,891,470</u>

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

	The Group				The Bank			
	2023	2022	2023	2022	2023	2022	2023	2022
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
		(Note 5)	(Note 5)			(Note 5)	(Note 5)	
Within 1 year	1,600,707,057	1,591,146,359	6,538,888,329	6,550,749,560	1,543,246,088	1,536,853,536	6,304,160,270	6,327,226,008
Later than 1 year but not later than 3 years	2,224,498,064	2,193,502,533	9,087,074,591	9,030,649,928	2,170,793,786	2,136,109,587	8,867,692,616	8,794,363,170
Later than 3 years but not later than 5 years	1,505,478,580	1,583,979,594	6,149,879,999	6,521,243,988	1,476,912,594	1,557,305,827	6,033,187,946	6,411,428,090
Later than 5 years	1,326,628,308	1,053,020,269	5,419,276,638	4,335,284,448	1,305,690,358	1,044,157,503	5,333,745,112	4,298,796,439
	<u>6,657,312,009</u>	<u>6,421,648,755</u>	<u>27,195,119,557</u>	<u>26,437,927,924</u>	<u>6,496,642,826</u>	<u>6,274,426,453</u>	<u>26,538,785,944</u>	<u>25,831,813,707</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Allowance for/(reversal of) impairment losses on:								
Loans and advances	41,824,525	20,045,313	171,898,798	81,925,194	38,676,227	12,763,402	158,959,293	52,164,024
Deposits and placements with other banks	(177,657)	(157,751)	(730,170)	(644,728)	(199,422)	1,937	(819,624)	7,917
Other receivables	23,768	77,440	97,686	316,497	(23,252)	31,409	(95,566)	128,369
Investments in debt securities	13,054	616,205	53,652	2,518,430	13,054	616,205	53,652	2,518,429
	41,683,690	20,581,207	171,319,966	84,115,393	38,466,607	13,412,953	158,097,755	54,818,739
Off-balance sheet commitments	2,180	(2,588)	8,960	(10,577)	(15,518)	(66,794)	(63,779)	(272,987)
	<u>41,685,870</u>	<u>20,578,619</u>	<u>171,328,926</u>	<u>84,104,816</u>	<u>38,451,089</u>	<u>13,346,159</u>	<u>158,033,976</u>	<u>54,545,752</u>

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>At the beginning of the year</b>	42,242,662	34,621,074	173,913,039	141,046,256	28,156,968	22,588,505	115,922,237	92,025,571
Allowance for impairment losses during the year	41,824,525	20,045,313	171,898,798	81,925,194	38,676,227	12,763,402	158,959,293	52,164,024
Written off during the year	(28,099,807)	(8,794,470)	(115,490,207)	(35,942,999)	(27,165,405)	(6,957,636)	(111,649,815)	(28,435,858)
Currency translation differences	(320,602)	(3,629,255)	(1,317,674)	(14,832,765)	(68,252)	(237,303)	(280,516)	(969,857)
Exchange differences	-	-	(1,686,868)	1,717,353	-	-	(1,187,086)	1,138,357
<b>At the end of the year</b>	<u>55,646,778</u>	<u>42,242,662</u>	<u>227,317,088</u>	<u>173,913,039</u>	<u>39,599,538</u>	<u>28,156,968</u>	<u>161,764,113</u>	<u>115,922,237</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 11. Other assets

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Prepayments and advances	17,493,860	13,054,273	71,462,418	53,744,442	16,768,610	12,353,023	68,499,772	50,857,396
Stationery supplies	5,335,702	4,314,109	21,796,343	17,761,187	5,097,968	4,111,810	20,825,199	16,928,322
Income tax receivable	4,638,694	3,248,578	18,949,065	13,374,396	4,582,366	3,164,522	18,718,965	13,028,337
Receivable from Western Union and VISA	4,226,939	2,344,641	17,267,046	9,652,887	4,196,511	2,310,933	17,142,747	9,514,111
Others	1,161,019	55,908,562	4,742,763	230,175,549	403,602	55,738,749	1,648,716	229,476,431
	<u>32,856,214</u>	<u>78,870,163</u>	<u>134,217,635</u>	<u>324,708,461</u>	<u>31,049,057</u>	<u>77,679,037</u>	<u>126,835,399</u>	<u>319,804,597</u>
ECL Allowance	(16,696)	(51,597)	(68,204)	(212,425)	(13,786)	(36,902)	(56,316)	(151,926)
Total	<u>32,839,518</u>	<u>78,818,566</u>	<u>134,149,431</u>	<u>324,496,036</u>	<u>31,035,271</u>	<u>77,642,135</u>	<u>126,779,083</u>	<u>319,652,671</u>
Current	17,351,501	65,079,070	70,880,882	267,930,531	15,966,836	64,194,634	65,224,526	264,289,309
Non-current	15,488,017	13,739,496	63,268,549	56,565,505	15,068,435	13,447,501	61,554,557	55,363,362
	<u>32,839,518</u>	<u>78,818,566</u>	<u>134,149,431</u>	<u>324,496,036</u>	<u>31,035,271</u>	<u>77,642,135</u>	<u>126,779,083</u>	<u>319,652,671</u>

### 12. Statutory deposits

	Note	The Group				The Bank			
		2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
With the Central Bank	(a)	543,302,104	479,556,076	2,219,389,095	1,974,332,365	543,302,104	479,556,076	2,219,389,095	1,974,332,365
With Other Central Bank	(b)	5,043,487	2,532,022	20,602,645	10,424,333	-	-	-	-
Others	(c)	281,518	242,895	1,150,000	1,000,000	-	-	-	-
		<u>548,627,109</u>	<u>482,330,993</u>	<u>2,241,141,740</u>	<u>1,985,756,698</u>	<u>543,302,104</u>	<u>479,556,076</u>	<u>2,219,389,095</u>	<u>1,974,332,365</u>
Current		-	-	-	-	-	-	-	-
Non-current		548,627,109	482,330,993	2,241,141,740	1,985,756,698	543,302,104	479,556,076	2,219,389,095	1,974,332,365
		<u>548,627,109</u>	<u>482,330,993</u>	<u>2,241,141,740</u>	<u>1,985,756,698</u>	<u>543,302,104</u>	<u>479,556,076</u>	<u>2,219,389,095</u>	<u>1,974,332,365</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 12. Statutory deposits (continued)

##### (a) With the Central Bank

###### (i) Reserve requirement

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

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

However, in the NBC Letter No. B7-023-2621 Chhor.Tor dated 23 November 2023, the reserve requirement against deposits and borrowings in foreign currencies was changed at the rate of 7% until 31 December 2024.

Previously, the NBC issued on 18 March 2020 a press release announcing the reduction of the Reserve Requirement to 7% in order to mitigate the impact of COVID-19 pandemic on Cambodia's economy.

Pursuant to the NBC's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings, reserve requirements for both KHR and other currencies bear no interest since 29 August 2018.

The reserve requirement amounted to US\$499,985,802 as at 31 December 2023 (31 December 2022: US\$436,239,774).

###### (ii) Capital guarantee

Pursuant to the NBC's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001, the banks are required to maintain 10% of its registered capital as a statutory deposit with the NBC. The deposit, which is not available for use in the bank's day-to-day operations, is refundable should the bank voluntarily ceases its operations in Cambodia. As at 31 December 2023, capital guarantee deposit amounted to US\$43,316,302 (31 December 2022: US\$43,316,302). The capital guarantee deposit is earning at an interest rate of  $\frac{1}{4}$  of the London Inter-bank Offered Rate ("LIBOR") on a 6-month basis. Pursuant to the NBC's Prakas No. B5-021-288 issued on 29 December 2021, banks and financial institutions are required to use 'Secured Overnight Financing Rate' instead of LIBOR starting 3 January 2022.

##### (b) With Other Central Bank

ABL maintained its compulsory deposits in compliance with the requirements of the Bank of Lao PDR ("BOL"). Statutory deposits with Central Bank include compulsory reserve and registered capital reserve. These balances earn no interest. Under regulations of the BOL, banks are required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5.5% for the Lao Kip ("LAK") and 8% for foreign currency (previously, 5% and 5%, respectively), on a bi-monthly basis, of customers' deposits having original maturities of less than 12 months.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 12. Statutory deposits (continued)

##### (c) Others

In compliance with Article 23 of SERC's Prakas No. 001/18 SECC/PR.K dated 20 March 2008 on licensing and supervision of securities, ACS is required to reserve the guarantee capital of KHR1,000,000,000 (which is equivalent to US\$244,798 and US\$242,895 as at 31 December 2023 and 31 December 2022, respectively) in the SERC's bank account at the NBC to operate as a securities broker in the Kingdom of Cambodia. On 24 November 2023, ACS added KHR150,000,000 (which is equivalent to US\$36,720) in the SERC's bank account at the NBC to fulfil the requirements as stated in Prakas No. 003/18 SECC/PR.K dated 29 May 2018 on the licensing and supervision of collective investment scheme business. ACS is waiting for the official approval from SERC to be a distribution company. This statutory deposit does not bear interest.

#### 13. Investments in subsidiaries

	Note	The Bank			
		2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Unquoted ordinary shares, at cost</b>					
ACLEDA Bank Lao Ltd.	(a)	49,389,566	49,389,566	201,756,377	203,336,843
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,210,850	8,275,170
ACLEDA Institute of Business Co., Ltd.	(c)	19,805,000	19,805,000	80,903,425	81,537,185
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,913,150	19,913,150	81,345,218	81,982,439
		<u>91,117,716</u>	<u>91,117,716</u>	<u>372,215,870</u>	<u>375,131,637</u>

Details of the Bank's subsidiaries are as follows:

Name of Subsidiaries	Note	Ownership and Voting Interest	
		2023	2022
ACLEDA Bank Lao Ltd.	(a)	99.90%	99.90%
ACLEDA Securities Plc.	(b)	100%	100%
ACLEDA Institute of Business Co., Ltd.	(c)	76.609%	76.609%
ACLEDA MFI Myanmar Co., Ltd.	(d)	100%	100%

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

ABL was established in Lao PDR on 13 December 2007 under a preliminary license from the BOL. ABL's principal business is providing banking and related financial services in Lao PDR. The Bank owned 99.90% of ABL's shares. The Bank's initial investment in 2008 in ABL is US\$5,477,399. In 2009, the Bank sold shares to International Finance Corporation ("IFC") amounting to US\$876,384 which decreased the Bank's investments in ABL to US\$4,601,015. In 2010, the Bank injected capital to ABL amounting to US\$5,966,969, thereby increasing its investments to US\$10,567,984.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

In 2014, the Bank bought shares from FMO, Stichting Triodos Doen, Triodos Fair Share Fund and IFC amounting to US\$28,875,098 and injected capital to ABL amounting to US\$9,946,484, increasing its investments in ABL to US\$49,389,566. As at 31 December 2023, the Bank's investments in ABL remain the same.

##### Status of operations

The BOL will attempt to lower the rate of inflation to 9% or another single-digit figure by the end of next year, by ensuring that the income earned from exports enters the banking system. The central bank wants at last 70% of export earnings to enter the Lao banking system. The ambitious target was cited by the Governor of the BOL, when speaking at the start of the National Assembly's 6th ordinary session. To achieve this goal, BOL will tighten the enforcement of monetary policy in order to create a larger money supply for circulation within the country. BOL will also continue to ensure that currency exchange rates are set in line with market mechanisms and make foreign currency exchange more flexible by improving the services provided by commercial banks.

BOL mulls solutions to inflation, high currency exchange rates. The main reason for unfavourable foreign exchange rates and high inflation in Lao PDR is the fact that revenue is low but expenditure is high. This was the bold statement made by the Governor of the BOL when addressing the National Assembly with the session. The Governor of the BOL said that the most of the money used for socio-economic development comes from directly foreign investment, and from loans which the government has to repay. Another hindrance is that foreign currency reserves are very low, while the policy on foreign currencies is weak, particularly when it comes to requiring businesses to deposit money in bank accounts.

A high-level economist has stressed the need for Lao PDR to create conditions that favour the inflow of foreign currency into the money supply, saying it will help to stabilise the value of the LAK by boosting exports, tourism and foreign investment. In order to stabilise exchange rates and deal with economic challenges, it needs to bring in more foreign currency by increasing the value of exports, tourism and foreign investment. The inflow of foreign currency will help to stabilise exchange rates and the value of the LAK. Exporters should make use of this opportunity and ship more agricultural products on the Laos-China railway to help boost foreign exchange earnings.

As at 31 December 2023, the situation of inflation rate and fluctuations in the exchange rates still impact ABL's performance. Loan portfolio in USD currency is less than the plan by 31%, but in LAK currency, it is less than plan by only 13%. However, the quality of loan is manageable. ABL is still able to keep its performance grow in terms of loan portfolio by 7% and of deposits by 13% in comparison to the same period of last year. Thus, ABL still has the ability to pay its debts, and its liquidity and cash flow levels are still in the good position.

##### (b) ACLEDA Securities Plc.

On 1 March 2010, ACS was established in the Kingdom of Cambodia and registered with the Ministry of Commerce ("MOC") under the Registration No. Co.0448KH/2010. On 20 October 2010, the SERC (previously known as SECC) granted a brokerage license to ACS. The registered share capital of ACS is US\$2,010,000, divided into 2,010,000 shares with par value of US\$1 each. ACS' principal business is providing securities brokerage and other services approved by the SERC. ACS is wholly-owned by the Bank.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

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

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

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

On 29 March 2021, AIB submitted a letter to the MOC requesting for its approval on the amendment of its MAA relating to the capital increase and on 2 December 2022, AIB obtained the approval from the MOC.

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

AMM was incorporated in the Republic of the Union of Myanmar under the Republic of the Union of Myanmar Companies Law on 6 September 2012 to provide services per Registration No. 143715094 and started its operations on 18 February 2013. The financial year of the statutory financial statements of AMM is from 1 October to 30 September until year 2021 and from 1 April to 31 March from year 2022 onwards in accordance with the Letter N<sup>o</sup>: NgaKaSa/AhMaKha (105/2021) issued on 13 September 2021 on changing the fiscal year of Myanmar.

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

The Bank’s initial investment in 2013 in AMM is US\$9,411,765. In 2014, the Bank sold shares to IFC, COFIBRED S.A and Kreditanstalt Fur Wiederaufbau (“KfW”) amounting to US\$3,659,371, which decreased its investments in AMM to US\$5,752,394.

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



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

On 23 September 2019, the Bank injected capital amounting to US\$3,969,923 (equivalent to Myanmar Kyat ("MMK") of 6,099,390,000) and additional capital of US\$3,995,367 (equivalent MMK6,039,396,000), on 3 December 2019, increasing its ownership to 99.99%, with the remaining interest owned by AIB.

On 12 May 2021, the Bank settled US\$2,145 to AIB to hold 100% of common stock of AMM shares amounting to MMK20,140,000,000 (2019: 99.99% of MMK8,000,000,000). On 5 April 2021, AMM submitted a request to the regulator for the approval of its amended MAA resulting from the change in ownership. Microfinance Business Supervisory Committee has approved AMM's request with Letter No. KaKa-1/6 (467/2021) dated 23 December 2021.

##### Status of operations

Myanmar's crisis-torn economy is projected to grow by just 1% over the year to March 2024, the World Bank said in a report published on 6 December 2023, as the rising resistance against Myanmar's military regime has disrupted its vast border trade. According to the World Bank's semi-annual Myanmar Economic Monitor, GDP growth is expected to remain stagnant at about 2% next fiscal year.

Fighting has affected Myanmar's trade with its neighbours across land borders, which accounted for 40% of its exports and 21% of its imports in the six months to September 2023.

The World Bank said that even if the conflict eases, growth is expected to remain subdued over the rest of 2024 and into 2025, citing the slowdown across agriculture, manufacturing and trade. Growth will be limited as conflict-related uncertainty dampens consumption and investment.

The World Bank's Country Director for Myanmar said that the economic situation has deteriorated, and uncertainty about the future is increasing. High food price inflation has had a particularly severe impact on the poor, who spend a larger portion of their income on food and who tend to live in areas where prices have risen at a faster pace. The World Bank report said inflation is set to remain at around 20% until March 2024. While several prices eased in the first half of 2023, the recent re-emergence of exchange rate pressures is likely to see prices continue to rise at a rapid pace in 2024. High logistics costs, restrictions on trade and foreign exchange, and electricity shortages have increased the cost of doing business and reduced the garment sector's international competitiveness.

Myanmar's central bank will no longer set exchange rates for foreign currencies and will allow banks and dealers to decide rates themselves, the state media reported on 6 December 2023, in a rare easing of some of its tight foreign exchange controls. Authorities have imposed a slew of measures to suppress demand for foreign currencies, while cracking down on black market trading and revoking more than 140 money changer licenses during the year.

As at 31 December 2023, AMM still operates as usual by focusing on loan collection, loan recovery and loan disbursement as well as the voluntary saving mobilizing. AMM's loans outstanding increased by 1.45% and 10.79% compared to September 2023 and December 2022, respectively, along with the default value decreased by 0.59% and 11.81% compared to September 2023 and December 2022, respectively, due to the Financial Regulatory Department of Myanmar's new directive changing the provision rate from 1% to 3% for arrear loans over 30 days. Month by month, the voluntary saving increased, and AMM is in good liquidity and favourable cash flow position. Thus, AMM is still able to support its daily operations smoothly and to support future operations as the national security situation in Myanmar improves and becomes controllable.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED**

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

#### **(e) ACLEDA Bank Plc. (Representative Office)**

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

The representation office is permitted for the following activities:

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 14. Property and equipment, net

	The Group								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Construction in progress US\$	Total US\$
<b>Cost</b>									
<b>As at 1 January 2023</b>	14,542,280	1,759,381	99,042,570	9,653,057	83,813,313	90,372,687	21,880,815	2,647,259	323,711,362
Additions	-	-	40,664	1,450,025	14,194,354	9,532,489	4,031,203	2,409,939	31,658,674
Disposals/write-offs	-	-	(359)	(248,172)	(1,630,492)	(1,575,629)	(1,155,645)	-	(4,610,297)
Reclassifications	-	-	50,000	593,310	715,288	1,072,962	9,961	(2,441,521)	-
Currency translation differences	-	-	-	(47,729)	(112,336)	(619,060)	(79,129)	(19,052)	(877,306)
Adjustments	-	-	-	-	12,594	5	-	(377,262)	(364,663)
<b>As at 31 December 2023</b>	<u>14,542,280</u>	<u>1,759,381</u>	<u>99,132,875</u>	<u>11,400,491</u>	<u>96,992,721</u>	<u>98,783,454</u>	<u>24,687,205</u>	<u>2,219,363</u>	<u>349,517,770</u>
<b>Less: Accumulated depreciation</b>									
<b>As at 1 January 2023</b>	-	896,603	31,315,844	5,206,404	61,047,802	69,885,318	15,138,682	-	183,490,653
Charge for the year	-	65,717	4,631,352	1,574,182	8,796,795	6,616,539	1,856,669	-	23,541,254
Disposals/write-offs	-	-	(359)	(224,710)	(1,611,375)	(1,573,751)	(1,151,716)	-	(4,561,911)
Currency translation differences	-	(7)	(3,258)	(41,108)	(106,643)	(472,570)	(75,505)	-	(699,091)
<b>As at 31 December 2023</b>	<u>-</u>	<u>962,313</u>	<u>35,943,579</u>	<u>6,514,768</u>	<u>68,126,579</u>	<u>74,455,536</u>	<u>15,768,130</u>	<u>-</u>	<u>201,770,905</u>
<b>Carrying value</b>	<u>14,542,280</u>	<u>797,068</u>	<u>63,189,296</u>	<u>4,885,723</u>	<u>28,866,142</u>	<u>24,327,918</u>	<u>8,919,075</u>	<u>2,219,363</u>	<u>147,746,865</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>59,405,214</u>	<u>3,256,023</u>	<u>258,128,274</u>	<u>19,958,178</u>	<u>117,918,190</u>	<u>99,379,545</u>	<u>36,434,421</u>	<u>9,066,099</u>	<u>603,545,944</u>

As at 31 December 2023, fully depreciated property and equipment with total historical cost of US\$130,332,368 (31 December 2022: US\$122,558,800) are still in active use.

As at 31 December 2023, the Bank's construction in progress amounting to US\$1,316,041 is mostly related to Server IBM Power System; and ABL's construction in progress amounting to US\$903,322 is mostly related to CRM machines, Palo Alto and Dell firewall, Cisco security for the upgrade of T24 core banking R22 (31 December 2022: the Bank's construction in progress amounting to US\$2,492,887 is mostly related to purchases of POS machines, development of self-service areas, server, Cisco security and switch; and ABL's construction in progress amounting US\$154,372 is mostly related to IT projects such as Fire Eyes and Nutanix).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Group								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Construction in progress US\$	Total US\$
<b>Cost</b>									
<b>As at 1 January 2022</b>	14,542,280	1,759,381	98,948,419	7,111,670	72,308,695	83,595,259	19,738,270	12,955,562	310,959,536
Additions	-	-	87,159	1,721,413	4,502,344	11,198,300	3,995,819	3,169,748	24,674,783
Disposals/write-offs	-	-	(308)	(268,699)	(2,563,455)	(2,750,353)	(1,512,880)	(846,476)	(7,942,171)
Reclassifications	-	-	7,300	1,317,679	10,080,203	667,719	6,308	(12,079,209)	-
Currency translation differences	-	-	-	(229,006)	(511,242)	(2,338,258)	(346,702)	(79,223)	(3,504,431)
Adjustments	-	-	-	-	(3,232)	20	-	(473,143)	(476,355)
<b>As at 31 December 2022</b>	<u>14,542,280</u>	<u>1,759,381</u>	<u>99,042,570</u>	<u>9,653,057</u>	<u>83,813,313</u>	<u>90,372,687</u>	<u>21,880,815</u>	<u>2,647,259</u>	<u>323,711,362</u>
<b>Less: Accumulated depreciation</b>									
<b>As at 1 January 2022</b>	-	828,303	26,708,563	4,488,660	56,181,765	67,921,485	15,399,516	-	171,528,292
Charge for the year	-	68,332	4,621,153	1,174,733	7,909,256	6,622,932	1,594,967	-	21,991,373
Disposals/write-offs	-	-	(308)	(257,693)	(2,548,068)	(2,747,525)	(1,510,984)	-	(7,064,578)
Currency translation differences	-	(32)	(13,564)	(199,296)	(498,528)	(1,912,183)	(344,817)	-	(2,968,420)
Adjustments	-	-	-	-	3,377	609	-	-	3,986
<b>As at 31 December 2022</b>	<u>-</u>	<u>896,603</u>	<u>31,315,844</u>	<u>5,206,404</u>	<u>61,047,802</u>	<u>69,885,318</u>	<u>15,138,682</u>	<u>-</u>	<u>183,490,653</u>
<b>Carrying value</b>	<u>14,542,280</u>	<u>862,778</u>	<u>67,726,726</u>	<u>4,446,653</u>	<u>22,765,511</u>	<u>20,487,369</u>	<u>6,742,133</u>	<u>2,647,259</u>	<u>140,220,709</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>59,870,567</u>	<u>3,552,057</u>	<u>278,830,931</u>	<u>18,306,870</u>	<u>93,725,609</u>	<u>84,346,498</u>	<u>27,757,362</u>	<u>10,898,765</u>	<u>577,288,659</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Bank							Total US\$	
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$		Construction in progress US\$
<b>Cost</b>									
<b>As at 1 January 2023</b>	2,328,344	282,726	77,116,208	9,134,971	81,747,217	84,601,903	21,010,084	2,492,887	278,714,340
Additions	-	-	30,562	1,438,490	14,057,707	9,208,756	3,804,560	1,316,043	29,856,118
Disposals/write-offs	-	-	(359)	(232,553)	(1,603,108)	(1,557,722)	(1,073,211)	-	(4,466,953)
Reclassifications	-	-	50,000	591,271	701,454	772,902	-	(2,115,627)	-
Adjustments	-	-	-	-	12,594	5	-	(377,262)	(364,663)
<b>As at 31 December 2023</b>	<u>2,328,344</u>	<u>282,726</u>	<u>77,196,411</u>	<u>10,932,179</u>	<u>94,915,864</u>	<u>93,025,844</u>	<u>23,741,433</u>	<u>1,316,041</u>	<u>303,738,842</u>
<b>Less: Accumulated depreciation</b>									
<b>As at 1 January 2023</b>	-	165,865	28,256,258	4,761,986	59,270,750	65,604,513	14,368,937	-	172,428,309
Charge for the year	-	9,214	3,896,197	1,553,048	8,685,635	6,109,749	1,790,289	-	22,044,132
Disposals/write-offs	-	-	(359)	(209,993)	(1,588,197)	(1,556,776)	(1,071,213)	-	(4,426,538)
Currency translation differences	-	(7)	(3,258)	(1,015)	(6,537)	(4,162)	(1,242)	-	(16,221)
<b>As at 31 December 2023</b>	<u>-</u>	<u>175,072</u>	<u>32,148,838</u>	<u>6,104,026</u>	<u>66,361,651</u>	<u>70,153,324</u>	<u>15,086,771</u>	<u>-</u>	<u>190,029,682</u>
<b>Carrying value</b>	<u>2,328,344</u>	<u>107,654</u>	<u>45,047,573</u>	<u>4,828,153</u>	<u>28,554,213</u>	<u>22,872,520</u>	<u>8,654,662</u>	<u>1,316,041</u>	<u>113,709,160</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>9,511,285</u>	<u>439,767</u>	<u>184,019,336</u>	<u>19,723,005</u>	<u>116,643,960</u>	<u>93,434,244</u>	<u>35,354,294</u>	<u>5,376,028</u>	<u>464,501,919</u>

As at 31 December 2023, fully depreciated property and equipment with total historical cost of US\$124,117,271 (31 December 2022: US\$115,146,949) are still in active use.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Bank								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Construction in progress US\$	Total US\$
<b>Cost</b>									
<b>As at 1 January 2022</b>	2,328,344	282,726	77,022,057	6,377,005	69,889,212	76,404,353	18,579,780	12,661,438	263,544,915
Additions	-	-	87,159	1,689,964	4,364,894	10,236,619	3,915,969	2,311,193	22,605,798
Disposals/write-offs	-	-	(308)	(249,677)	(2,511,252)	(2,706,808)	(1,491,973)	-	(6,960,018)
Reclassifications	-	-	7,300	1,317,679	10,007,595	667,719	6,308	(12,006,601)	-
Adjustments	-	-	-	-	(3,232)	20	-	(473,143)	(476,355)
<b>As at 31 December 2022</b>	<u>2,328,344</u>	<u>282,726</u>	<u>77,116,208</u>	<u>9,134,971</u>	<u>81,747,217</u>	<u>84,601,903</u>	<u>21,010,084</u>	<u>2,492,887</u>	<u>278,714,340</u>
<b>Less: Accumulated depreciation</b>									
<b>As at 1 January 2022</b>	-	156,658	24,383,785	3,872,210	54,050,378	62,335,686	14,309,015	-	159,107,732
Charge for the year	-	9,239	3,886,345	1,134,026	7,745,296	5,996,428	1,556,777	-	20,328,111
Disposals/write-offs	-	-	(308)	(240,971)	(2,501,717)	(2,706,339)	(1,491,973)	-	(6,941,308)
Currency translation differences	-	(32)	(13,564)	(3,279)	(26,584)	(21,871)	(4,882)	-	(70,212)
Adjustments	-	-	-	-	3,377	609	-	-	3,986
<b>As at 31 December 2022</b>	<u>-</u>	<u>165,865</u>	<u>28,256,258</u>	<u>4,761,986</u>	<u>59,270,750</u>	<u>65,604,513</u>	<u>14,368,937</u>	<u>-</u>	<u>172,428,309</u>
<b>Carrying value</b>	<u>2,328,344</u>	<u>116,861</u>	<u>48,859,950</u>	<u>4,372,985</u>	<u>22,476,467</u>	<u>18,997,390</u>	<u>6,641,147</u>	<u>2,492,887</u>	<u>106,286,031</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>9,585,792</u>	<u>481,117</u>	<u>201,156,414</u>	<u>18,003,579</u>	<u>92,535,615</u>	<u>78,212,255</u>	<u>27,341,602</u>	<u>10,263,216</u>	<u>437,579,590</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 15. Intangible assets, net

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
<b>Cost</b>						
<b>As at 1 January 2023</b>	39,382,953	2,484,354	41,867,307	37,140,474	2,261,329	39,401,803
Additions	1,391,039	1,467,079	2,858,118	1,158,809	1,079,688	2,238,497
Disposals/write-offs	(1,009,305)	-	(1,009,305)	(1,009,305)	-	(1,009,305)
Reclassifications	1,003,963	(1,003,963)	-	863,772	(863,772)	-
Currency translation differences	(270,065)	(27,524)	(297,589)	-	-	-
Adjustments	-	(189,228)	(189,228)	-	(189,228)	(189,228)
<b>As at 31 December 2023</b>	<b>40,498,585</b>	<b>2,730,718</b>	<b>43,229,303</b>	<b>38,153,750</b>	<b>2,288,017</b>	<b>40,441,767</b>
<b>Less: Accumulated amortisation</b>						
<b>As at 1 January 2023</b>	30,970,766	-	30,970,766	29,083,379	-	29,083,379
Charge for the year	2,821,055	-	2,821,055	2,622,695	-	2,622,695
Disposals/write-offs	(1,009,305)	-	(1,009,305)	(1,009,305)	-	(1,009,305)
Currency translation differences	(241,905)	-	(241,905)	(2,131)	-	(2,131)
Adjustments	(82,326)	-	(82,326)	(82,326)	-	(82,326)
<b>As at 31 December 2023</b>	<b>32,458,285</b>	<b>-</b>	<b>32,458,285</b>	<b>30,612,312</b>	<b>-</b>	<b>30,612,312</b>
<b>Carrying value</b>	<b>8,040,300</b>	<b>2,730,718</b>	<b>10,771,018</b>	<b>7,541,438</b>	<b>2,288,017</b>	<b>9,829,455</b>
<b><i>In KHR' 000 equivalent (Note 5)</i></b>	<b>32,844,626</b>	<b>11,154,983</b>	<b>43,999,609</b>	<b>30,806,774</b>	<b>9,346,550</b>	<b>40,153,324</b>

As at 31 December 2023, the Group's and the Bank's fully amortised intangible assets with historical cost of US\$25,101,546 and US\$23,639,872, respectively (31 December 2022: US\$23,892,574 and US\$22,650,495, respectively), are still used actively.

As at 31 December 2023, the Bank's work in progress amounting to US\$2,288,017 is mostly related to Toanchet Loan develop, accounting system, merchant management system, and software license, SVFE Support and implementation of Chatbot Solution; and ABL's work in progress amounting to US\$442,701 is mostly related to project LAPS Phase II and software/license upgrading of T24 R12-R22, E-Pin (Smart Vista Implementation Fee), and interlink SFP+10G (31 December 2022: the Bank's work in progress amounting to US\$2,261,329 is mostly related to the upgrade of T24, card management system, mobile application, and Htrunk software; and ABL's work in progress amounting to US\$223,025 is mostly related to the upgrade of the service for assessment of core banking, Hi-Ware, and Smart Vista for LAPS).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
<b>Cost</b>						
<b>As at 1 January 2022</b>	39,924,178	1,666,659	41,590,837	36,464,944	1,637,426	38,102,370
Additions	445,083	1,501,342	1,946,425	428,687	1,287,310	1,715,997
Disposals/write-offs	(482,366)	(15,233)	(497,599)	(466,925)	-	(466,925)
Transfers	707,405	(707,405)	-	707,405	(707,405)	-
Currency translation differences	(1,217,710)	(5,007)	(1,222,717)	-	-	-
Adjustments	6,363	43,998	50,361	6,363	43,998	50,361
<b>As at 31 December 2022</b>	<b>39,382,953</b>	<b>2,484,354</b>	<b>41,867,307</b>	<b>37,140,474</b>	<b>2,261,329</b>	<b>39,401,803</b>
<b>Less: Accumulated amortisation</b>						
<b>As at 1 January 2022</b>	29,304,739	-	29,304,739	26,686,517	-	26,686,517
Charge for the year	3,096,546	-	3,096,546	2,848,307	-	2,848,307
Disposals/write-offs	(456,616)	-	(456,616)	(441,175)	-	(441,175)
Currency translation differences	(974,112)	-	(974,112)	(10,479)	-	(10,479)
Adjustments	209	-	209	209	-	209
<b>As at 31 December 2022</b>	<b>30,970,766</b>	<b>-</b>	<b>30,970,766</b>	<b>29,083,379</b>	<b>-</b>	<b>29,083,379</b>
<b>Carrying value</b>	<b>8,412,187</b>	<b>2,484,354</b>	<b>10,896,541</b>	<b>8,057,095</b>	<b>2,261,329</b>	<b>10,318,424</b>
<i>In KHR' 000 equivalent (Note 5)</i>	<i>34,632,974</i>	<i>10,228,085</i>	<i>44,861,059</i>	<i>33,171,060</i>	<i>9,309,892</i>	<i>42,480,952</i>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Right-of-use assets	32,410,303	28,785,805	132,396,088	118,511,159	30,852,413	26,525,687	126,032,107	109,206,253

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>At the beginning of the year</b>	28,785,805	28,337,884	118,511,159	115,448,539	26,525,687	25,596,727	109,206,253	104,281,066
Additions during the year	17,886,445	13,800,949	73,513,289	56,404,479	17,331,167	13,441,138	71,231,096	54,933,931
Depreciation for the year	(12,227,167)	(11,777,321)	(50,253,656)	(48,133,911)	(11,755,148)	(11,113,156)	(48,313,658)	(45,419,469)
Lease termination during the year	(1,245,468)	(1,479,735)	(5,118,873)	(6,047,677)	(1,244,938)	(1,454,035)	(5,116,695)	(5,942,641)
Currency translation differences	(789,312)	(95,972)	(3,244,072)	(392,238)	(4,355)	55,013	(17,899)	224,838
Exchange differences	-	-	(1,011,759)	1,231,967	-	-	(956,990)	1,128,528
<b>At the end of the year</b>	<b>32,410,303</b>	<b>28,785,805</b>	<b>132,396,088</b>	<b>118,511,159</b>	<b>30,852,413</b>	<b>26,525,687</b>	<b>126,032,107</b>	<b>109,206,253</b>

For the year ended 31 December 2023, the Group and the Bank have recognised expense relating to variable lease payments amounting to US\$16,792; while the expense relating to short-term lease payments is amounting US\$834 (31 December 2022: the Group and the Bank have recognised expense relating to variable lease payments amounting to US\$28,643 for the year ended; no short-term-lease payments).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Depreciation expense	12,227,167	11,777,321	50,253,656	48,133,911	11,755,148	11,113,156	48,313,658	45,419,469
Interest on lease liabilities	1,895,277	1,927,878	7,789,590	7,879,237	1,754,557	1,769,870	7,211,230	7,233,459
Gain on pre-termination of leases	(101,682)	(7,424)	(417,913)	(30,342)	(76,783)	(163)	(315,578)	(666)
	<u>14,020,762</u>	<u>13,697,775</u>	<u>57,625,333</u>	<u>55,982,806</u>	<u>13,432,922</u>	<u>12,882,863</u>	<u>55,209,310</u>	<u>52,652,262</u>

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Deferred tax assets	38,863,319	43,244,262	158,756,658	178,036,627	34,793,939	39,642,675	142,133,241	163,208,893
Deferred tax liabilities	(64,292,738)	(44,382,119)	(262,635,835)	(182,721,184)	(61,575,984)	(41,901,028)	(251,537,895)	(172,506,532)
	<u>(25,429,419)</u>	<u>(1,137,857)</u>	<u>(103,879,177)</u>	<u>(4,684,557)</u>	<u>(26,782,045)</u>	<u>(2,258,353)</u>	<u>(109,404,654)</u>	<u>(9,297,639)</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	2023											
	Group		ABC		ABL		ACS		AIB		AMM	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
Deferred tax assets	1,352,626	5,525,477	-	-	753,835	3,079,417	25,087	102,480	103,380	422,307	470,324	1,921,273
Deferred tax liabilities	(26,782,045)	(109,404,654)	(26,782,045)	(109,404,654)	-	-	-	-	-	-	-	-
	<u>(25,429,419)</u>	<u>(103,879,177)</u>	<u>(26,782,045)</u>	<u>(109,404,654)</u>	<u>753,835</u>	<u>3,079,417</u>	<u>25,087</u>	<u>102,480</u>	<u>103,380</u>	<u>422,307</u>	<u>470,324</u>	<u>1,921,273</u>
	2022											
	Group		ABC		ABL		ACS		AIB		AMM	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
Deferred tax assets	1,407,258	5,793,681	-	-	797,641	3,283,888	43,281	178,188	-	-	566,336	2,331,605
Deferred tax liabilities	(2,545,115)	(10,478,238)	(2,258,353)	(9,297,639)	-	-	-	-	(286,762)	(1,180,599)	-	-
	<u>(1,137,857)</u>	<u>(4,684,557)</u>	<u>(2,258,353)</u>	<u>(9,297,639)</u>	<u>797,641</u>	<u>3,283,888</u>	<u>43,281</u>	<u>178,188</u>	<u>(286,762)</u>	<u>(1,180,599)</u>	<u>566,336</u>	<u>2,331,605</u>

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

	The Group				The Bank			
	2023	2022	2023	2022	2023	2022	2023	2022
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
		(Note 5)	(Note 5)			(Note 5)	(Note 5)	
At the beginning of the year	(1,137,857)	9,068,606	(4,684,557)	36,945,501	(2,258,353)	7,523,717	(9,297,639)	30,651,623
Charged to profit or loss	(24,186,614)	(9,921,115)	(99,406,984)	(40,547,597)	(24,523,692)	(9,782,070)	(100,792,374)	(39,979,320)
Currency translation differences	(104,948)	(285,348)	(431,336)	(1,166,217)	-	-	-	-
Exchange differences	-	-	643,700	83,756	-	-	685,359	30,058
At the end of the year	<u>(25,429,419)</u>	<u>(1,137,857)</u>	<u>(103,879,177)</u>	<u>(4,684,557)</u>	<u>(26,782,045)</u>	<u>(2,258,353)</u>	<u>(109,404,654)</u>	<u>(9,297,639)</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

##### Deferred tax assets of the Group:

	Unamortised loan fees	Unearned revenue	Provision for loan loss	Other provision	Staff bonus	Unrealised foreign exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 1 January 2023</b>	10,011,636	44,281	13,597,553	9,554,050	2,117,163	1,683,243	473	362,157	5,873,706	43,244,262
(Charged)/credited to profit or loss	(1,806,092)	10,312	(493,878)	(3,989,484)	(481,392)	1,048,303	4,295	(4,087)	1,331,080	(4,380,943)
<b>As at 31 December 2023</b>	<u>8,205,544</u>	<u>54,593</u>	<u>13,103,675</u>	<u>5,564,566</u>	<u>1,635,771</u>	<u>2,731,546</u>	<u>4,768</u>	<u>358,070</u>	<u>7,204,786</u>	<u>38,863,319</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>33,519,647</u>	<u>223,012</u>	<u>53,528,512</u>	<u>22,731,252</u>	<u>6,682,125</u>	<u>11,158,365</u>	<u>19,477</u>	<u>1,462,716</u>	<u>29,431,552</u>	<u>158,756,658</u>
<b>As at 1 January 2022</b>	8,262,437	29,461	11,296,743	7,788,719	1,802,290	1,086,355	836,941	374,186	5,967,634	37,444,766
Credited/(charged) to profit or loss	1,749,199	14,820	2,300,810	1,765,331	314,873	596,888	(836,468)	(12,029)	(93,928)	5,799,496
<b>As at 31 December 2022</b>	<u>10,011,636</u>	<u>44,281</u>	<u>13,597,553</u>	<u>9,554,050</u>	<u>2,117,163</u>	<u>1,683,243</u>	<u>473</u>	<u>362,157</u>	<u>5,873,706</u>	<u>43,244,262</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>41,217,905</u>	<u>182,305</u>	<u>55,981,126</u>	<u>39,334,024</u>	<u>8,716,360</u>	<u>6,929,911</u>	<u>1,947</u>	<u>1,491,000</u>	<u>24,182,049</u>	<u>178,036,627</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

##### Deferred tax assets of the Bank:

	Unamortised loan fees	Provision for loan loss	Other provision	Staff bonus	Unrealised foreign exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 1 January 2023</b>	10,011,636	13,597,553	9,392,387	2,117,163	1,682,562	-	359,397	2,481,977	39,642,675
(Charged)/credited to profit or loss	(1,806,092)	(493,878)	(3,887,084)	(491,174)	1,048,321	-	(8,485)	789,656	(4,848,736)
<b>As at 31 December 2023</b>	<u>8,205,544</u>	<u>13,103,675</u>	<u>5,505,303</u>	<u>1,625,989</u>	<u>2,730,883</u>	<u>-</u>	<u>350,912</u>	<u>3,271,633</u>	<u>34,793,939</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>33,519,647</u>	<u>53,528,512</u>	<u>22,489,163</u>	<u>6,642,165</u>	<u>11,155,657</u>	<u>-</u>	<u>1,433,476</u>	<u>13,364,621</u>	<u>142,133,241</u>
<b>As at 1 January 2022</b>	8,262,437	11,296,743	7,643,002	1,802,290	1,086,075	834,781	327,720	3,067,046	34,320,094
Credited/(charged) to profit or loss	1,749,199	2,300,810	1,749,385	314,873	596,487	(834,781)	31,677	(585,069)	5,322,581
<b>As at 31 December 2022</b>	<u>10,011,636</u>	<u>13,597,553</u>	<u>9,392,387</u>	<u>2,117,163</u>	<u>1,682,562</u>	<u>-</u>	<u>359,397</u>	<u>2,481,977</u>	<u>39,642,675</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>41,217,905</u>	<u>55,981,126</u>	<u>38,668,457</u>	<u>8,716,360</u>	<u>6,927,108</u>	<u>-</u>	<u>1,479,637</u>	<u>10,218,300</u>	<u>163,208,893</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### Deferred tax liabilities of the Group and the Bank:

	The Group					The Bank			
	Accelerated depreciation	Unrealised exchange	Others	Lease	Total	Accelerated depreciation	Others	Lease	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 1 January 2023</b>	1,728,360	3,243	42,650,516	-	44,382,119	1,263,461	40,637,567	-	41,901,028
Charged/(credited) to profit or loss	654,884	(1,344)	19,238,019	19,060	19,910,619	1,111,957	18,549,887	13,112	19,674,956
<b>As at 31 December 2023</b>	<u>2,383,244</u>	<u>1,899</u>	<u>61,888,535</u>	<u>19,060</u>	<u>64,292,738</u>	<u>2,375,418</u>	<u>59,187,454</u>	<u>13,112</u>	<u>61,575,984</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>9,735,552</u>	<u>7,757</u>	<u>252,814,666</u>	<u>77,860</u>	<u>262,635,835</u>	<u>9,703,583</u>	<u>241,780,749</u>	<u>53,563</u>	<u>251,537,895</u>
<b>As at 1 January 2022</b>	348,749	765	28,026,646	-	28,376,160	-	26,796,377	-	26,796,377
Charged to profit or loss	1,379,611	2,478	14,623,870	-	16,005,959	1,263,461	13,841,190	-	15,104,651
<b>As at 31 December 2022</b>	<u>1,728,360</u>	<u>3,243</u>	<u>42,650,516</u>	<u>-</u>	<u>44,382,119</u>	<u>1,263,461</u>	<u>40,637,567</u>	<u>-</u>	<u>41,901,028</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>7,115,658</u>	<u>13,351</u>	<u>175,592,175</u>	<u>-</u>	<u>182,721,184</u>	<u>5,201,669</u>	<u>167,304,863</u>	<u>-</u>	<u>172,506,532</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Current accounts	83,966,188	78,511,735	343,001,878	323,232,813	87,716,198	81,962,426	358,320,669	337,439,308
Savings deposits	34,860,003	33,733,059	142,403,112	138,879,004	34,103,292	33,033,099	139,311,948	135,997,269
Fixed deposits	300,966,429	305,581,605	1,229,447,863	1,258,079,468	264,586,437	275,616,119	1,080,835,595	1,134,711,561
	<u>419,792,620</u>	<u>417,826,399</u>	<u>1,714,852,853</u>	<u>1,720,191,285</u>	<u>386,405,927</u>	<u>390,611,644</u>	<u>1,578,468,212</u>	<u>1,608,148,138</u>

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

##### a) By maturity

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Within 6 months	262,331,052	265,568,387	1,071,622,348	1,093,345,050	245,963,272	255,711,856	1,004,759,966	1,052,765,711
Later than 6 months but not later than 1 year	33,106,046	23,908,026	135,238,198	98,429,343	17,357,868	7,585,299	70,906,891	31,228,676
Later than 1 year but not later than 3 years	38,325,522	21,518,957	156,559,757	88,593,546	37,054,787	20,483,460	151,368,805	84,330,405
Later than 3 years	86,030,000	106,831,029	351,432,550	439,823,346	86,030,000	106,831,029	351,432,550	439,823,346
	<u>419,792,620</u>	<u>417,826,399</u>	<u>1,714,852,853</u>	<u>1,720,191,285</u>	<u>386,405,927</u>	<u>390,611,644</u>	<u>1,578,468,212</u>	<u>1,608,148,138</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

##### b) By relationship

	The Group				The Bank			
	2023	2022	2023	2022	2023	2022	2023	2022
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
Related parties	51,611	36,648	210,831	150,880	3,840,265	4,245,548	15,687,483	17,478,921
Non-related parties	419,741,009	417,789,751	1,714,642,022	1,720,040,405	382,565,662	386,366,096	1,562,780,729	1,590,669,217
	<u>419,792,620</u>	<u>417,826,399</u>	<u>1,714,852,853</u>	<u>1,720,191,285</u>	<u>386,405,927</u>	<u>390,611,644</u>	<u>1,578,468,212</u>	<u>1,608,148,138</u>

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

	The Group		The Bank	
	2023	2022	2023	2022
Current accounts	0.00% - 1.50%	0.00% - 0.90%	0.00% - 0.75%	0.00% - 0.50%
Savings deposits	0.00% - 2.00%	0.00% - 1.90%	0.05% - 1.00%	0.00% - 0.75%
Fixed deposits	0.25% - 8.45%	1.00% - 8.20%	0.25% - 8.45%	1.00% - 8.20%



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 19. Deposits from customers

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Current accounts	950,009,201	872,890,504	3,880,787,587	3,593,690,205	937,729,648	861,122,998	3,830,625,612	3,545,243,383
Savings deposits	2,297,291,732	2,097,146,116	9,384,436,725	8,633,950,560	2,272,724,032	2,073,911,840	9,284,077,671	8,538,295,045
Margin deposits	17,263,637	14,970,310	70,521,957	61,632,765	17,163,400	14,913,282	70,112,489	61,397,982
Fixed deposits	<u>3,543,455,849</u>	<u>2,986,157,372</u>	<u>14,475,017,143</u>	<u>12,294,009,901</u>	<u>3,487,671,945</u>	<u>2,939,485,290</u>	<u>14,247,139,895</u>	<u>12,101,860,939</u>
	<u>6,808,020,419</u>	<u>5,971,164,302</u>	<u>27,810,763,412</u>	<u>24,583,283,431</u>	<u>6,715,289,025</u>	<u>5,889,433,410</u>	<u>27,431,955,667</u>	<u>24,246,797,349</u>

The deposits from customers are analysed as follows:

##### a) By maturity

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Within 6 months	4,696,431,675	4,165,205,397	19,184,923,394	17,148,150,619	4,641,685,771	4,117,472,928	18,961,286,374	16,951,636,045
Later than 6 months but not later than 1 year	1,096,888,475	990,262,169	4,480,789,420	4,076,909,350	1,081,642,302	978,895,422	4,418,508,804	4,030,112,452
Later than 1 year but not later than 3 years	688,857,452	606,988,086	2,813,982,691	2,498,969,950	675,049,102	591,933,453	2,757,575,582	2,436,990,026
Later than 3 years	<u>325,842,817</u>	<u>208,708,650</u>	<u>1,331,067,907</u>	<u>859,253,512</u>	<u>316,911,850</u>	<u>201,131,607</u>	<u>1,294,584,907</u>	<u>828,058,826</u>
	<u>6,808,020,419</u>	<u>5,971,164,302</u>	<u>27,810,763,412</u>	<u>24,583,283,431</u>	<u>6,715,289,025</u>	<u>5,889,433,410</u>	<u>27,431,955,667</u>	<u>24,246,797,349</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

##### b) By relationship

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Related parties	13,291,477	17,059,211	54,295,684	70,232,772	14,597,942	19,639,867	59,632,595	80,857,332
Non-related parties	6,794,728,942	5,954,105,091	27,756,467,728	24,513,050,659	6,700,691,083	5,869,793,543	27,372,323,072	24,165,940,017
	<u>6,808,020,419</u>	<u>5,971,164,302</u>	<u>27,810,763,412</u>	<u>24,583,283,431</u>	<u>6,715,289,025</u>	<u>5,889,433,410</u>	<u>27,431,955,667</u>	<u>24,246,797,349</u>

##### c) By interest rate

	The Group		The Bank	
	2023	2022	2023	2022
Current accounts	0.00% - 1.50%	0.00% - 0.90%	0.00% - 0.75%	0.00% - 0.50%
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.05% - 1.00%	0.00% - 0.75%
Fixed deposits	0.25% - 9.50%	0.25% - 9.00%	0.25% - 8.45%	0.25% - 9.00%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 20. Other liabilities

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Accrued annual leave	27,977,024	25,401,028	114,286,143	104,576,032	27,526,513	24,992,135	112,445,806	102,892,620
Fund transfers	22,829,011	78,920,348	93,256,510	324,915,073	22,578,216	78,918,322	92,232,012	324,906,732
Tax payables	2,628,107	2,364,491	10,735,817	9,734,609	2,600,510	2,338,106	10,623,083	9,625,982
Accrued bonuses	5,271,250	13,419,266	21,533,056	55,247,118	4,700,000	12,714,375	19,199,500	52,345,082
Others	27,139,952	21,524,911	110,866,704	88,618,059	25,578,735	21,059,182	104,489,133	86,700,652
	<u>85,845,344</u>	<u>141,630,044</u>	<u>350,678,230</u>	<u>583,090,891</u>	<u>82,983,974</u>	<u>140,022,120</u>	<u>338,989,534</u>	<u>576,471,068</u>
Current	47,206,915	106,889,562	192,840,248	440,064,327	44,788,709	105,668,588	182,961,876	435,037,577
Non-current	<u>38,638,429</u>	<u>34,740,482</u>	<u>157,837,982</u>	<u>143,026,564</u>	<u>38,195,265</u>	<u>34,353,532</u>	<u>156,027,658</u>	<u>141,433,491</u>
	<u>85,845,344</u>	<u>141,630,044</u>	<u>350,678,230</u>	<u>583,090,891</u>	<u>82,983,974</u>	<u>140,022,120</u>	<u>338,989,534</u>	<u>576,471,068</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 21. Borrowings

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Current	160,899,380	256,186,945	657,273,968	1,054,721,653	150,401,659	250,657,658	614,390,777	1,031,957,578
Non-current	698,914,170	701,148,923	2,855,064,384	2,886,630,116	693,016,932	693,618,199	2,830,974,167	2,855,626,125
	<u>859,813,550</u>	<u>957,335,868</u>	<u>3,512,338,352</u>	<u>3,941,351,769</u>	<u>843,418,591</u>	<u>944,275,857</u>	<u>3,445,364,944</u>	<u>3,887,583,703</u>

The borrowings are analysed as follows:

##### a) By relationship

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Related parties	49,491,659	48,847,528	202,173,427	201,105,273	49,491,659	48,847,528	202,173,427	201,105,273
Non-related parties	810,321,891	908,488,340	3,310,164,925	3,740,246,496	793,926,932	895,428,329	3,243,191,517	3,686,478,430
	<u>859,813,550</u>	<u>957,335,868</u>	<u>3,512,338,352</u>	<u>3,941,351,769</u>	<u>843,418,591</u>	<u>944,275,857</u>	<u>3,445,364,944</u>	<u>3,887,583,703</u>

##### b) By interest rate

	The Group		The Bank	
	2023	2022	2023	2022
Annual interest rates	2.00% - 13.00%	2.00% - 13.00%	2.00% - 9.80%	2.00% - 8.64%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 22. Subordinated debts

These are subordinated debts approved by the NBC to be treated as part of complementary capital and represent the outstanding principal and accrued interest payable amount. The Group and the Bank did not pledge any collaterals for these subordinated debts.

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Current	26,160,421	26,092,801	106,865,320	107,424,061	26,160,421	26,092,801	106,865,320	107,424,061
Non-current	90,893,461	101,669,527	371,299,788	418,573,443	90,893,461	101,669,527	371,299,788	418,573,443
	<u>117,053,882</u>	<u>127,762,328</u>	<u>478,165,108</u>	<u>525,997,504</u>	<u>117,053,882</u>	<u>127,762,328</u>	<u>478,165,108</u>	<u>525,997,504</u>

The subordinated debts are analysed as follows:

##### a) By relationship

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Related parties	15,094,208	-	61,659,840	-	15,094,208	-	61,659,840	-
Non-related parties	101,959,674	127,762,328	416,505,268	525,997,504	101,959,674	127,762,328	416,505,268	525,997,504
	<u>117,053,882</u>	<u>127,762,328</u>	<u>478,165,108</u>	<u>525,997,504</u>	<u>117,053,882</u>	<u>127,762,328</u>	<u>478,165,108</u>	<u>525,997,504</u>

##### b) By interest rate

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 23. Derivative financial instruments

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

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

#### Cash flow hedges

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Group							
			Notional Principal Amount				Fair Value			
			2023	2022	2023	2022	2023	2022	2023	2022
			2023	2022	2023	2022	2023	2022	2023	2022
			US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
					(Note 5)	(Note 5)			(Note 5)	(Note 5)
Less than 1 year	2.145%	1.267%	3,750,000	70,000,000	15,318,750	288,190,000	52,811	2,104,484	215,733	8,664,162
1 to 2 years	2.273%	3.036%	99,000,000	11,250,000	404,415,000	46,316,250	1,463,462	144,696	5,978,242	595,714
More than 2 to 5 years	0.565%	0.572%	66,000,000	108,000,000	269,610,000	444,636,000	4,230,413	7,381,413	17,281,237	30,389,275
			168,750,000	189,250,000	689,343,750	779,142,250	5,746,686	9,630,593	23,475,212	39,649,151

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Bank							
			Notional Principal Amount				Fair Value			
			2023	2022	2023	2022	2023	2022	2023	2022
			2023	2022	2023	2022	2023	2022	2023	2022
			US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
					(Note 5)	(Note 5)			(Note 5)	(Note 5)
Less than 1 year	2.145%	1.267%	3,750,000	70,000,000	15,318,750	288,190,000	52,811	2,104,484	215,733	8,664,162
1 to 2 years	2.273%	3.036%	99,000,000	11,250,000	404,415,000	46,316,250	1,463,462	144,696	5,978,242	595,714
More than 2 to 5 years	0.565%	0.572%	66,000,000	108,000,000	269,610,000	444,636,000	4,230,413	7,381,413	17,281,237	30,389,275
			168,750,000	189,250,000	689,343,750	779,142,250	5,746,686	9,630,593	23,475,212	39,649,151

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 23. Derivative financial instruments (continued)

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

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

#### 24. Lease liabilities

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Undiscounted lease liabilities</b>								
Less than 1 year	12,490,697	11,132,050	51,024,497	45,830,650	12,070,202	10,769,041	49,306,775	44,336,142
1 to 5 years	22,340,588	19,227,169	91,261,302	79,158,255	21,400,227	18,323,677	87,419,927	75,438,578
More than 5 years	3,055,579	3,401,022	12,482,040	14,002,008	228,533	374,011	933,557	1,539,803
<b>Total undiscounted lease liabilities</b>	<b>37,886,864</b>	<b>33,760,241</b>	<b>154,767,839</b>	<b>138,990,913</b>	<b>33,698,962</b>	<b>29,466,729</b>	<b>137,660,259</b>	<b>121,314,523</b>
<b>Present value of lease liabilities</b>								
Current	12,094,930	10,777,597	49,407,789	44,371,367	11,688,565	10,429,953	47,747,788	42,940,116
Non-current	20,432,757	17,671,173	83,467,812	72,752,219	18,858,783	16,027,682	77,038,129	65,985,967
<b>Total present value of lease liabilities</b>	<b>32,527,687</b>	<b>28,448,770</b>	<b>132,875,601</b>	<b>117,123,586</b>	<b>30,547,348</b>	<b>26,457,635</b>	<b>124,785,917</b>	<b>108,926,083</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 24. Lease liabilities (continued)

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>At the beginning of the year</b>	28,448,770	27,874,940	117,123,586	113,562,506	26,457,635	25,371,736	108,926,083	103,364,452
Additions during the year	17,709,094	13,684,980	72,784,376	55,930,513	17,181,102	13,388,912	70,614,329	54,720,483
Payments for the year	(14,205,707)	(13,405,900)	(58,385,456)	(54,789,913)	(13,521,708)	(12,616,442)	(55,574,220)	(51,563,398)
Lease terminations during the year	(1,306,483)	(1,491,043)	(5,369,645)	(6,093,893)	(1,324,238)	(1,458,441)	(5,442,618)	(5,960,648)
Interest charged during the year	1,895,277	1,927,878	7,789,590	7,879,237	1,754,557	1,769,870	7,211,230	7,233,459
Adjustment	-	2,000	-	8,174	-	2,000	-	8,174
Currency translation differences	(13,264)	(144,085)	(54,515)	(588,875)	-	-	-	-
Exchange differences	-	-	(1,012,335)	1,215,837	-	-	(948,887)	1,123,561
<b>At the end of the year</b>	<b>32,527,687</b>	<b>28,448,770</b>	<b>132,875,601</b>	<b>117,123,586</b>	<b>30,547,348</b>	<b>26,457,635</b>	<b>124,785,917</b>	<b>108,926,083</b>

Amounts recognised in the statement of cash flows follow:

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Total cash outflows for lease payments	14,205,707	13,405,900	58,385,456	54,789,913	13,521,708	12,616,442	55,574,220	51,563,398



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 25. Employee benefits

	Note	The Group				The Bank			
		2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Retirement benefits	(a)	-	22,581,539	-	92,968,196	-	21,969,800	-	90,449,666
Career development benefits	(b)	2,359,069	4,598,006	9,636,797	18,929,991	2,217,834	4,507,750	9,059,852	18,558,407
Seniority indemnity benefits	(c)	5,961,627	6,123,116	24,353,246	25,208,868	5,912,112	6,078,067	24,150,977	25,023,402
Provident fund		71,925	71,537	293,814	294,518	70,690	70,410	288,769	289,878
		<u>8,392,621</u>	<u>33,374,198</u>	<u>34,283,857</u>	<u>137,401,573</u>	<u>8,200,636</u>	<u>32,626,027</u>	<u>33,499,598</u>	<u>134,321,353</u>
Current		1,591,924	5,182,511	6,503,010	21,336,398	1,493,652	5,165,377	6,101,568	21,265,857
Non-current		6,800,697	28,191,687	27,780,847	116,065,175	6,706,984	27,460,650	27,398,030	113,055,496
		<u>8,392,621</u>	<u>33,374,198</u>	<u>34,283,857</u>	<u>137,401,573</u>	<u>8,200,636</u>	<u>32,626,027</u>	<u>33,499,598</u>	<u>134,321,353</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 25. Employee benefits (continued)

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Within 1 month	74,705	396,330	305,170	1,631,690	73,470	395,202	300,125	1,627,046
Between 2 to 3 months	918,568	4,024,160	3,752,350	16,567,467	824,722	4,009,449	3,368,989	16,506,902
Between 4 to 6 months	300,959	327,803	1,229,418	1,349,565	300,381	327,144	1,227,056	1,346,852
Between 7 to 12 months	297,692	434,218	1,216,072	1,787,676	295,079	433,582	1,205,398	1,785,057
More than 12 months	6,800,697	28,191,687	27,780,847	116,065,175	6,706,984	27,460,650	27,398,030	113,055,496
	<u>8,392,621</u>	<u>33,374,198</u>	<u>34,283,857</u>	<u>137,401,573</u>	<u>8,200,636</u>	<u>32,626,027</u>	<u>33,499,598</u>	<u>134,321,353</u>

#### (a) Retirement benefits

(i) The movements in the retirement benefit obligation during the year are as follows:

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>At the beginning of the year</b>	22,581,539	16,974,073	92,968,196	69,152,373	21,969,800	16,320,353	90,449,666	66,489,117
Current service cost	164,944	1,638,297	677,920	6,695,720	132,997	1,600,215	546,618	6,540,079
Interest cost	145,339	1,238,080	597,343	5,060,033	132,415	1,192,816	544,226	4,875,039
Benefits paid	(22,464,315)	(253,266)	(92,328,335)	(1,035,098)	(21,920,036)	(253,266)	(90,091,348)	(1,035,098)
Settlement (gain)/loss	(431,583)	10,667	(1,773,806)	43,596	(314,938)	10,667	(1,294,395)	43,596
Remeasurement loss during the year	-	3,125,546	-	12,774,107	-	3,129,039	-	12,788,382
Currency translation differences	4,076	(151,858)	16,752	(620,644)	(238)	(30,024)	(978)	(122,708)
Exchange differences	-	-	(158,070)	898,109	-	-	(153,789)	871,259
<b>At the end of the year</b>	<u>-</u>	<u>22,581,539</u>	<u>-</u>	<u>92,968,196</u>	<u>-</u>	<u>21,969,800</u>	<u>-</u>	<u>90,449,666</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 25. Employee benefits (continued)

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

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Current service cost	164,944	1,638,297	677,920	6,695,720	132,997	1,600,215	546,618	6,540,079
Interest cost	145,339	1,238,080	597,343	5,060,033	132,415	1,192,816	544,226	4,875,039
Settlement (gain)/loss	(431,583)	10,667	(1,773,806)	43,596	(314,938)	10,667	(1,294,395)	43,596
	(121,300)	2,887,044	(498,543)	11,799,349	(49,526)	2,803,698	(203,551)	11,458,714

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 25. Employee benefits (continued)

##### (b) Career development benefits

Movements in career development benefits follow:

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>At the beginning of the year</b>	4,598,006	2,864,399	18,929,991	11,669,562	4,507,750	2,851,527	18,558,407	11,617,121
Additions (Note 31)	1,672,985	1,774,997	6,875,968	7,254,413	1,593,047	1,675,191	6,547,423	6,846,506
Benefits paid	(3,882,076)	(13,882)	(15,955,332)	(56,736)	(3,882,076)	(13,882)	(15,955,332)	(56,736)
Currency translation differences	(29,846)	(27,508)	(122,667)	(112,425)	(887)	(5,086)	(3,646)	(20,786)
Exchange differences	-	-	(91,163)	175,177	-	-	(87,000)	172,302
<b>At the end of the year</b>	<b>2,359,069</b>	<b>4,598,006</b>	<b>9,636,797</b>	<b>18,929,991</b>	<b>2,217,834</b>	<b>4,507,750</b>	<b>9,059,852</b>	<b>18,558,407</b>

##### (c) Seniority indemnity benefits

Movements in seniority indemnity benefits follow:

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>At the beginning of the year</b>	6,123,116	6,258,345	25,208,868	25,496,497	6,078,067	6,159,927	25,023,402	25,095,544
Additions (Note 31)	9,610,624	9,260,343	39,499,665	37,847,022	9,448,722	9,175,310	38,834,247	37,499,492
Benefits paid	(9,766,773)	(9,369,932)	(40,141,437)	(38,294,912)	(9,609,515)	(9,231,540)	(39,495,107)	(37,729,304)
Currency translation differences	(5,340)	(25,640)	(21,947)	(104,791)	(5,162)	(25,630)	(21,216)	(104,750)
Exchange differences	-	-	(191,903)	265,052	-	-	(190,349)	262,420
<b>At the end of the year</b>	<b>5,961,627</b>	<b>6,123,116</b>	<b>24,353,246</b>	<b>25,208,868</b>	<b>5,912,112</b>	<b>6,078,067</b>	<b>24,150,977</b>	<b>25,023,402</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 26. Share capital and share premium

As at 31 December 2023, the authorised share capital comprised of 433,163,019 ordinary shares with par value of US\$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank are:

##### Share capital

	2023			2022		
	Number of Shares	US\$	% of Shareholding	Number of Shares	US\$	% of Shareholding
ACLEDA Financial Trust	121,477,368	121,477,368	28.0443%	117,569,958	117,569,958	27.1422%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.0669%
COFIBRED S.A	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
ORIX Corporation	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
NHTPE Rumdul	15,160,706	15,160,706	3.5000%	15,160,706	15,160,706	3.5000%
Triodos Microfinance Fund	6,274,582	6,274,582	1.4485%	6,274,582	6,274,582	1.4485%
Triodos Fair Share Fund	5,365,844	5,365,844	1.2388%	5,365,844	5,365,844	1.2388%
Shareholders Legalised from ASA, Plc.	24,916,808	24,916,808	5.7524%	24,916,808	24,916,808	5.7524%
Public Shareholders	76,647,955	76,647,955	17.6949%	80,555,365	80,555,365	18.5970%
	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>
<i>In KHR'000 equivalent (Note 5)</i>		<u>1,732,652,076</u>			<u>1,732,652,076</u>	

On 15 June 2021, 11,488 actual shareholders of ASA, Plc., one of the institutional shareholders of the Bank, has legalised all its shareholdings of 107,204,547 shares or 24.7492% of the Bank's outstanding shares in accordance with the relevant measures, laws and regulations of the SERC. After legalisation, 4% of the Bank's share capital or 17,326,521 shares were floated on the CSX. On 5 April 2022, ASA, Plc. added 64,915,190 floating shares legalised on the CSX equal to 14.9863%.

##### Share premium

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

On 25 May 2020, the Bank was successfully listed on the CSX. The number of new issued shares is 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the initial public offering ("IPO") amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR48,235,459 thousand). On 23 November 2020, the shareholders approved the amendment to the MAA relating to the capital increase from IPO. The MAA was subsequently approved by the NBC and the MOC on 29 March 2021 and 12 May 2021, respectively.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 26. Share capital and share premium (continued)

##### Dividend

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

	The Group and the Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
- In respect of the year ended 31 December 2022: KHR685.8985 per ordinary share declared on 10 May 2023 and paid on 19 May 2023	72,695,343		297,105,865	
- In respect of the year ended 31 December 2021: KHR548.6405 per ordinary share declared on 10 May 2022 and paid on 10 June 2022		58,419,561		237,650,775

#### 27. Interest income

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Loans and advances	727,428,260	659,953,578	2,989,730,149	2,697,230,273	698,514,658	629,631,091	2,870,895,244	2,573,302,269
Financial investments	5,647,416	5,833,352	23,210,880	23,840,910	5,647,416	5,833,352	23,210,880	23,840,910
Deposits and placements with other banks:								
Banks inside Cambodia	3,727,455	2,871,913	15,319,840	11,737,509	3,702,102	2,869,594	15,215,638	11,728,029
Banks outside Cambodia	18,281,277	1,935,368	75,136,048	7,909,849	18,299,524	1,941,585	75,211,045	7,935,259
National Bank of Cambodia	546,677	159,245	2,246,842	650,834	546,320	159,245	2,245,375	650,834
	<u>755,631,085</u>	<u>670,753,456</u>	<u>3,105,643,759</u>	<u>2,741,369,375</u>	<u>726,710,020</u>	<u>640,434,867</u>	<u>2,986,778,182</u>	<u>2,617,457,301</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 28. Interest expense

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	17,667,546	13,739,608	72,613,614	56,153,778	15,585,737	12,265,258	64,057,379	50,128,109
Savings deposits	102,491	68,447	421,238	279,743	83,358	38,746	342,601	158,355
Current accounts	52,779	50,917	216,922	208,098	52,779	50,917	216,922	208,098
Deposits from customers:								
Fixed deposits	200,283,440	134,214,165	823,164,938	548,533,292	196,815,089	130,883,715	808,910,016	534,921,743
Savings deposits	20,723,695	12,551,543	85,174,386	51,298,156	20,091,366	11,967,233	82,575,514	48,910,081
Current accounts	7,839,898	1,846,309	32,221,981	7,545,865	7,838,477	1,845,447	32,216,140	7,542,342
Borrowings	71,480,131	46,138,007	293,783,338	188,566,035	70,355,588	44,940,823	289,161,467	183,673,144
Subordinated debts	8,956,177	10,285,592	36,809,887	42,037,215	8,956,177	10,285,592	36,809,887	42,037,214
Interest expenses on lease	1,895,277	1,927,878	7,789,590	7,879,237	1,754,557	1,769,870	7,211,230	7,233,459
	<u>329,001,434</u>	<u>220,822,466</u>	<u>1,352,195,894</u>	<u>902,501,419</u>	<u>321,533,128</u>	<u>214,047,601</u>	<u>1,321,501,156</u>	<u>874,812,545</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 29. Fee and commission income

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Commission fees	11,826,848	15,691,646	48,608,345	64,131,757	11,717,495	14,705,782	48,158,904	60,102,531
ATM fee	11,226,151	10,177,484	46,139,481	41,595,377	11,178,143	10,122,067	45,942,168	41,368,888
Early loan redemption fees	8,388,399	8,031,950	34,476,320	32,826,580	7,117,961	6,494,614	29,254,820	26,543,487
Commission fee collected for assurance agency	6,102,362	4,971,914	25,080,708	20,320,213	6,002,357	4,864,153	24,669,687	19,879,793
Training fees	2,496,162	1,993,159	10,259,226	8,146,041	36,002	37,629	147,968	153,790
Fee income from guarantee	864,089	816,639	3,551,406	3,337,604	863,368	814,280	3,548,442	3,327,962
Deposit fee charged	422,059	762,563	1,734,662	3,116,595	305,557	592,712	1,255,839	2,422,414
Others	5,352,547	5,009,848	21,998,968	20,475,248	4,984,846	4,971,896	20,487,718	20,320,140
	<u>46,678,617</u>	<u>47,455,203</u>	<u>191,849,116</u>	<u>193,949,415</u>	<u>42,205,729</u>	<u>42,603,133</u>	<u>173,465,546</u>	<u>174,119,005</u>

Settlement fees amounting to KHR23,627,200 (equivalent to US\$5,749) and US\$55,814 for the operations of cash settlement agents were recognised for the year ended 31 December 2023 (31 December 2022: KHR240,020,300 (equivalent to US\$58,728) and US\$91,788, respectively).

#### 30. Other income, net

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Foreign exchange gain, net	17,488,974	14,202,941	71,879,683	58,047,420	17,490,988	13,991,789	71,887,961	57,184,442
Recovery from loans and advances written off	5,944,257	8,778,650	24,430,896	35,878,343	4,481,745	6,744,513	18,419,972	27,564,825
Dividend income	407,862	117,333	1,676,313	479,540	407,862	117,333	1,676,313	479,540
Gain on disposals of property and equipment and lease	426,746	804,700	1,753,926	3,288,809	424,901	803,422	1,746,343	3,283,586
Others	1,430,697	1,719,101	5,880,165	7,025,965	403,885	519,415	1,659,967	2,122,848
	<u>25,698,536</u>	<u>25,622,725</u>	<u>105,620,983</u>	<u>104,720,077</u>	<u>23,209,381</u>	<u>22,176,472</u>	<u>95,390,556</u>	<u>90,635,241</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 31. General and administrative expenses

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Salaries and wages	145,268,102	137,978,898	597,051,899	563,919,756	138,347,688	130,481,716	568,608,998	533,278,773
Other employee expense	17,909,738	27,644,782	73,609,023	112,984,224	18,383,891	28,972,506	75,557,792	118,410,632
Depreciation of property and equipment (Note 14)	23,541,254	21,991,373	96,754,554	89,878,741	22,044,132	20,328,111	90,601,383	83,080,990
Repair and maintenance	15,239,611	13,875,030	62,634,801	56,707,248	14,861,561	13,486,809	61,081,016	55,120,588
Depreciation of right-of-use assets (Note 16)	12,227,167	11,777,321	50,253,656	48,133,911	11,755,148	11,113,156	48,313,658	45,419,469
Seniority indemnity (Note 25(c))	9,610,624	9,260,343	39,499,665	37,847,022	9,448,722	9,175,310	38,834,247	37,499,492
Utilities	5,972,169	5,762,829	24,545,615	23,552,682	5,576,713	5,412,031	22,920,290	22,118,971
Office supplies	5,453,734	5,502,787	22,414,847	22,489,890	5,058,720	5,113,304	20,791,339	20,898,073
Communication	5,145,658	5,399,380	21,148,654	22,067,266	4,098,745	4,247,727	16,845,842	17,360,460
Amortisation charges (Note 15)	2,821,055	3,096,546	11,594,536	12,655,584	2,622,695	2,848,307	10,779,276	11,641,031
Retirement benefit (Note 25(a))	-	2,887,044	-	11,799,349	-	2,803,698	-	11,458,714
Travelling expenses	2,820,791	2,707,511	11,593,451	11,065,597	2,457,538	2,378,971	10,100,481	9,722,854
Career development expense (Note 25(b))	1,672,985	1,774,997	6,875,968	7,254,413	1,593,047	1,675,191	6,547,423	6,846,506
License fees	1,180,482	1,101,400	4,851,781	4,501,422	1,150,152	1,073,726	4,727,125	4,388,318
Others	20,262,684	18,797,695	83,279,632	76,826,179	18,681,614	17,018,011	76,781,434	69,552,611
	<u>269,126,054</u>	<u>269,557,936</u>	<u>1,106,108,082</u>	<u>1,101,683,284</u>	<u>256,080,366</u>	<u>256,128,574</u>	<u>1,052,490,304</u>	<u>1,046,797,482</u>

For the year ended 31 December 2023, the salaries and wages of the Bank's staff, who are responsible for the operations of cash settlement agents, amounted to US\$48,099 (31 December 2022: US\$45,148). The above expenses include costs incurred for the operations of cash settlement agents, which consist office supplies amounting to US\$521, expendable costs amounting to US\$94, furniture and fixtures amounting to US\$1,470, and membership fees amounting to US\$12,571 (KHR51,666,667) (31 December 2022: office supplies amounting to US\$246, expendable costs amounting to US\$759, furniture and fixtures amounting to US\$1,128, and membership fees amounting to US\$12,642 (KHR51,666,665)).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 32. Taxation

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Current income tax liabilities	3,791,516	34,428,462	15,488,343	141,741,978	2,319,080	33,911,933	9,473,442	139,615,428

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
At the beginning of the year	34,428,462	36,315,767	141,741,978	147,950,435	33,911,933	35,491,329	139,615,428	144,591,674
Current income tax	12,032,491	36,572,256	49,453,538	149,470,810	9,538,879	34,235,426	39,204,793	139,920,186
Income tax paid	(42,669,437)	(38,459,561)	(175,371,386)	(157,184,226)	(41,131,732)	(35,814,822)	(169,051,419)	(146,375,178)
Exchange differences	-	-	(335,787)	1,504,959	-	-	(295,360)	1,478,746
At the end of the year	3,791,516	34,428,462	15,488,343	141,741,978	2,319,080	33,911,933	9,473,442	139,615,428

##### (b) Income tax expense

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Current income tax	12,032,491	36,572,256	49,453,538	149,470,810	9,538,879	34,235,426	39,204,793	139,920,186
Deferred tax	24,186,614	9,921,115	99,406,984	40,547,597	24,523,692	9,782,070	100,792,374	39,979,320
	36,219,105	46,493,371	148,860,522	190,018,407	34,062,571	44,017,496	139,997,167	179,899,506

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 32. Taxation (continued)

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Profit before income tax	184,237,530	228,308,146	757,216,247	933,095,393	172,201,848	217,423,281	707,749,595	888,608,949
Tax calculated at domestic tax rates applicable to taxable profits in the respective countries	36,890,437	45,685,787	151,619,696	186,717,811	34,440,370	43,484,656	141,549,921	177,721,789
Effect of net (non-taxable income)/non-deductible expense	(671,332)	807,584	(2,759,174)	3,300,596	(377,799)	532,840	(1,552,754)	2,177,717
	<u>36,219,105</u>	<u>46,493,371</u>	<u>148,860,522</u>	<u>190,018,407</u>	<u>34,062,571</u>	<u>44,017,496</u>	<u>139,997,167</u>	<u>179,899,506</u>

In accordance with the Sub-decree No. 01 of the Royal Government of Cambodia (“RGC”) dated 4 January 2019, on Tax incentives in Securities Sector, the Bank has been entitled to a reduction of 50% on the Tax on Income for a period of 3 years from 2020 to 2022 after successful listing (proportion is based on the percentage of listed shares taking 20.0001% as a base in accordance with the Prakas No. 183 on the implementation guidance on the incentive on tax on profit for the IPO enterprise) and waiver of other tax liabilities, including Tax on Income and withholding taxes for the period from year N-3 to N-10, where N is the IPO year (“N-3 to N-10”).

##### (d) Other tax matters

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 33. Earnings per share

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

	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Profit attributable to the shareholders of the Bank	148,054,791	181,738,358	608,505,189	742,764,670
Weighted average numbers of shares	433,163,019	433,163,019	433,163,019	433,163,019
Basic EPS	0.34	0.42	1.40	1.71
Diluted EPS	0.34	0.42	1.40	1.71

The Bank has no potentially dilutive ordinary shares as at the reporting date. As such, the diluted EPS is equal to the basic EPS.

#### 34. Cash and cash equivalents

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Cash on hand	495,793,568	497,027,041	2,025,316,725	2,046,260,328	486,584,317	486,665,483	1,987,696,935	2,003,601,794
Deposits and placements with other banks:								
<i>Balances with the National Bank of Cambodia:</i>								
Current accounts	1,389,931,664	493,778,912	5,677,870,847	2,032,887,781	1,389,931,664	493,778,912	5,677,870,847	2,032,887,781
Negotiable certificate of deposits, term of three months or less	275,270,451	416,565,361	1,124,479,792	1,714,999,591	275,270,451	416,565,361	1,124,479,792	1,714,999,591
<i>Balances with other banks:</i>								
Current accounts	118,722,890	155,074,517	484,983,007	638,441,786	88,962,782	137,084,203	363,412,965	564,375,663
Fixed deposits, term of three months or less	-	185,997,838	-	765,753,099	-	185,276,487	-	762,783,297
	<u>2,279,718,573</u>	<u>1,748,443,669</u>	<u>9,312,650,371</u>	<u>7,198,342,585</u>	<u>2,240,749,214</u>	<u>1,719,370,446</u>	<u>9,153,460,539</u>	<u>7,078,648,126</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 35. Commitments and contingencies

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

##### (a) Loan commitments, guarantees, and other financial liabilities

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Unused portion of overdrafts	209,854,669	175,132,489	857,256,323	721,020,457	209,405,052	174,716,731	855,419,637	719,308,782
Bank guarantees	67,014,005	62,873,329	273,752,210	258,849,495	66,880,923	62,741,984	273,208,570	258,308,748
Letters of credit	2,303,062	9,176,130	9,408,008	37,778,127	2,303,062	9,176,130	9,408,008	37,778,127
	<u>279,171,736</u>	<u>247,181,948</u>	<u>1,140,416,541</u>	<u>1,017,648,079</u>	<u>278,589,037</u>	<u>246,634,845</u>	<u>1,138,036,215</u>	<u>1,015,395,657</u>

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

##### (b) Capital expenditure commitments

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Not later than 1 year	8,609,249	6,030,204	35,168,782	24,826,350	4,439,957	5,027,569	18,137,224	20,698,502
Later than 1 but not later than 5 years	115,744	268,961	472,814	1,107,312	-	-	-	-
	<u>8,724,993</u>	<u>6,299,165</u>	<u>35,641,596</u>	<u>25,933,662</u>	<u>4,439,957</u>	<u>5,027,569</u>	<u>18,137,224</u>	<u>20,698,502</u>

As at 31 December 2023, the balances of these commitments are related to the Bank's purchases of property and equipment and intangible assets amounting to US\$4,439,957; AIB's purchases of other equipment amounting to US\$9,906; and ABL's purchases of other equipment amounting to US\$18,884, purchases of computer software amounting to US\$1,010,520; and CRM, Palo Alto 5410, Panorama M-300, Chip Card Acquiring, HBA card for project T24 core banking R22, Palo Alto PAN-SEP-CG, and External hard disk amounting to US\$3,245,726.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### (b) Capital expenditure commitments (continued)

As at 31 December 2022, the balances of these commitments are related to the Bank's purchases of property and equipment and intangible assets amounting to US\$5,027,569; AIB's purchases of other equipment amounting to US\$9,906; and ABL's purchases of property and equipment and intangible assets amounting to US\$1,002,635, upgrade of Nutanix amounting to US\$157,903, Smart Vista implementation fee amounting to US\$35,286, development of Numpapa bills payment system amounting to US\$11,847, and development of LAPS System Phase 2 amounting to US\$54,019.

##### (c) Commitments to be received from other banks and other financial institutions ("OFI") and other financial assets

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
Commitment to be received from other banks	146,367,075	18,760,481	597,909,501	77,236,900	146,367,075	18,760,481	597,909,501	77,236,900
Commitment to be received from OFIs	-	72,500,000	-	298,482,500	-	72,500,000	-	298,482,500
Other non-performing commitments	748,800	-	3,058,848	-	-	-	-	-
	<u>147,115,875</u>	<u>91,260,481</u>	<u>600,968,349</u>	<u>375,719,400</u>	<u>146,367,075</u>	<u>91,260,481</u>	<u>597,909,501</u>	<u>375,719,400</u>

##### (d) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026. As at 31 December 2023, remaining balance is US\$4,694,475 (31 December 2022: US\$7,234,793). The Bank has made allowance for impairment losses of US\$47,542 (31 December 2022: US\$65,217) with respect to this guarantee.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 36. Reserves

	The Group												
	General reserves		Hedging reserve		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2023, as reclassified</b>	524,311,587	2,158,590,804	9,630,593	39,649,149	155,706,835	641,045,041	(53,815,086)	(221,556,709)	3,028,319	12,467,589	76,356,446	638,862,248	2,706,552,320
<b>Other comprehensive income:</b>													
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	(3,883,907)	(15,962,858)	-	-	-	-	-	-	-	-	(3,883,907)	(15,962,858)
Currency translation differences - foreign subsidiaries	-	-	-	-	-	-	(5,834,214)	(23,978,620)	-	-	-	(5,834,214)	(23,978,620)
<b>Total comprehensive loss for the year</b>	-	(3,883,907)	(15,962,858)	-	-	-	(5,834,214)	(23,978,620)	-	-	-	(9,718,121)	(39,941,478)
<b>Transactions with owners:</b>													
Transfer from retained earnings to regulatory reserves	-	-	-	-	93,483,511	384,217,230	-	-	-	-	-	93,483,511	384,217,230
Exchange differences	-	(16,777,971)	-	(211,079)	-	(7,319,708)	-	1,867,939	-	(96,906)	(22,708,363)	-	(45,246,088)
<b>Total transactions with owners</b>	-	(16,777,971)	-	(211,079)	93,483,511	376,897,522	-	1,867,939	-	(96,906)	(22,708,363)	93,483,511	338,971,142
<b>As at 31 December 2023</b>	<u>524,311,587</u>	<u>2,141,812,833</u>	<u>5,746,686</u>	<u>23,475,212</u>	<u>249,190,346</u>	<u>1,017,942,563</u>	<u>(59,649,300)</u>	<u>(243,667,390)</u>	<u>3,028,319</u>	<u>12,370,683</u>	<u>53,648,083</u>	<u>722,627,638</u>	<u>3,005,581,984</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 36. Reserves (continued)

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



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 36. Reserves (continued)

	The Bank								
	General reserves		Hedging reserve		Regulatory reserves		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>Balance at 1 January 2023, as reclassified</b>	510,741,556	2,102,722,986	9,630,593	39,649,156	155,706,835	641,045,040	75,402,095	676,078,984	2,858,819,277
<b>Other comprehensive income:</b>									
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	(3,883,907)	(15,962,858)	-	-	-	(3,883,907)	(15,962,858)	
<b>Total comprehensive loss for the year</b>	-	(3,883,907)	(15,962,858)	-	-	-	(3,883,907)	(15,962,858)	
<b>Transactions with owners:</b>									
Transfer from retained earnings to regulatory reserves	-	-	-	-	92,920,171	381,901,903	-	92,920,171	381,901,903
Exchange differences	-	(16,343,730)	(211,086)	-	(7,305,622)	(21,945,321)	-	(45,805,759)	
<b>Total transactions with owners</b>	-	(16,343,730)	(211,086)	-	92,920,171	374,596,281	(21,945,321)	92,920,171	336,096,144
<b>As at 31 December 2023</b>	<u>510,741,556</u>	<u>2,086,379,256</u>	<u>5,746,686</u>	<u>23,475,212</u>	<u>248,627,006</u>	<u>1,015,641,321</u>	<u>53,456,774</u>	<u>765,115,248</u>	<u>3,178,952,563</u>
<b>Balance at 1 January 2022, as reclassified</b>	510,741,556	2,080,761,099	(506,158)	(2,062,088)	97,140,004	395,748,379	17,529,804	607,375,402	2,491,977,194
<b>Other comprehensive income:</b>									
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	10,136,751	41,428,901	-	-	-	10,136,751	41,428,901	
Exchange differences	-	-	-	-	-	11,852,753	-	11,852,753	
<b>Total comprehensive income for the year</b>	-	10,136,751	41,428,901	-	-	11,852,753	10,136,751	53,281,654	
<b>Transactions with owners:</b>									
Transfer from retained earnings to regulatory reserves	-	-	-	-	58,566,831	239,362,638	-	58,566,831	239,362,638
Exchange differences	-	21,961,887	282,343	-	5,934,023	(4,619,563)	-	23,558,690	
<b>Total transactions with owners</b>	-	21,961,887	282,343	-	58,566,831	245,296,661	(4,619,563)	58,566,831	262,921,328
<b>As at 31 December 2022</b>	<u>510,741,556</u>	<u>2,102,722,986</u>	<u>9,630,593</u>	<u>39,649,156</u>	<u>155,706,835</u>	<u>641,045,040</u>	<u>24,762,994</u>	<u>676,078,984</u>	<u>2,808,180,176</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 37. Related party transactions and balances

#### (a) Related parties and relationships

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

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

#### (b) Related parties balances

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>i) Loans and advances</b>								
Key management personnel	13,539,928	14,651,796	55,310,606	60,321,444	13,074,333	14,171,853	53,408,650	58,345,519
<b>ii) Balances with related parties</b>								
Shareholders	655,991	725,388	2,679,723	2,986,422	655,991	725,388	2,679,723	2,986,422
Subsidiaries	-	-	-	-	15,871	-	64,833	-
	<u>655,991</u>	<u>725,388</u>	<u>2,679,723</u>	<u>2,986,422</u>	<u>671,862</u>	<u>725,388</u>	<u>2,744,556</u>	<u>2,986,422</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>iii) Receivables from/(payables to) related parties</b>								
Key management personnel								
Other payables	(106,712)	(68,978)	(435,919)	(283,982)	(93,883)	(56,820)	(383,512)	(233,928)
Shareholders								
Other payables	(755,903)	(488,930)	(3,087,864)	(2,012,924)	(755,903)	(488,930)	(3,087,864)	(2,012,924)
Subsidiaries								
Other receivables	-	-	-	-	449,377	259,910	1,835,705	1,070,049
Other payables	-	-	-	-	(18,960)	(28,709)	(77,451)	(118,195)
	<u>(862,615)</u>	<u>(557,908)</u>	<u>(3,523,783)</u>	<u>(2,296,906)</u>	<u>(419,369)</u>	<u>(314,549)</u>	<u>(1,713,122)</u>	<u>(1,294,998)</u>
<b>iv) Deposits from related parties</b>								
Key management personnel								
Shareholders	8,445,599	6,209,960	34,500,272	25,566,405	7,969,500	5,730,308	32,555,408	23,591,678
Current accounts	3,328,035	7,016,846	13,595,023	28,888,355	2,688,728	6,298,570	10,983,454	25,931,213
Savings accounts	68,031	902,605	277,907	3,716,026	68,031	902,605	277,907	3,716,026
Fixed deposits	1,501,423	2,966,448	6,133,313	12,212,866	1,501,423	2,966,448	6,133,313	12,212,866
Subsidiaries								
Current accounts	-	-	-	-	3,841,059	4,274,570	15,690,726	17,598,404
Savings accounts	-	-	-	-	251,289	258,388	1,026,516	1,063,783
Fixed deposits	-	-	-	-	2,118,177	3,454,526	8,652,754	14,222,283
	<u>13,343,088</u>	<u>17,095,859</u>	<u>54,506,515</u>	<u>70,383,652</u>	<u>18,438,207</u>	<u>23,885,415</u>	<u>75,320,078</u>	<u>98,336,253</u>
<b>v) Borrowings from related parties</b>								
Shareholder	<u>49,491,659</u>	<u>48,847,528</u>	<u>202,173,427</u>	<u>201,105,273</u>	<u>49,491,659</u>	<u>48,847,528</u>	<u>202,173,427</u>	<u>201,105,273</u>
<b>vi) Subordinated debts from related parties</b>								
Shareholder	<u>15,094,208</u>	<u>-</u>	<u>61,659,840</u>	<u>-</u>	<u>15,094,208</u>	<u>-</u>	<u>61,659,840</u>	<u>-</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### (c) Related parties transactions

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>i) Interest income from related parties</b>								
Loans and advances to key management personnel	896,111	904,975	3,683,016	3,698,633	896,019	904,154	3,682,638	3,695,277
Deposits with a subsidiary	-	-	-	-	18,247	6,217	74,995	25,409
	<u>896,111</u>	<u>904,975</u>	<u>3,683,016</u>	<u>3,698,633</u>	<u>914,266</u>	<u>910,371</u>	<u>3,757,633</u>	<u>3,720,686</u>
<b>ii) Fee and commission income from related parties</b>								
Shareholders	115	45,510	472	186,000	115	45,510	472	186,000
Subsidiaries	-	-	-	-	26,974	988	110,862	4,037
	<u>115</u>	<u>45,510</u>	<u>472</u>	<u>186,000</u>	<u>27,089</u>	<u>46,498</u>	<u>111,334</u>	<u>190,037</u>
<b>iii) Interest expenses to related parties</b>								
Deposits of key management personnel	143,107	88,416	588,170	361,356	118,301	49,034	486,217	200,402
Borrowings from shareholders	5,938,804	1,607,499	24,408,484	6,569,848	5,938,804	1,607,499	24,408,484	6,569,848
Deposits of shareholders	153,896	273,046	632,513	1,115,939	153,896	273,046	632,513	1,115,939
Deposits of subsidiaries	-	-	-	-	208,101	222,766	855,295	910,444
	<u>6,235,807</u>	<u>1,968,961</u>	<u>25,629,167</u>	<u>8,047,143</u>	<u>6,419,102</u>	<u>2,152,345</u>	<u>26,382,509</u>	<u>8,796,633</u>
<b>iv) Fee and remuneration expenses to related parties</b>								
Board of Directors	824,986	748,209	3,390,692	3,057,930	589,578	503,073	2,423,166	2,056,059
Key management personnel	12,208,613	11,327,541	50,177,399	46,295,660	10,753,780	9,562,083	44,198,036	39,080,233
Subsidiaries	-	-	-	-	1,963,126	3,147,747	8,068,448	12,864,842
	<u>13,033,599</u>	<u>12,075,750</u>	<u>53,568,091</u>	<u>49,353,590</u>	<u>13,306,484</u>	<u>13,212,903</u>	<u>54,689,650</u>	<u>54,001,134</u>
<b>v) Other commitments</b>								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(17,675)	(64,114)	(72,644)	(262,034)

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

#### 38. Financial risk management

##### (a) Introduction and overview

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

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

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### (b) Objectives and principles

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

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

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

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

The Board of Directors reviews and approves the Group's and the Bank's risk appetite and tolerance statement considering the most significant risks that specify the nature, types, and levels which the Group and the Bank are willing to assume, and provides an outline of the approach to manage these risks.

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### (b) Objectives and principles (continued)

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

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

##### a. Financial assets and financial liabilities measured at amortised cost

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Financial assets</b>								
Cash on hand	495,793,568	497,027,041	2,025,316,725	2,046,260,328	486,584,317	486,665,483	1,987,696,935	2,003,601,794
Deposits and placements with other banks, net	1,509,543,178	846,602,175	6,166,483,882	3,485,461,154	1,478,882,021	828,396,425	6,041,233,056	3,410,508,082
Statutory deposits	548,627,109	482,330,993	2,241,141,740	1,985,756,698	543,302,104	479,556,076	2,219,389,095	1,974,332,365
Financial investments	357,354,714	555,847,862	1,459,794,007	2,288,425,648	357,354,714	555,847,862	1,459,794,007	2,288,425,648
Loans and advances, net	6,601,665,231	6,379,406,093	26,967,802,469	26,264,014,885	6,457,043,288	6,246,269,485	26,377,021,831	25,715,891,470
Other assets	8,550,649	44,777,965	34,929,401	184,350,882	8,160,591	44,724,815	33,336,014	184,132,063
<b>Total financial assets</b>	<b>9,521,534,449</b>	<b>8,805,992,129</b>	<b>38,895,468,224</b>	<b>36,254,269,595</b>	<b>9,331,327,035</b>	<b>8,641,460,146</b>	<b>38,118,470,938</b>	<b>35,576,891,422</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	419,792,620	417,826,399	1,714,852,853	1,720,191,285	386,405,927	390,611,644	1,578,468,212	1,608,148,138
Deposits from customers	6,808,020,419	5,971,164,302	27,810,763,412	24,583,283,431	6,715,289,025	5,889,433,410	27,431,955,667	24,246,797,349
Lease liabilities	32,527,687	28,448,770	132,875,601	117,123,586	30,547,348	26,457,635	124,785,917	108,926,083
Borrowings	859,813,550	957,335,868	3,512,338,352	3,941,351,769	843,418,591	944,275,857	3,445,364,944	3,887,583,703
Subordinated debts	117,053,882	127,762,328	478,165,108	525,997,504	117,053,882	127,762,328	478,165,108	525,997,504
Other liabilities	43,591,008	95,830,215	178,069,268	394,532,995	42,489,918	95,593,093	173,571,315	393,556,764
<b>Total financial liabilities</b>	<b>8,280,799,166</b>	<b>7,598,367,882</b>	<b>33,827,064,594</b>	<b>31,282,480,570</b>	<b>8,135,204,691</b>	<b>7,474,133,967</b>	<b>33,232,311,163</b>	<b>30,771,009,541</b>
<b>Net financial instruments</b>	<b>1,240,735,283</b>	<b>1,207,624,247</b>	<b>5,068,403,630</b>	<b>4,971,789,025</b>	<b>1,196,122,344</b>	<b>1,167,326,179</b>	<b>4,886,159,775</b>	<b>4,805,881,881</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### (b) Objectives and principles (continued)

##### b. Financial assets and financial liabilities measured at fair value

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Financial assets</b>								
Financial investments	189,670	189,670	774,802	780,871	189,670	189,670	774,802	780,871
Derivative financial instruments	5,746,686	9,630,593	23,475,212	39,649,151	5,746,686	9,630,593	23,475,212	39,649,151
<b>Total financial assets</b>	<b>5,936,356</b>	<b>9,820,263</b>	<b>24,250,014</b>	<b>40,430,022</b>	<b>5,936,356</b>	<b>9,820,263</b>	<b>24,250,014</b>	<b>40,430,022</b>
<b>Net financial instruments</b>	<b>5,936,356</b>	<b>9,820,263</b>	<b>24,250,014</b>	<b>40,430,022</b>	<b>5,936,356</b>	<b>9,820,263</b>	<b>24,250,014</b>	<b>40,430,022</b>



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk

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

Principles of the credit risk:

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

*Internal targets on the credit risk:*

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

*Internal targets on the credit risk: (continued)*

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

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

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

#### (a) Credit risk management

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(a) Credit risk management (continued)

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

(b) Internal targets and mitigation policies

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

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

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

The Group and the Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans and advances, which is the common practice. The Group and the Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances are:

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

	The Group				The Bank			
	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)	2023 US\$	2022 US\$	2023 KHR'000 (Note 5)	2022 KHR'000 (Note 5)
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	495,793,568	497,027,041	2,025,316,725	2,046,260,328	486,584,317	486,665,483	1,987,696,935	2,003,601,794
Deposits and placements with other banks, net	1,509,543,178	846,602,175	6,166,483,882	3,485,461,154	1,478,882,021	828,396,425	6,041,233,056	3,410,508,082
Statutory deposits	548,627,109	482,330,993	2,241,141,740	1,985,756,698	543,302,104	479,556,076	2,219,389,095	1,974,332,365
Financial investments	357,544,384	556,037,532	1,460,568,809	2,289,206,519	357,544,384	556,037,532	1,460,568,809	2,289,206,519
Loans and advances, net	6,601,665,231	6,379,406,093	26,967,802,469	26,264,014,885	6,457,043,288	6,246,269,485	26,377,021,831	25,715,891,470
Derivative financial instruments	5,746,686	9,630,593	23,475,212	39,649,151	5,746,686	9,630,593	23,475,212	39,649,151
Other assets	8,550,649	44,777,965	34,929,401	184,350,882	8,160,591	44,724,815	33,336,014	184,132,063
	<u>9,527,470,805</u>	<u>8,815,812,392</u>	<u>38,919,718,238</u>	<u>36,294,699,617</u>	<u>9,337,263,391</u>	<u>8,651,280,409</u>	<u>38,142,720,952</u>	<u>35,617,321,444</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitments	209,854,669	175,132,489	857,256,323	721,020,457	209,405,052	174,716,731	855,419,637	719,308,782
Bank guarantees	67,014,005	62,873,329	273,752,210	258,849,495	66,880,923	62,741,984	273,208,570	258,308,748
Letters of credit	2,303,062	9,176,130	9,408,008	37,778,127	2,303,062	9,176,130	9,408,008	37,778,127
	<u>279,171,736</u>	<u>247,181,948</u>	<u>1,140,416,541</u>	<u>1,017,648,079</u>	<u>278,589,037</u>	<u>246,634,845</u>	<u>1,138,036,215</u>	<u>1,015,395,657</u>
<b>Total maximum credit risk exposure</b>	<u>9,806,642,541</u>	<u>9,062,994,340</u>	<u>40,060,134,779</u>	<u>37,312,347,696</u>	<u>9,615,852,428</u>	<u>8,897,915,254</u>	<u>39,280,757,167</u>	<u>36,632,717,101</u>

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

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

As shown in the table in the previous page, as at 31 December 2023, 67.32% for the Group and 67.15% for the Bank of total maximum exposure is derived from loans and advances ( 2022: 70.39% and 70.20% for the Group and for the Bank, respectively).

The Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group and the Bank resulting from its loans and advances. Significant credit risk exposure is arising from loans and advances. In order to mitigate the exposure of credit risk arising from loans and advances, all loan size limits must not exceed 75% of estimated saleable value of the pledged collateral, except for other loans authorised by the Management Credit Committee wherein the loan to collateral value exceeds the 75% threshold. As at 31 December 2023, approximately 94.16% (2022: 96.42%) of these loans and advances are collateralised.

(d) Concentration of financial assets with credit risk exposure

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 38. Financial risk management (continued)

### 38.1 Credit risk (continued)

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

(i) *Geographical sector*

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

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
<b>As at 31 December 2023</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	486,604,848	-	-	8,462,830	-	-	725,890	-	495,793,568
Deposits and placements with other banks, net	1,390,225,085	1,886,342	142,614	28,994,985	661,541	79,154,370	71,128	8,407,113	1,509,543,178
Statutory deposits	543,583,622	-	-	5,043,487	-	-	-	-	548,627,109
Financial investments	357,544,384	-	-	-	-	-	-	-	357,544,384
Loans and advances, net	6,457,043,288	-	-	126,422,018	-	-	18,199,925	-	6,601,665,231
Derivative financial instruments	5,746,686	-	-	-	-	-	-	-	5,746,686
Other assets	7,761,342	-	-	789,307	-	-	-	-	8,550,649
	<u>9,248,509,255</u>	<u>1,886,342</u>	<u>142,614</u>	<u>169,712,627</u>	<u>661,541</u>	<u>79,154,370</u>	<u>18,996,943</u>	<u>8,407,113</u>	<u>9,527,470,805</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitments	209,405,052	-	-	449,617	-	-	-	-	209,854,669
Bank guarantees	66,880,923	-	-	133,082	-	-	-	-	67,014,005
Letters of credit	2,303,062	-	-	-	-	-	-	-	2,303,062
	<u>278,589,037</u>	<u>-</u>	<u>-</u>	<u>582,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,171,736</u>
<b>Total maximum credit risk exposure</b>	<u>9,527,098,292</u>	<u>1,886,342</u>	<u>142,614</u>	<u>170,295,326</u>	<u>661,541</u>	<u>79,154,370</u>	<u>18,996,943</u>	<u>8,407,113</u>	<u>9,806,642,541</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>38,918,196,522</u>	<u>7,705,707</u>	<u>582,578</u>	<u>695,656,407</u>	<u>2,702,395</u>	<u>323,345,601</u>	<u>77,602,512</u>	<u>34,343,057</u>	<u>40,060,134,779</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
<b>As at 31 December 2022</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	486,719,471	-	-	9,705,150	-	-	602,420	-	497,027,041
Deposits and placements with other banks, net	566,618,029	356,084	678,730	142,191,142	1,359,010	123,455,386	54,971	11,888,823	846,602,175
Statutory deposits	479,798,971	-	-	2,532,022	-	-	-	-	482,330,993
Financial investments	556,037,532	-	-	-	-	-	-	-	556,037,532
Loans and advances, net	6,246,269,486	-	-	117,399,730	-	-	15,736,877	-	6,379,406,093
Derivative financial instruments	9,630,593	-	-	-	-	-	-	-	9,630,593
Other assets	44,605,309	-	-	172,656	-	-	-	-	44,777,965
	<u>8,389,679,391</u>	<u>356,084</u>	<u>678,730</u>	<u>272,000,700</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>16,394,268</u>	<u>11,888,823</u>	<u>8,815,812,392</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitments	174,716,731	-	-	415,758	-	-	-	-	175,132,489
Bank guarantees	62,741,984	-	-	131,345	-	-	-	-	62,873,329
Letters of credit	9,176,130	-	-	-	-	-	-	-	9,176,130
	<u>246,634,845</u>	<u>-</u>	<u>-</u>	<u>547,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,181,948</u>
<b>Total maximum credit risk exposure</b>	<u>8,636,314,236</u>	<u>356,084</u>	<u>678,730</u>	<u>272,547,803</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>16,394,268</u>	<u>11,888,823</u>	<u>9,062,994,340</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>35,555,705,709</u>	<u>1,465,998</u>	<u>2,794,331</u>	<u>1,122,079,305</u>	<u>5,595,044</u>	<u>508,265,824</u>	<u>67,495,201</u>	<u>48,946,284</u>	<u>37,312,347,696</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
<b>As at 31 December 2023</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	486,584,317	-	-	-	-	-	-	-	486,584,317
Deposits and placements with other banks, net	1,390,168,709	1,886,342	142,614	15,871	661,541	79,154,370	46,936	6,805,638	1,478,882,021
Statutory deposits	543,302,104	-	-	-	-	-	-	-	543,302,104
Financial investments	357,544,384	-	-	-	-	-	-	-	357,544,384
Loans and advances, net	6,457,043,288	-	-	-	-	-	-	-	6,457,043,288
Derivative financial instruments	5,746,686	-	-	-	-	-	-	-	5,746,686
Other assets	7,914,050	-	-	-	-	-	246,541	-	8,160,591
	<u>9,248,303,538</u>	<u>1,886,342</u>	<u>142,614</u>	<u>15,871</u>	<u>661,541</u>	<u>79,154,370</u>	<u>293,477</u>	<u>6,805,638</u>	<u>9,337,263,391</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitments	209,405,052	-	-	-	-	-	-	-	209,405,052
Bank guarantees	66,880,923	-	-	-	-	-	-	-	66,880,923
Letters of credit	2,303,062	-	-	-	-	-	-	-	2,303,062
	<u>278,589,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,589,037</u>
<b>Total maximum credit risk exposure</b>	<u>9,526,892,575</u>	<u>1,886,342</u>	<u>142,614</u>	<u>15,871</u>	<u>661,541</u>	<u>79,154,370</u>	<u>293,477</u>	<u>6,805,638</u>	<u>9,615,852,428</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>38,917,356,169</u>	<u>7,705,707</u>	<u>582,578</u>	<u>64,833</u>	<u>2,702,395</u>	<u>323,345,601</u>	<u>1,198,854</u>	<u>27,801,031</u>	<u>39,280,757,168</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
<b>As at 31 December 2022</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	486,665,483	-	-	-	-	-	-	-	486,665,483
Deposits and placements with other banks, net	562,439,847	356,084	678,730	129,964,976	1,359,010	123,455,386	46,776	10,095,616	828,396,425
Statutory deposits	479,556,076	-	-	-	-	-	-	-	479,556,076
Financial investments	556,037,532	-	-	-	-	-	-	-	556,037,532
Loans and advances, net	6,246,269,485	-	-	-	-	-	-	-	6,246,269,485
Derivative financial instruments	9,630,593	-	-	-	-	-	-	-	9,630,593
Other assets	44,464,905	-	-	-	-	-	259,910	-	44,724,815
	<u>8,385,063,921</u>	<u>356,084</u>	<u>678,730</u>	<u>129,964,976</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>306,686</u>	<u>10,095,616</u>	<u>8,651,280,409</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitments	174,716,731	-	-	-	-	-	-	-	174,716,731
Bank guarantees	62,741,984	-	-	-	-	-	-	-	62,741,984
Letters of credit	9,176,130	-	-	-	-	-	-	-	9,176,130
	<u>246,634,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,634,845</u>
<b>Total maximum credit risk exposure</b>	<u>8,631,698,766</u>	<u>356,084</u>	<u>678,730</u>	<u>129,964,976</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>306,686</u>	<u>10,095,616</u>	<u>8,897,915,254</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>35,536,703,821</u>	<u>1,465,998</u>	<u>2,794,331</u>	<u>535,065,806</u>	<u>5,595,044</u>	<u>508,265,824</u>	<u>1,262,626</u>	<u>41,563,651</u>	<u>36,632,717,101</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors*

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

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
<b>As at 31 December 2023</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	495,793,568	-	-	-	-	-	-	495,793,568
Deposits and placements with other banks, net	1,509,543,178	-	-	-	-	-	-	1,509,543,178
Statutory deposits	-	-	-	-	-	-	548,627,109	548,627,109
Financial investments	-	-	-	-	-	-	357,544,384	357,544,384
Loans and advances, net	6,394,966	2,152,440,783	1,597,211,053	204,611,792	235,720,790	1,402,560,696	1,002,725,151	6,601,665,231
Derivative financial instruments	5,746,686	-	-	-	-	-	-	5,746,686
Other assets	4,231,725	-	-	-	-	-	4,318,924	8,550,649
	<u>2,021,710,123</u>	<u>2,152,440,783</u>	<u>1,597,211,053</u>	<u>204,611,792</u>	<u>235,720,790</u>	<u>1,402,560,696</u>	<u>1,913,215,568</u>	<u>9,527,470,805</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitments	-	-	-	-	-	-	209,854,669	209,854,669
Bank guarantees	-	-	-	-	-	-	67,014,005	67,014,005
Letters of credit	-	-	-	-	-	-	2,303,062	2,303,062
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,171,736</u>	<u>279,171,736</u>
<b>Total maximum credit risk exposure</b>	<u>2,021,710,123</u>	<u>2,152,440,783</u>	<u>1,597,211,053</u>	<u>204,611,792</u>	<u>235,720,790</u>	<u>1,402,560,696</u>	<u>2,192,387,304</u>	<u>9,806,642,541</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>8,258,685,851</u>	<u>8,792,720,599</u>	<u>6,524,607,152</u>	<u>835,839,170</u>	<u>962,919,427</u>	<u>5,729,460,443</u>	<u>8,955,902,137</u>	<u>40,060,134,779</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
<b>As at 31 December 2022</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	497,027,041	-	-	-	-	-	-	497,027,041
Deposits and placements with other banks, net	846,602,175	-	-	-	-	-	-	846,602,175
Statutory deposits	-	-	-	-	-	-	482,330,993	482,330,993
Financial investments	-	-	-	-	-	-	556,037,532	556,037,532
Loans and advances, net	15,425,874	2,114,982,513	1,589,735,423	203,748,321	225,021,942	1,383,149,948	847,342,072	6,379,406,093
Derivative financial instruments	9,630,593	-	-	-	-	-	-	9,630,593
Other assets	2,349,842	-	-	-	-	-	42,428,123	44,777,965
	<u>1,371,035,525</u>	<u>2,114,982,513</u>	<u>1,589,735,423</u>	<u>203,748,321</u>	<u>225,021,942</u>	<u>1,383,149,948</u>	<u>1,928,138,720</u>	<u>8,815,812,392</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitments	-	-	-	-	-	-	175,132,489	175,132,489
Bank guarantees	-	-	-	-	-	-	62,873,329	62,873,329
Letters of credit	-	-	-	-	-	-	9,176,130	9,176,130
	-	-	-	-	-	-	247,181,948	247,181,948
<b>Total maximum credit risk exposure</b>	<u>1,371,035,525</u>	<u>2,114,982,513</u>	<u>1,589,735,423</u>	<u>203,748,321</u>	<u>225,021,942</u>	<u>1,383,149,948</u>	<u>2,175,320,668</u>	<u>9,062,994,340</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>5,644,553,255</u>	<u>8,707,383,006</u>	<u>6,544,940,736</u>	<u>838,831,838</u>	<u>926,415,335</u>	<u>5,694,428,336</u>	<u>8,955,795,190</u>	<u>37,312,347,696</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
<b>As at 31 December 2023</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	486,584,317	-	-	-	-	-	-	486,584,317
Deposits and placements with other banks, net	1,478,882,021	-	-	-	-	-	-	1,478,882,021
Statutory deposits	-	-	-	-	-	-	543,302,104	543,302,104
Financial investments	-	-	-	-	-	-	357,544,384	357,544,384
Loans and advances, net	6,394,967	2,094,550,796	1,567,087,673	193,397,658	230,816,360	1,369,801,023	994,994,811	6,457,043,288
Derivative financial instruments	5,746,686	-	-	-	-	-	-	5,746,686
Other assets	4,645,888	-	-	-	-	-	3,514,703	8,160,591
	<u>1,982,253,879</u>	<u>2,094,550,796</u>	<u>1,567,087,673</u>	<u>193,397,658</u>	<u>230,816,360</u>	<u>1,369,801,023</u>	<u>1,899,356,002</u>	<u>9,337,263,391</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitments	-	-	-	-	-	-	209,405,052	209,405,052
Bank guarantees	-	-	-	-	-	-	66,880,923	66,880,923
Letters of credit	-	-	-	-	-	-	2,303,062	2,303,062
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,589,037</u>	<u>278,589,037</u>
<b>Total maximum credit risk exposure</b>	<u>1,982,253,879</u>	<u>2,094,550,796</u>	<u>1,567,087,673</u>	<u>193,397,658</u>	<u>230,816,360</u>	<u>1,369,801,023</u>	<u>2,177,945,039</u>	<u>9,615,852,428</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>8,097,507,095</u>	<u>8,556,240,002</u>	<u>6,401,553,144</u>	<u>790,029,433</u>	<u>942,884,831</u>	<u>5,595,637,179</u>	<u>8,896,905,484</u>	<u>39,280,757,168</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
<b>As at 31 December 2022</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	486,665,483	-	-	-	-	-	-	486,665,483
Deposits and placements with other banks, net	828,396,425	-	-	-	-	-	-	828,396,425
Statutory deposits	-	-	-	-	-	-	479,556,076	479,556,076
Financial investments	-	-	-	-	-	-	556,037,532	556,037,532
Loans and advances, net	15,381,863	2,059,348,968	1,561,608,892	195,640,567	219,940,343	1,355,583,595	838,765,257	6,246,269,485
Derivative financial instruments	9,630,593	-	-	-	-	-	-	9,630,593
Other assets	2,570,844	-	-	-	-	-	42,153,971	44,724,815
	<u>1,342,645,208</u>	<u>2,059,348,968</u>	<u>1,561,608,892</u>	<u>195,640,567</u>	<u>219,940,343</u>	<u>1,355,583,595</u>	<u>1,916,512,836</u>	<u>8,651,280,409</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	-	-	-	-	-	-	174,716,731	174,716,731
Bank guarantees	-	-	-	-	-	-	62,741,984	62,741,984
Letters of credit	-	-	-	-	-	-	9,176,130	9,176,130
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,634,845</u>	<u>246,634,845</u>
<b>Total maximum credit risk exposure</b>	<u>1,342,645,208</u>	<u>2,059,348,968</u>	<u>1,561,608,892</u>	<u>195,640,567</u>	<u>219,940,343</u>	<u>1,355,583,595</u>	<u>2,163,147,681</u>	<u>8,897,915,254</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>5,527,670,322</u>	<u>8,478,339,701</u>	<u>6,429,143,808</u>	<u>805,452,214</u>	<u>905,494,392</u>	<u>5,580,937,661</u>	<u>8,905,679,003</u>	<u>36,632,717,101</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(e) Write-off policy

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

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

(f) Credit quality of financial assets

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

###### *Recognition of ECL*

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

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

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

As for financial assets that are short-term in nature, simplified approach will be adopted where no staging criteria is required. It will be either performing (Stage1) or non-performing loan (“NPL”) (Stage 3).

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

ACLEDA Bank Plc.

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Recognition of ECL (continued)*

ACLEDA Bank Lao Ltd.

Staging	Days Past Due	BOL's Classification	Indicator	Default Indicator
1	$0 \leq \text{DPD} \leq 29$	Normal	-	Not in Default / Performing
2	$30 \leq \text{DPD} \leq 89$	Special Mention	Hit SICR triggers	
3	$90 \leq \text{DPD} \leq 179$	Substandard	Hit NPL triggers	Default / Non-performing
	$180 \leq \text{DPD} \leq 359$	Doubtful		
	$\text{DPD} \geq 360$	Loss		

ACLEDA MFI Myanmar Co., Ltd.

Staging	Days Past Due	Financial Regulatory Department's Classification	Indicator	Default Indicator
1	On time	Normal	-	Not in Default / Performing
2	$0 \leq \text{DPD} \leq 29$	Substandard	Hit SICR triggers	
3	$30 \leq \text{DPD} \leq 60$	Watch	Hit NPL triggers	Default / Non-performing
	$61 \leq \text{DPD} \leq 90$	Doubtful		
	$\text{DPD} \geq 91$	Loss		



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Recognition of ECL (continued)*

*Credit classification for financial assets*

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

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

Loans and advances at amortised cost	2023			2022	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	6,171,625,804	11,147,342	-	6,182,773,146	6,172,570,945
Special mention	803,987	48,054,541	-	48,858,528	62,601,379
Substandard	-	-	101,891,769	101,891,769	36,876,095
Doubtful	-	-	143,881,455	143,881,455	33,610,691
Loss	-	-	179,907,111	179,907,111	115,989,645
Total gross carrying amount	6,172,429,791	59,201,883	425,680,335	6,657,312,009	6,421,648,755
ECL allowance	(8,966,649)	(5,322,333)	(41,357,796)	(55,646,778)	(42,242,662)
Carrying amount	6,163,463,142	53,879,550	384,322,539	6,601,665,231	6,379,406,093
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>25,177,746,935</b>	<b>220,097,962</b>	<b>1,569,957,572</b>	<b>26,967,802,469</b>	<b>26,264,014,885</b>
<b>The Bank</b>					
Normal	6,047,155,346	4,187	-	6,047,159,533	6,027,814,120
Special mention	799,286	46,778,284	-	47,577,570	61,876,573
Substandard	-	-	100,870,267	100,870,267	36,270,756
Doubtful	-	-	142,676,471	142,676,471	32,525,053
Loss	-	-	158,358,985	158,358,985	115,939,951
Total gross carrying amount	6,047,954,632	46,782,471	401,905,723	6,496,642,826	6,274,426,453
ECL allowance	(7,828,861)	(3,268,573)	(28,502,104)	(39,599,538)	(28,156,968)
Carrying amount	6,040,125,771	43,513,898	373,403,619	6,457,043,288	6,246,269,485
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>24,673,913,774</b>	<b>177,754,273</b>	<b>1,525,353,784</b>	<b>26,377,021,831</b>	<b>25,715,891,470</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Financial investments at amortised cost	2023			2022	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	357,983,974	-	-	357,983,974	556,464,067
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	357,983,974	-	-	357,983,974	556,464,067
ECL allowance	(629,260)	-	-	(629,260)	(616,205)
Carrying amount	357,354,714	-	-	357,354,714	555,847,862
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>1,459,794,007</b>	<b>-</b>	<b>-</b>	<b>1,459,794,007</b>	<b>2,288,425,648</b>
<b>The Bank</b>					
Normal	357,983,974	-	-	357,983,974	556,464,067
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	357,983,974	-	-	357,983,974	556,464,067
ECL allowance	(629,260)	-	-	(629,260)	(616,205)
Carrying amount	357,354,714	-	-	357,354,714	555,847,862
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>1,459,794,007</b>	<b>-</b>	<b>-</b>	<b>1,459,794,007</b>	<b>2,288,425,648</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Cash on hand and deposits and placements with other banks, net	2023			2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
<b>The Group</b>					
Normal	2,005,452,940	-	-	2,005,452,940	1,343,937,484
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	2,005,452,940	-	-	2,005,452,940	1,343,937,484
ECL allowance	(116,194)	-	-	(116,194)	(308,268)
Carrying amount	<u>2,005,336,746</u>	<u>-</u>	<u>-</u>	<u>2,005,336,746</u>	<u>1,343,629,216</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>8,191,800,607</u>	<u>-</u>	<u>-</u>	<u>8,191,800,607</u>	<u>5,531,721,482</u>
<b>The Bank</b>					
Normal	1,965,478,763	-	-	1,965,478,763	1,315,285,153
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	1,965,478,763	-	-	1,965,478,763	1,315,285,153
ECL allowance	(12,425)	-	-	(12,425)	(223,245)
Carrying amount	<u>1,965,466,338</u>	<u>-</u>	<u>-</u>	<u>1,965,466,338</u>	<u>1,315,061,908</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>8,028,929,991</u>	<u>-</u>	<u>-</u>	<u>8,028,929,991</u>	<u>5,414,109,875</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Statutory deposits	2023			2022	
	Stage 1:	Stage 2:	Stage 3:	Total	Total
	12-month ECL	Lifetime ECL not	Lifetime ECL		
US\$	US\$	US\$	US\$	US\$	
<b>The Group</b>					
Normal	548,627,109	-	-	548,627,109	482,330,993
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	548,627,109	-	-	548,627,109	482,330,993
ECL allowance	-	-	-	-	-
Carrying amount	548,627,109	-	-	548,627,109	482,330,993
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>2,241,141,740</b>	<b>-</b>	<b>-</b>	<b>2,241,141,740</b>	<b>1,985,756,698</b>
<b>The Bank</b>					
Normal	543,302,104	-	-	543,302,104	479,556,076
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	543,302,104	-	-	543,302,104	479,556,076
ECL allowance	-	-	-	-	-
Carrying amount	543,302,104	-	-	543,302,104	479,556,076
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>2,219,389,095</b>	<b>-</b>	<b>-</b>	<b>2,219,389,095</b>	<b>1,974,332,365</b>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Other assets	2023			2022	
	Stage 1:	Stage 2:	Stage 3:	Total	Total
	12-month ECL	Lifetime ECL not	Lifetime ECL		
US\$	US\$	US\$	US\$	US\$	
<b>The Group</b>					
Normal	8,567,345	-	-	8,567,345	44,829,562
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	8,567,345	-	-	8,567,345	44,829,562
ECL allowance	(16,696)	-	-	(16,696)	(51,597)
Carrying amount	8,550,649	-	-	8,550,649	44,777,965
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>34,929,401</b>	<b>-</b>	<b>-</b>	<b>34,929,401</b>	<b>184,350,882</b>
<b>The Bank</b>					
Normal	8,174,377	-	-	8,174,377	44,761,717
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	8,174,377	-	-	8,174,377	44,761,717
ECL allowance	(13,786)	-	-	(13,786)	(36,902)
Carrying amount	8,160,591	-	-	8,160,591	44,724,815
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>33,336,014</b>	<b>-</b>	<b>-</b>	<b>33,336,014</b>	<b>184,132,063</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

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

*Credit classification for financial assets (continued)*

Financial guarantee contracts	2023			2022	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	67,014,005	-	-	67,014,005	62,873,329
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	67,014,005	-	-	67,014,005	62,873,329
ELC allowance	(14,782)	-	-	(14,782)	(12,629)
Carrying amount	66,999,223	-	-	66,999,223	62,860,700
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>273,691,826</b>	<b>-</b>	<b>-</b>	<b>273,691,826</b>	<b>258,797,502</b>
<b>The Bank</b>					
Normal	79,880,923	-	-	79,880,923	75,741,984
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	79,880,923	-	-	79,880,923	75,741,984
ECL allowance	(62,307)	-	-	(62,307)	(77,815)
Carrying amount	79,818,616	-	-	79,818,616	75,664,169
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>326,059,046</b>	<b>-</b>	<b>-</b>	<b>326,059,046</b>	<b>311,509,384</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

- (g) Amounts arising from ECL

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

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

###### *Definition of default*

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

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

ACLEDA Bank Plc.

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

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

ACLEDA Bank Lao Ltd.

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Definition of default (continued)*

ACLEDA MFI Myanmar Co., Ltd.

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

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

*Incorporation of forward-looking information*

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

The Group and the Bank formulate three economic scenarios: a base case, the median scenario which assigned a 60% probability of occurring, and two less likely scenarios, 20% for upside and 20% for downside. The base case is aligned with information used by the Group and the Bank for other purposes, such as strategic planning and budgeting.

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

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments in accordance with each country and, by using an analysis of historical data, have estimated relationships between macroeconomic variables ("MEVs") and credit risk and credit losses.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Incorporation of forward-looking information (continued)*

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

Exposure	2023	2024	2025	2026	2027
<b>1 - Small Loan</b>					
- Domestic credit to private sector (% of GDP)					
Base	161.23%	165.72%	167.29%	85.27%	85.27%
Upside	84.04%	88.53%	90.10%	8.08%	8.08%
Downside	238.42%	242.90%	244.48%	162.46%	162.46%
- US 1-year Treasury Yield Curve Rates					
Base	1.90	1.23	1.23	1.79	1.79
Upside	(11.78)	(12.44)	(12.45)	(11.89)	(11.89)
Downside	15.58	14.91	14.90	15.47	15.47
<b>2 - Public Housing Loan</b>					
- GDP at Current Price, Industry (Year-on-Year, %)					
Base	9.00%	9.00%	10.00%	13.00%	13.00%
Upside	21.00%	21.00%	21.00%	25.00%	25.00%
Downside	-3.00%	-3.00%	-2.00%	2.00%	2.00%
- US 1-year Treasury Yield Curve Rates					
Base	20.00%	22.00%	24.00%	71.00%	71.00%
Upside	-144.00%	-142.00%	-140.00%	-93.00%	-93.00%
Downside	184.00%	186.00%	188.00%	235.00%	235.00%

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Incorporation of forward-looking information (continued)*

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing available historical data over the past 7 years.

*Modified financial assets*

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention, and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 2(e)(iv).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- the remaining lifetime PD at the reporting date based on the modified terms; and,
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

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

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

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

##### *Loss allowance*

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

Type	The Group				The Bank			
	2023	2022	2023	2022	2023	2022	2023	2022
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
		(Note 5)	(Note 5)			(Note 5)	(Note 5)	
Deposits and placements with other banks	(177,657)	(157,751)	(730,170)	(644,728)	(199,422)	1,937	(819,624)	7,917
Loans and advances	41,824,525	20,045,313	171,898,798	81,925,194	38,676,227	12,763,402	158,959,293	52,164,024
Investments in debt securities	13,054	616,205	53,652	2,518,430	13,054	616,205	53,652	2,518,430
Other assets	23,768	77,440	97,686	316,497	(23,252)	31,409	(95,566)	128,369
	<u>41,683,690</u>	<u>20,581,207</u>	<u>171,319,966</u>	<u>84,115,393</u>	<u>38,466,607</u>	<u>13,412,953</u>	<u>158,097,755</u>	<u>54,818,740</u>
Financial guarantee contracts	2,180	(2,588)	8,960	(10,577)	(15,518)	(66,794)	(63,779)	(272,987)
<b>Total</b>	<u>41,685,870</u>	<u>20,578,619</u>	<u>171,328,926</u>	<u>84,104,816</u>	<u>38,451,089</u>	<u>13,346,159</u>	<u>158,033,976</u>	<u>54,545,753</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 38. Financial risk management (continued)

### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

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

Loans and advances at amortised cost	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>								
Beginning of the year	20,472,766	3,980,711	17,789,185	42,242,662	17,344,703	2,195,419	15,080,952	34,621,074
Transfers to/(deduction from):								
Stage 1	(11,557,652)	445,085	11,112,567	-	(349,461)	124,555	224,906	-
Stage 2	1,166,834	(3,067,670)	1,900,836	-	606,845	(1,412,526)	805,681	-
Stage 3	182,374	102,361	(284,735)	-	183,996	144,744	(328,740)	-
Net remeasurement of loss allowance	(2,911,872)	1,642,348	37,723,566	36,454,042	2,285,660	3,066,682	12,421,703	17,774,045
New financial assets originated	4,708,102	2,993,374	4,135,212	11,836,688	6,151,753	647,925	1,045,874	7,845,552
Derecognition of financial assets	(2,934,355)	(760,682)	(2,771,168)	(6,466,205)	(3,106,042)	(368,216)	(2,100,026)	(5,574,284)
Write-offs	(3,366)	-	(28,096,441)	(28,099,807)	-	(243,658)	(8,550,812)	(8,794,470)
Currency translation differences	(156,182)	(13,194)	(151,226)	(320,602)	(2,644,688)	(174,214)	(810,353)	(3,629,255)
As at the end of the year	<u>8,966,649</u>	<u>5,322,333</u>	<u>41,357,796</u>	<u>55,646,778</u>	<u>20,472,766</u>	<u>3,980,711</u>	<u>17,789,185</u>	<u>42,242,662</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>36,628,761</u>	<u>21,741,730</u>	<u>168,946,597</u>	<u>227,317,088</u>	<u>84,286,378</u>	<u>16,388,587</u>	<u>73,238,074</u>	<u>173,913,039</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

## 38. Financial risk management (continued)

### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

Loans and advances at amortised cost	2023				2022			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<b>The Bank</b>								
Beginning of the year	6,861,363	3,832,274	17,463,331	28,156,968	6,781,999	1,696,685	14,109,821	22,588,505
Transfers to/(deduction from):								
Stage 1	(637,491)	53,885	583,606	-	(287,959)	100,266	187,693	-
Stage 2	1,132,422	(2,935,359)	1,802,937	-	395,756	(1,103,254)	707,498	-
Stage 3	131,590	95,403	(226,993)	-	34,154	132,164	(166,318)	-
Net remeasurement of loss allowance	(2,422,717)	1,838,094	34,754,976	34,170,353	(2,252,411)	2,722,616	10,599,013	11,069,218
New financial assets originated	4,179,508	1,049,752	4,029,335	9,258,595	3,749,825	618,472	1,000,553	5,368,850
Derecognition of financial assets	(1,428,577)	(661,807)	(2,662,337)	(4,752,721)	(1,546,827)	(284,998)	(1,842,841)	(3,674,666)
Write-offs	(3,366)	-	(27,162,039)	(27,165,405)	-	-	(6,957,636)	(6,957,636)
Currency translation differences	16,129	(3,669)	(80,712)	(68,252)	(13,174)	(49,677)	(174,452)	(237,303)
As at the end of the year	<u>7,828,861</u>	<u>3,268,573</u>	<u>28,502,104</u>	<u>39,599,538</u>	<u>6,861,363</u>	<u>3,832,274</u>	<u>17,463,331</u>	<u>28,156,968</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,980,897</u>	<u>13,352,121</u>	<u>116,431,095</u>	<u>161,764,113</u>	<u>28,248,231</u>	<u>15,777,472</u>	<u>71,896,534</u>	<u>115,922,237</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>Cash on hand and deposits and placements with other banks, net</b>					
<b>The Group</b>					
Beginning of the year	308,269	-	-	308,269	479,163
Reversal of impairment losses during the year	(177,657)	-	-	(177,657)	(157,751)
Currency translation differences	(14,418)	-	-	(14,418)	(13,144)
As at the end of the year	116,194	-	-	116,194	308,268
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>474,653</b>	<b>-</b>	<b>-</b>	<b>474,653</b>	<b>1,269,140</b>
<b>The Bank</b>					
Beginning of the year	223,245	-	-	223,245	220,282
(Reversal of)/allowance for impairment losses during the year	(199,422)	-	-	(199,422)	1,937
Currency translation differences	(11,398)	-	-	(11,398)	1,026
As at the end of the year	12,425	-	-	12,425	223,245
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>50,756</b>	<b>-</b>	<b>-</b>	<b>50,756</b>	<b>919,100</b>
	2023				2022
<b>Other assets</b>	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Beginning of the year	51,597	-	-	51,597	7,889
Allowance for impairment losses during the year	23,768	-	-	23,768	77,440
Currency translation differences	(58,669)	-	-	(58,669)	(33,732)
As at the end of the year	16,696	-	-	16,696	51,597
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>68,203</b>	<b>-</b>	<b>-</b>	<b>68,203</b>	<b>212,425</b>
<b>The Bank</b>					
Beginning of the year	36,902	-	-	36,902	5,430
(Reversal of)/allowance for impairment losses during the year	(23,252)	-	-	(23,252)	31,409
Currency translation differences	136	-	-	136	63
As at the end of the year	13,786	-	-	13,786	36,902
<b><i>In KHR'000 equivalent (Note 5)</i></b>	<b>56,316</b>	<b>-</b>	<b>-</b>	<b>56,316</b>	<b>151,926</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

Investments in debt securities	2023			2022	
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>The Group</b>					
Beginning of the year	616,205	-	-	616,205	-
Allowance for impairment losses during the year	13,054	-	-	13,054	616,205
Currency translation differences	1	-	-	1	-
As at the end of the year	629,260	-	-	629,260	616,205
<i>In KHR'000 equivalent (Note 5)</i>	2,570,527	-	-	2,570,527	2,536,916
<b>The Bank</b>					
Beginning of the year	616,205	-	-	616,205	-
Allowance for impairment losses during the year	13,054	-	-	13,054	616,205
Currency translation differences	1	-	-	1	-
As at the end of the year	629,260	-	-	629,260	616,205
<i>In KHR'000 equivalent (Note 5)</i>	2,570,527	-	-	2,570,527	2,536,916
<b>Financial guarantee contracts</b>					
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>The Group</b>					
Beginning of the year	12,629	-	-	12,629	15,324
Allowance for/(reversal of) impairment losses during the year	2,180	-	-	2,180	(2,588)
Currency translation differences	(27)	-	-	(27)	(107)
As at the end of the year	14,782	-	-	14,782	12,629
<i>In KHR'000 equivalent (Note 5)</i>	60,384	-	-	60,384	51,994
<b>The Bank</b>					
Beginning of the year	77,815	-	-	77,815	144,625
Reversal of impairment losses during the year	(15,518)	-	-	(15,518)	(66,794)
Currency translation differences	10	-	-	10	(16)
As at the end of the year	62,307	-	-	62,307	77,815
<i>In KHR'000 equivalent (Note 5)</i>	254,524	-	-	254,524	320,364

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

##### (h) COVID-19 and continuing impact on ECL

In response to the COVID-19 situation and the Group's and the Bank's expectations of economic impacts, the key conditions and assumptions utilised in the Group's and the Bank's calculation of ECL had been revisited and recalibrated. The economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation are outlined in Note 38.1(g). The impacts of COVID-19 have been reasonably captured using the Group's and the Bank's recalibrated ECL models.

The Group's and the Bank's ECL models had been constructed and calibrated using historical trends and correlations as well as forward-looking economic scenarios. The COVID-19 outbreak had negatively impacted the economic growth resulting in economic variables used in the models to be out of the bounds, which is also resulted in CIFRS 9 models not commensurate with the accurate outcomes under the COVID-19 condition. Therefore, the ECL models may generate results that are either overly conservative or overly optimistic depending on the specific portfolio or segment. As a result, the Group's and the Bank's senior management's judgment was necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

In identifying the impact of COVID-19 condition to the Group's and to the Bank's customers, the Group and the Bank perform the identification and periodic review of customers experiencing increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues, or have extended those deferrals, given limitations in the available credit information on these customers.

Economic forecasts are subject to a high degree of uncertainty in the current environment. This has resulted in the forecasts and economic models that may not be applicable. This requires a greater reliance on the forecasts by the NBC, MEF, World Bank, or Asia Development Bank to incorporate into the analysis and assessment of ECL outcomes.

The Group and the Bank also generate three economic scenarios to reflect economic conditions, starting with baseline, good, and bad. Each scenario is consistent with a probability of 60%, 20%, and 20%, respectively, according to the decision of the Group's and the Bank's senior management in August 2022 due to that fact that economic growth is expected to continue to return to the pre-pandemic level and the Bank's credit management is well-managed.

##### (i) Sensitivity Analysis on ECL Measurement

Set out in the succeeding page is the Bank's ECL measurement as at 31 December 2023 and 2022 that would result from reasonably possible changes in the parameters from the actual assumptions used by the Bank in its economic variable assumptions.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

##### (i) Sensitivity Analysis on ECL Measurement (continued)

	Change in MEVs		Impact on ECL			
	Upside Scenario	Downside Scenario	Upside Scenario US\$	Downside Scenario US\$	Downside Scenario KHR'000	Downside Scenario KHR'000
<b>31 December 2023</b>						
<b>1 - Small Loan</b>			(405,654)	317,032	(1,657,097)	1,295,076
- Domestic credit to private sector (% of GDP)	-77.19%	77.19%				
- Cambodia CPI, All Items 2006=100	-13.68	13.68				
<b>2 - Public Housing Loan</b>			(202,675)	392,928	(827,927)	1,605,111
- GDP at Current Price, Industry (Year-on-Year, %)	12.00%	-12.00%				
- US 1-Year Treasury Yield Curve Rates	-164.00%	164.00%				

	Change in MEVs		Impact on ECL			
	Upside Scenario	Downside Scenario	Upside Scenario US\$	Downside Scenario US\$	Upside Scenario KHR'000	Downside Scenario KHR'000
<b>31 December 2022</b>						
<b>1 - Small</b>			(2,224,459)	4,329,470	(9,158,098)	17,824,428
- Domestic credit to private sector (% of GDP)	-51.29%	51.29%				
- Cambodia CPI, All Items 2006=100	-23.51	23.51				
<b>2 - Public Housing Loan</b>			(341,611)	583,546	(1,406,412)	2,402,459
- GDP at Current Price, Industry (Year-on-Year, %)	12.17%	-12.17%				
- US 1-Year Treasury Yield Curve Rates	-167.24%	167.24%				
<b>3 - Overdraft</b>			(182,719)	200,334	(752,254)	824,775
- Cambodia CPI, All Items 2006=100	-21.21	21.21				

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk

The Group and the Bank are exposed to market risk, which is the risk of losses in on and off-balance sheet positions arising from movements in the market prices, such as interest rates, equity, foreign currency exchange rates, derivatives, and options, that could adversely affect the Group's and the Bank's future earnings, capital, or ability to meet business objectives.

The primary categories of market risk for the Group and the Bank are:

- (i) Interest rate risk: can lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals; and,
- (ii) Foreign exchange risk: can lead to losses when there is an imbalance between assets and liabilities in any particular currency.

Commodity risk and equity risk are not applicable at the moment given that the Group and the Bank do not hold any commodity or equity position.

The BRIC is established by the Board of Directors to assist in the effective discharge of its responsibilities for risk management and to regularly review the Management's ability to assess and manage the Group's and the Bank's risks.

Market risks are managed based on the following principles and internal targets:

#### *Principles of the market risk:*

- In line with sound banking principles, the Group and the Bank actively manage currencies and interest rate risk positions to hedge positions by matching assets and liabilities.
- The Group and the Bank shall not engage in activities to derive income from proprietary trading or speculation on the movements in exchange rates, interest rates, or value of securities.
- The position limits as set by the Central Banks are meant to limit the adverse impact of market risk and are not meant to create an opportunity for proprietary trading.
- The day-to-day responsibility for market risk lies with the senior management of the Treasury Department.

#### *Internal targets on the market risk:*

- The regulatory limits on foreign exchange currency mismatch per currency and cumulative mismatch for all foreign currencies should be observed at all times.
- The Group and the Bank will have, at all times, internal targets that are lower than the regulatory limits to allow for a safety margin to ensure permanent full compliance with regulatory limits.
- Setting the level of the internal targets is at the discretion of the Assets and Liabilities Committee ("ALCO") and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

*Internal targets on the market risk: (continued)*

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance with the targets. Any breaches of internal targets should be reported to the ALCO and President & Group Managing Director.
- Any change in the level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all times, the Group and the Bank will have a contingency plan to be executed when it is perceived by the President & Group Managing Director that the safety margin may not be sufficient and there is a risk that the regulatory limit on foreign exchange currency mismatch could be reached. Such contingency plan should be sufficient to ensure that the regulatory limits on foreign exchange currency mismatch will not be breached.

(i) *Interest rate risk*

As at 31 December 2023 and 2022, the Group's and the Bank's derivative financial instruments and financial investments designated as FVOCI are valued at fair value in accordance with the methods as disclosed in Note 39. The Group and the Bank use derivative financial instruments, such as foreign exchange contract and interest rate swaps to hold its risk exposures.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in the market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Group's and the Bank's interest rate risk arise from borrowings and subordinated debts. Borrowings issued at variable rates expose the Group and the Bank to cash flow interest rate risk. The Group and the Bank manage cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates and recognising the interest expense based on that fixed interest rate. The Group and the Bank raise borrowings at floating rates and swaps them into fixed rate that are lower than those available if the Group and the Bank borrowed at fixed rates directly. Under the interest rate swaps, the Group and the Bank agree with other parties to exchange, at specified intervals (primarily semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.

The tables on the next pages summarise the Group's and the Bank's exposure to interest rate risks. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

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

	The Group						
	Up to 1 month US\$	1-3 months US\$	3-12 months US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
<b>As at 31 December 2023</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	495,793,568	495,793,568
Deposits and placements with other banks, net	72,437,235	500,000	500,000	-	-	1,436,105,943	1,509,543,178
Statutory deposits	43,316,302	-	-	-	-	505,310,807	548,627,109
Financial investments	240,196,361	48,184,822	10,936,496	56,293,836	-	1,932,869	357,544,384
Loans and advances, net							
- Performing	159,555,306	278,055,647	1,088,678,442	3,729,976,644	940,614,297	34,751,338	6,231,631,674
- Non-performing	-	-	-	-	-	425,680,335	425,680,335
- Loss allowance	-	-	-	-	-	(55,646,778)	(55,646,778)
Derivative financial instruments	-	-	-	-	-	5,746,686	5,746,686
Other assets	-	-	-	-	-	8,550,649	8,550,649
<b>Total financial assets</b>	<b>515,505,204</b>	<b>326,740,469</b>	<b>1,100,114,938</b>	<b>3,786,270,480</b>	<b>940,614,297</b>	<b>2,858,225,417</b>	<b>9,527,470,805</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	78,009,448	61,522,694	69,505,649	42,858,216	81,450,000	86,446,613	419,792,620
Deposits from customers	2,896,069,709	587,519,319	1,589,074,753	952,489,288	55,048,753	727,818,597	6,808,020,419
Lease liabilities	1,260,820	1,796,766	9,058,299	19,512,969	961,699	(62,866)	32,527,687
Borrowings	100,398,440	315,616,888	206,062,394	218,300,744	4,595,532	14,839,552	859,813,550
Subordinated debts	-	-	25,855,795	56,194,474	34,698,987	304,626	117,053,882
Other liabilities	-	-	-	-	-	43,591,008	43,591,008
<b>Total financial liabilities</b>	<b>3,075,738,417</b>	<b>966,455,667</b>	<b>1,899,556,890</b>	<b>1,289,355,691</b>	<b>176,754,971</b>	<b>872,937,530</b>	<b>8,280,799,166</b>
Net interest sensitivity gap	(2,560,233,213)	(639,715,198)	(799,441,952)	2,496,914,789	763,859,326	1,985,287,887	1,246,671,639
<b>In KHR'000 equivalent (Note 5)</b>	<b>(10,458,552,676)</b>	<b>(2,613,236,584)</b>	<b>(3,265,720,374)</b>	<b>10,199,896,913</b>	<b>3,120,365,347</b>	<b>8,109,901,018</b>	<b>5,092,653,644</b>
Unused portion of overdrafts	-	-	-	-	-	209,854,669	209,854,669
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	69,317,067	69,317,067
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279,171,736</b>	<b>279,171,736</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,140,416,541</b>	<b>1,140,416,541</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

	The Group						
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
<b>As at 31 December 2022</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	497,027,041	497,027,041
Deposits and placements with other banks, net	228,789,351	95,000,000	-	-	-	522,812,824	846,602,175
Statutory deposits	43,316,302	-	-	-	-	439,014,691	482,330,993
Financial investments	404,316,250	64,073,452	55,148,351	30,000,000	-	2,499,479	556,037,532
Loans and advances, net							
- Performing	169,382,025	281,948,019	1,060,271,450	3,798,586,676	884,239,642	40,744,512	6,235,172,324
- Non-performing	-	-	-	-	-	186,476,431	186,476,431
- Loss allowance	-	-	-	-	-	(42,242,662)	(42,242,662)
Derivative financial instruments	-	-	-	-	-	9,630,593	9,630,593
Other assets	-	-	-	-	-	44,777,965	44,777,965
<b>Total financial assets</b>	<b>845,803,928</b>	<b>441,021,471</b>	<b>1,115,419,801</b>	<b>3,828,586,676</b>	<b>884,239,642</b>	<b>1,700,740,874</b>	<b>8,815,812,392</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	101,345,161	51,935,956	56,205,170	50,666,763	77,650,000	80,023,349	417,826,399
Deposits from customers	2,658,800,994	477,912,227	1,459,502,853	771,800,536	40,321,091	562,826,601	5,971,164,302
Lease liabilities	1,277,407	1,744,792	7,755,399	16,531,505	1,139,667	-	28,448,770
Borrowings	99,917,359	314,532,759	330,654,865	189,998,011	8,825,273	13,407,601	957,335,868
Subordinated debts	-	-	25,810,243	73,573,069	28,096,458	282,558	127,762,328
Other liabilities	-	-	-	-	-	95,830,215	95,830,215
<b>Total financial liabilities</b>	<b>2,861,340,921</b>	<b>846,125,734</b>	<b>1,879,928,530</b>	<b>1,102,569,884</b>	<b>156,032,489</b>	<b>752,370,324</b>	<b>7,598,367,882</b>
<b>Net interest sensitivity gap</b>	<b>(2,015,536,993)</b>	<b>(405,104,263)</b>	<b>(764,508,729)</b>	<b>2,726,016,792</b>	<b>728,207,153</b>	<b>948,370,550</b>	<b>1,217,444,510</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(8,297,965,800)</b>	<b>(1,667,814,251)</b>	<b>(3,147,482,437)</b>	<b>11,223,011,133</b>	<b>2,998,028,849</b>	<b>3,904,441,553</b>	<b>5,012,219,047</b>
Unused portion of overdrafts	-	-	-	-	-	175,132,489	175,132,489
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	72,049,459	72,049,459
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,181,948</b>	<b>247,181,948</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,017,648,079</b>	<b>1,017,648,079</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

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

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2023</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	486,584,317	486,584,317
Deposits and placements with other banks, net	72,437,235	-	-	-	-	1,406,444,786	1,478,882,021
Statutory deposits	43,316,302	-	-	-	-	499,985,802	543,302,104
Financial investments	240,196,361	48,184,822	10,936,496	56,293,836	-	1,932,869	357,544,384
Loans and advances, net							
- Performing	155,382,249	268,379,431	1,055,988,462	3,647,706,380	934,065,997	33,214,584	6,094,737,103
- Non-performing	-	-	-	-	-	401,905,723	401,905,723
- Loss allowance	-	-	-	-	-	(39,599,538)	(39,599,538)
Derivative financial instruments	-	-	-	-	-	5,746,686	5,746,686
Other assets	-	-	-	-	-	8,160,591	8,160,591
<b>Total financial assets</b>	<b>511,332,147</b>	<b>316,564,253</b>	<b>1,066,924,958</b>	<b>3,704,000,216</b>	<b>934,065,997</b>	<b>2,804,375,820</b>	<b>9,337,263,391</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	72,608,373	55,801,432	45,413,544	41,634,787	81,450,000	89,497,791	386,405,927
Deposits from customers	2,869,866,203	581,036,709	1,565,410,232	933,920,448	51,521,257	713,534,176	6,715,289,025
Lease liabilities	1,212,506	1,752,559	8,723,500	18,705,240	153,543	-	30,547,348
Borrowings	100,398,440	312,004,725	199,257,570	212,913,269	4,085,770	14,758,817	843,418,591
Subordinated debts	-	-	25,855,795	56,194,474	34,698,987	304,626	117,053,882
Other liabilities	-	-	-	-	-	42,489,918	42,489,918
Total financial liabilities	3,044,085,522	950,595,425	1,844,660,641	1,263,368,218	171,909,557	860,585,328	8,135,204,691
<b>Net interest sensitivity gap</b>	<b>(2,532,753,375)</b>	<b>(634,031,172)</b>	<b>(777,735,683)</b>	<b>2,440,631,998</b>	<b>762,156,440</b>	<b>1,943,790,492</b>	<b>1,202,058,700</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>(10,346,297,537)</u>	<u>(2,590,017,338)</u>	<u>(3,177,050,265)</u>	<u>9,969,981,712</u>	<u>3,113,409,057</u>	<u>7,940,384,160</u>	<u>4,910,409,789</u>
Unused portion of overdrafts	-	-	-	-	-	209,405,052	209,405,052
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	69,183,985	69,183,985
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,589,037</b>	<b>278,589,037</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,138,036,215</u>	<u>1,138,036,215</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2023 AND FOR THE YEAR THEN ENDED

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2022</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	486,665,483	486,665,483
Deposits and placements with other banks, net	228,489,351	95,000,000	-	-	-	504,907,074	828,396,425
Statutory deposits	43,316,302	-	-	-	-	436,239,774	479,556,076
Financial investments	404,316,250	64,073,452	55,148,351	30,000,000	-	2,499,479	556,037,532
Loans and advances, net							
- Performing	165,054,126	273,277,147	1,027,180,394	3,714,519,963	876,990,047	32,669,016	6,089,690,693
- Non-performing	-	-	-	-	-	184,735,760	184,735,760
- Loss allowance	-	-	-	-	-	(28,156,968)	(28,156,968)
Derivative financial instruments	-	-	-	-	-	9,630,593	9,630,593
Other assets	-	-	-	-	-	44,724,815	44,724,815
<b>Total financial assets</b>	<b>841,176,029</b>	<b>432,350,599</b>	<b>1,082,328,745</b>	<b>3,744,519,963</b>	<b>876,990,047</b>	<b>1,673,915,026</b>	<b>8,651,280,409</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	100,063,670	47,807,089	32,709,334	49,649,084	77,650,000	82,732,467	390,611,644
Deposits from customers	2,633,726,898	472,900,248	1,443,222,711	753,815,101	36,115,884	549,652,568	5,889,433,410
Lease liabilities	1,214,525	1,724,891	7,490,537	15,778,746	248,936	-	26,457,635
Borrowings	99,917,360	311,446,441	328,268,612	182,903,434	8,389,125	13,350,885	944,275,857
Subordinated debts	-	-	25,810,243	73,573,069	28,096,458	282,558	127,762,328
Other liabilities	-	-	-	-	-	95,593,093	95,593,093
<b>Total financial liabilities</b>	<b>2,834,922,453</b>	<b>833,878,669</b>	<b>1,837,501,437</b>	<b>1,075,719,434</b>	<b>150,500,403</b>	<b>741,611,571</b>	<b>7,474,133,967</b>
<b>Net interest sensitivity gap</b>	<b>(1,993,746,424)</b>	<b>(401,528,070)</b>	<b>(755,172,692)</b>	<b>2,668,800,529</b>	<b>726,489,644</b>	<b>932,303,455</b>	<b>1,177,146,442</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(8,208,254,028)</b>	<b>(1,653,091,062)</b>	<b>(3,109,045,973)</b>	<b>10,987,451,778</b>	<b>2,990,957,864</b>	<b>3,838,293,324</b>	<b>4,846,311,903</b>
Unused portion of overdrafts	-	-	-	-	-	174,716,731	174,716,731
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	719,181,114	71,918,114
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,634,845</b>	<b>246,634,845</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,015,395,657</b>	<b>1,015,395,657</b>