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ACLEDA BANK

Annual Report 2020

ACLEDA

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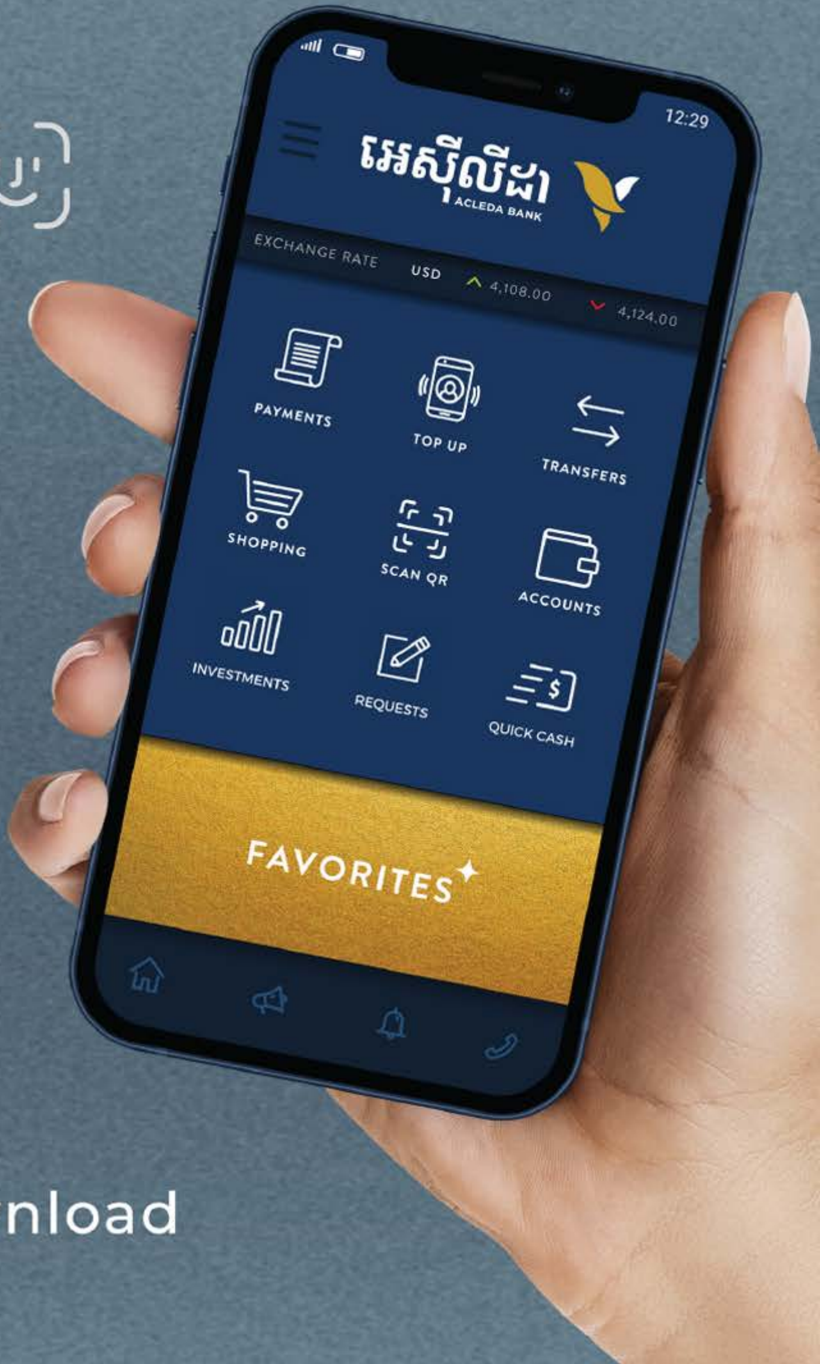

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Our Vision

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

Our Mission

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

Our Slogan

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

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

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FINANCIAL HIGHLIGHTS

Units in US$ '000	31/12/20 Audited	31/12/19 Audited	31/12/18 Audited	31/12/17 Audited	31/12/16 Audited	Change (%)[1]
Consolidated Financial Highlights (CIFRS)						
Assets	6,551,494	6,175,162	5,683,574	5,247,094	4,673,975	6.09%
Loans and Advances (net)	4,471,301	3,846,021	3,594,359	3,118,577	2,884,712	16.26%
Liabilities	5,461,868	5,210,700	4,830,734	4,496,871	3,996,657	4.82%
Deposits	4,611,296	4,367,898	3,864,455	3,358,968	3,155,516	5.57%
Share Capital	433,163	428,818	395,224	358,545	307,764	1.01%
Shareholders' Equity [2]	1,089,626	964,462	852,840	745,661	673,641	12.98%
Gross Income	579,221	550,128	510,655	493,879	471,330	5.29%
Profit Before Income Tax	180,035	153,523	150,832	108,924	151,965	17.27%
Net Profit After Tax	141,493	120,860	119,314	86,766	122,923	17.07%
Earnings Per Share	$0.33	$0.29	$0.30	$0.24	$0.40	13.79%
Dividend [3]	$0.0981	$0.0763	$0.1063	$0.1278	$0.2062	28.57%
Financial Highlights (CIFRS)						
Assets	6,379,484	6,017,303	5,567,595	5,123,428	4,569,928	6.02%
Loans and Advances (net)	4,292,649	3,686,579	3,459,566	2,970,967	2,755,666	16.44%
Liabilities	5,285,458	5,045,025	4,704,649	4,370,604	3,883,699	4.77%
Deposits	4,477,033	4,256,424	3,780,278	3,277,577	3,079,358	5.18%
Share Capital [4]	433,163	428,818	395,224	358,545	307,764	1.01%
Shareholders' Equity [5]	1,094,026	972,279	862,946	752,824	686,228	12.52%
Gross Income	537,756	514,933	482,317	462,465	443,919	4.43%
Profit Before Income Tax	172,154	148,226	146,565	99,784	146,172	16.14%
Net Profit After Tax	138,342	117,887	116,991	79,928	117,913	17.35%

HIGHLIGHTS OF 2020 (THE GROUP)

- Assets rose 6.09% to US$6,551.49 million.
- Loans (net) grew 16.26% to US$4,471.30 million.
- Non-performing loans to total loans was contained at 2.40%.
- Deposits increased by 5.57% to US$4,611.3 million.
- Equity grew by 12.98% from US$964.46 million to US$1,089.63 million.
- Net profit after tax was US$141.49 million.
- Return on equity was 12.99%.
- The Group had 319 offices operating in Cambodia, Lao PDR, and the Republic of the Union of Myanmar.

1 Change from 2019 to 2020.

2 Exclude Non-controlling interests and subordinated debt.

3 Dividend distribution from 2016 to 2018 was distributed 20% as cash and 80% as share. In 2019 and 2020 was 100% (paid out in cash).

4 Share capital of ACLEDA Financial Trust and ASA, Plc. are shown:

Description	2020	2019	2018	2017	2016
AFT share %	25.7392%	26.0000%	26.0000%	26.0000%	25.1061%
AFT Number of Shares	111,492,719	111,492,719	102,758,267	93,221,689	77,267,575
ASA share %	24.7492%	25.0000%	25.0000%	25.0000%	25.8939%
ASA Number of Shares	107,204,547	107,204,547	98,806,034	89,636,246	79,692,026

5 Excluded Subordinated Debt.

TRANSACTIONS AT COUNTER AND DIGITAL

Key Performance	2020	2019
AT COUNTER:		
Number of Txn	33,911,358	27,517,943
Value of Txn (Million KHR)	248,015,779	247,781,348
VIA DIGITAL (SELF-SERVICE):		
Number of Txn	81,204,412	50,741,542
Value of Txn (Million KHR)	87,818,823	52,853,670

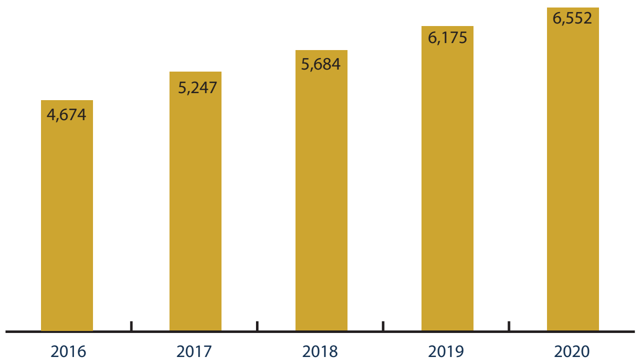
TAX PAID REPORT

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

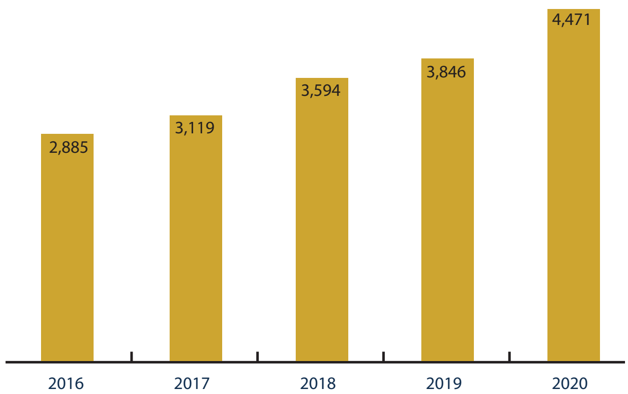
Units in US$	2016	2017	2018	2019	2020	Total*
Patent tax	19,036	19,309	20,936	19,130	19,576	191,122
Signboard tax	75,826	36,983	57,695	64,096	83,562	799,650
Transportation tax	41,864	39,269	37,242	33,643	20,753	351,953
Property tax	7,651	22,964	23,094	7,673	7,636	119,727
Value Added Tax	-	-	1,266	5,749	22,181	37,486
Prepayment of profit tax	4,396,660	4,681,733	4,682,423	5,122,833	5,298,199	42,268,763
Profit tax	25,993,217	35,120,547	22,340,330	11,923,464	28,645,171	208,765,340
WHT-Salary	5,033,557	4,092,969	9,394,655	5,163,212	6,497,199	52,928,148
WHT-Saving Deposits	224,284	256,367	225,451	169,667	160,417	2,335,491
WHT-Fixed Deposits	3,904,865	4,410,819	4,208,320	4,758,442	5,129,096	35,898,665
WHT-Asset Rental	856,400	933,996	976,719	1,049,504	1,036,530	10,303,546
WHT-Local Services	288,159	344,495	327,390	335,193	298,033	4,078,313
WHT-Overseas Services	4,724,542	6,049,713	6,391,363	5,865,202	6,519,072	45,344,771
Total paid	45,566,061	56,009,164	48,686,885	34,517,809	53,737,423	403,422,977
Accumulated amount* (year to date)	210,471,696	266,480,860	315,167,745	349,685,554	403,422,977	

* Total and Accumulated Amount from year 2000.

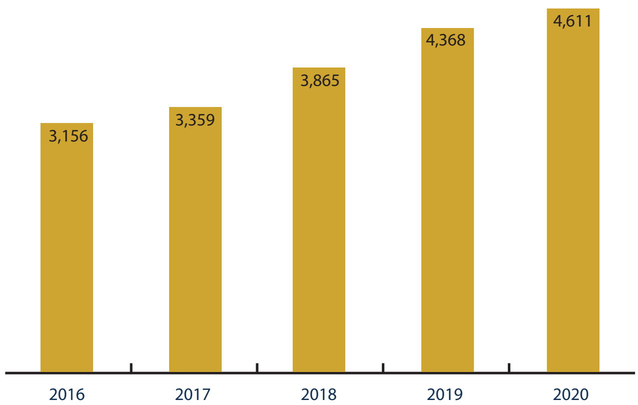
PERFORMANCE



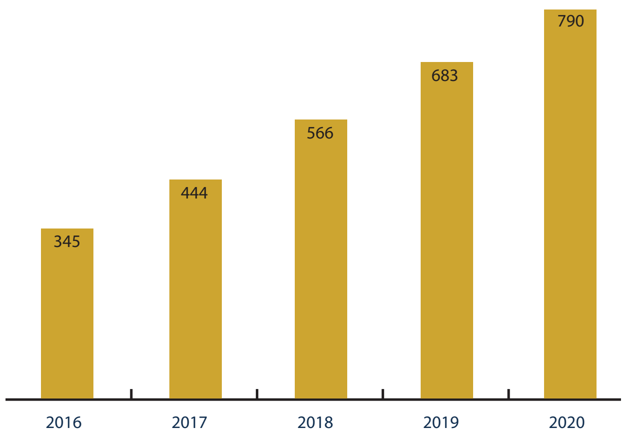
Total Assets (US$ Million)



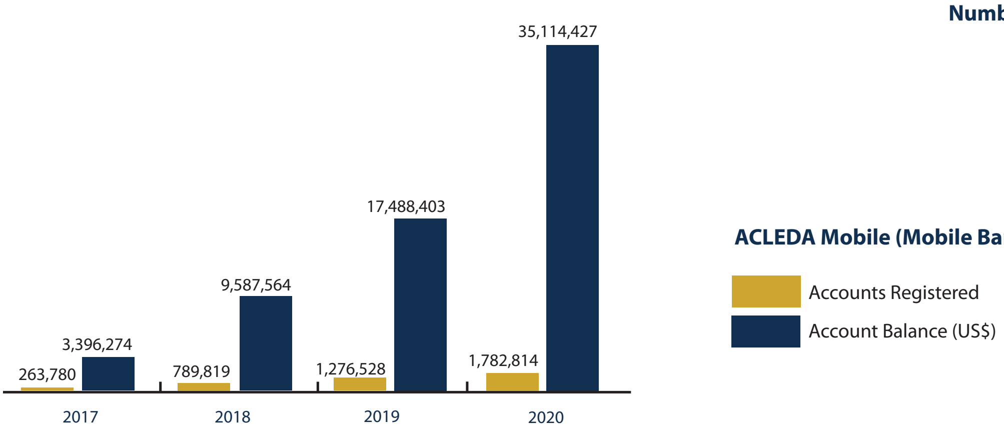
Loans Outstanding (US$ Million)



Deposits (US$ Million)



Number of ATMs



ACLEDA Mobile (Mobile Banking)

CONTENTS

CAMBODIA'S KEY ECONOMIC INDICATORS

	2016	2017	2018	2019	2020e	2021f
1. GDP						
GDP % Change	7	7	7.5	7.1	-1.9	3.5
Per Capita GDP (in U.S. Dollars)	1,302	1,427	1,563	1,700	1,683	1,771
2. Inflation						
Inflation (Annual Average)	3	2.9	2.5	1.9	2.9	3.1
(End Year)	3.9	2.2	1.6	3.1	2.9	-
3. Government Budget (as a percent of GDP)						
Revenue	18.9	20.2	22.3	25.3	23.8	18.2
Expenditure	22	23.5	24.6	26.1	30.1	27.1
4. Money and Credit (12 months percentage change)						
M2	21.0	23.1	26.6	18.2	15.3	-
Total Deposits in the Banking System	21.8	25.1	27.9	15.1	18	-
Total Outstanding Loans in the Banking System	20.5	17.2	24.3	23.9	23.4	-
Loans as % of Deposits	100.6	95.3	92.2	99	103.5%	-
Private Sector Credit	22.5	18.5	20.1	26.3	-	-
Deposits to GDP	68.4	85.6	91.1	93.3	110.2%	-
Loans to GDP	68.8	80.7	83.5	92	114%	-
5. Balance of Payments (US$ Million)						
Exports	9,595	10,777	11,214	14,530	16,000	-
Imports	12,070	13,019	13,771	22,190	16,000	-
Trade Balance	-2,475	-2,242	-2,557	-7,660	-	-
Current Account (excluding official transfers)	-2,312.5	-2,140.5	-2,180.1	-2,703.9	-2,703.9	-3,814.10
Nominal GDP (Billions of U.S Dollars)	19.86	22.16	24.61	27.13	27.22	29.01
Exchange Rate (Riel per Dollar end period)	4,056	4,045	4,037	4,055	4,065	4,065

Source: ABC, NBC, World Bank, and MoEF.
e: estimate, f: forecast

CHAIRMAN'S REPORT

Mr. Chhay Soeun

Chairman

On behalf of ACLEDA Bank Plc. and the Board of Directors, I am pleased to present the 2020 Annual Report to all interested parties.

The year 2020 was a difficult one for most sectors, especially travel and tourism. The COVID-19 pandemic has negatively impacted businesses significantly in all industries around the world—Cambodia has not been an exception. The Royal Government of Cambodia has handled the situation very well and is worthy of being complimented. As a result, several major industries have not felt the full impact of this terrifying pandemic, as has been witnessed in other nations. Growth in the Cambodian financial industry has remained consistent with that of previous years. Overall, the health of the sector is still considered quite stable. There are signs that economic activity is beginning to pick up in 2021 mainly due to effective vaccines being made available around the world.

Given the Bank's operations under the global pandemic for the year 2020, and in order to provide even more quality services to the public at large to meet their needs during this difficult time, the Bank has widened its self-service network innovation and rebranded digital banking services by encouraging the expanded use of the **ACLEDA mobile** App, which allows for more convenient, faster, and highly secure banking services. As a partial result of this, and in combination with the on-going efforts of all the Bank's management and staff, the Bank achieved positive outcomes as noted below:

As of December 31, 2020, total deposits increased by US$243.40 million while total loans outstanding grew by US$627.18 million compared to the year ended 2019.

In comparing the Bank's annual performance in 2020 with 2019, the Bank achieved a net profit after tax of US$141.49 million, an increase of 17.07% equivalent to US$20.63 million. The Return on Average Assets (ROAA) was 2.23%, an increase of 0.19%, and the Return on Average Equity (ROAE) was 13.79%, an increase of 0.49%.

From the date ACLEDA Bank was publicly listed to the end of the year 2020, public investors in the Bank increased by 42.63% (from 2,496 to 3,560). According to the monthly newsletter of the Cambodia Securities Exchange (CSX) issued in December 2020, the total market capitalization increased to US$2.45 billion, growing nearly 250% from that of 2019. The listing of ACLEDA Bank Plc., the largest local Cambodian bank, enhanced trading activity in the CSX, driving daily trade to around US$1 million for several consecutive days.

In closing, let me express my sincerest gratitude to all Shareholders, customers, employees, and especially the relevant authorities who have always supported the Bank's efforts and who have contributed to the positive performance of the Bank, especially during the year 2020.

Mr. Chhay Soeun

Chairman, Board of Directors

24 March 2021

PRESIDENT & GROUP MANAGING DIRECTOR'S REPORT

Dr. In Channy

President & Group Managing Director

Amid the global impact of the COVID-19 pandemic, we revisited our brand image to reflect on the core nature and strengths of our Bank. The year 2020 has enriched our experience in two important ways. Firstly, we strengthened ourselves by coping with a negative circumstantial situation. Remarkably, the Bank continued to grow while maintaining good assets' quality during the COVID-19 global economic slowdown. Secondly, as the first listed bank on the Cambodia Securities Exchange (CSX), we had to transform our operations and reporting standards to fulfill the detailed requirements of the National Bank of Cambodia (NBC), the Securities and Exchange Regulator of Cambodia (SERC), and the CSX. Prior to listing on the CSX in May 2020, we had only eight institutional shareholders. After listing, the number of shareholders increased to nearly 4,000 shareholders—both from institutions and those from the general public—who placed enormous trust in us.

Thanks to the digital technologies we have developed and adopted over many years, we were able to achieve both solid business performance and strong engagement with a plethora of regulators and shareholders at the same time.

Performance in 2020

Competitive Environment

Digital solutions are increasingly becoming the primary choice for banks and financial institutions in reaching out to their customers during this COVID-19 pandemic. There are justifiably serious health concerns from the public in general. Digital technology is also believed to be one of the most effective tools to compete in the current market environment amongst financial institutions. ACLEDA Bank at all times strives to serve its customers to grow together not only in Cambodia but also abroad via QR Code Cross border payments.

Operational Highlights in 2020

- Total loans outstanding at the end of 2020 were US$4,506.64 million, of which US$894.65 million (or 19.85%) was lent to the agriculture sector. In 2019, lending to agriculture was US$757.04 million. By the end of December 2020, the Bank's small business loans reached 449,352 active customers.
- Non-performing loans (NPL) remained at a controllable rate of 2.40%, given the COVID-19 crisis.
- Total deposits were US$4,611.30 million from 2,894,907 active accounts.
- The Bank posted a net profit after tax and other comprehensive income totalling US$141.66 million.
- The Bank continuously made efforts to minimize costs and risks in order to maximize income.
- Financial technology (FinTech) products integrated the Bank's electronic banking infrastructure, offering the Bank's customers a range of choices to manage their financial resources.

Retail and Small Business

Lending in the "Small" business category grew by 10.10% or US$202.83 million. The "Personal & Others" category grew by 32.20% or US$38.55 million. "Housing Loans" decreased by US$160.80 million, or 12.27%. The total amount of loans outstanding was US$4,506.64 million as of the end of 2020.

ACLEDA Bank's deposit balance was US$4,611.30 million (up by 5.57% or US$243.40 million) and the total number of accounts was around 2.89 million. The retail sector accounted for the largest segment of the Bank's growth in deposits with a large percentage coming from first-time depositors: employee payrolls paid through the Bank's Payroll Service and non-bank customers in rural areas using E-Wallet **ACLEDA mobile** App. Financial products and services via FinTech solutions have contributed to this strong growth.

The Bank maintains a diversified infrastructure of choices with 263 traditional branches (or offices), gradually transforming them to self-service centers with 790 ATMs and 4,287 POS terminals. It's interesting to note that ACLEDA Bank has issued a total of 1.39 million debit cards. Moreover, the digitized ACLEDA mobile App has proved very popular, registered by more than 1.7 million users at the end of 2020.

Medium and Corporate Businesses

In this product category in 2020, the value of loans outstanding grew by 30.81%, and accounted for 35.06% of total loans outstanding. Cash management increased substantially through our arrangement with the public sector, particularly the Social Security Fund, government payroll direct deposits, and vehicle stamp tax collection. In addition, private sector business entities and garment factories were also involved in this arrangement. As a custodian of the Social Security Fund, ACLEDA Bank now receives savings deposits from all provinces and cities. Several new accounts were acquired, the most significant of which were from the expansion of the Bank's ATM networks and the ACLEDA mobile bill payment for public utilities, as well as via ACLEDA Internet Banking services. This has had a positive impact on the Bank's local currency cash flow and has enabled ACLEDA Bank to entirely fund its local Khmer Riel currency loan portfolio from deposits. Demand for payroll services were particularly strong in 2020 with a number of organisations signed up, including entities in the public sector, and local and international companies. They provided excellent opportunities for cross selling of other products.

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

Treasury and International

Foreign Exchange (FX) earnings continued to grow and made a valuable contribution to our non-interest income. Based on its risk management policy, the Bank does not trade speculatively or take positions as its FX business is to support customers' businesses only. This is a low risk and stable source of income, which has grown consistently over time, producing good margins, and helped to build up long-standing relationships with customers.

The Bank's balance sheet was further strengthened by robust inflows of customer deposits, resulting in a healthy loan-to-deposit ratio, which provides a solid platform to support the Bank's business growth in selected market operations.

The Bank contributed to the promotion of the use of Khmer Riel (KHR) by providing local currency loans to customers, amounting to more than 14% of its total loan portfolio, exceeding the regulatory requirement of 10%. We actively participated in the Liquidity Providing Collateralized Operation (LPCO) to seek further funding support in local currency.

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

The Bank continued to strengthen relationships with other financial institutions and reviewed our substantial international correspondent network during the year. At the end of 2020, the Bank had 274 correspondent banks residing in 44 countries. In addition, the Bank has a dominant market share in terms of accounts from local banks and microfinance institutions, and we provide fund-transfer services to them throughout the country.

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

Strategic Priorities for 2021

1. Continue to develop Financial Technology (FinTech) services in ACLEDA mobile App to cover regional financial services networks and enrich self-service applications;
2. Develop banking self-service areas to serve the public and customers 24 hours a day, 7 days a week;
3. Rebrand and further strengthen the image of the Bank;
4. Enhance the capacity of both local and foreign subsidiaries to improve the Bank's competitive advantages;
5. Digitalize administrative processes and documentation to support the Bank's digitization efforts;
6. Enrich IT systems and security for robust digital functions;
7. Partner with reputational institutions for business growth;
8. Act as the custodian to diversify funding from the Cambodia Securities Exchange and worldwide investors; and,
9. Emphasize ACLEDA mobile App as the common means of broader payment in all markets.

The Challenges for 2021

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

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

The prolongation of COVID-19 pandemic and the slow pace of the COVID-19 vaccine delivery continues to engender public fears and likewise may continue to impact global economic growth including Cambodia's over the short or the longer term.

Compliance with the CIFRS Financial Reports requires a sophisticated system as well as regulatory guidelines in place in time of need. The Bank has successfully developed this, and I am pleased to highlight it and make it known to all stakeholders.

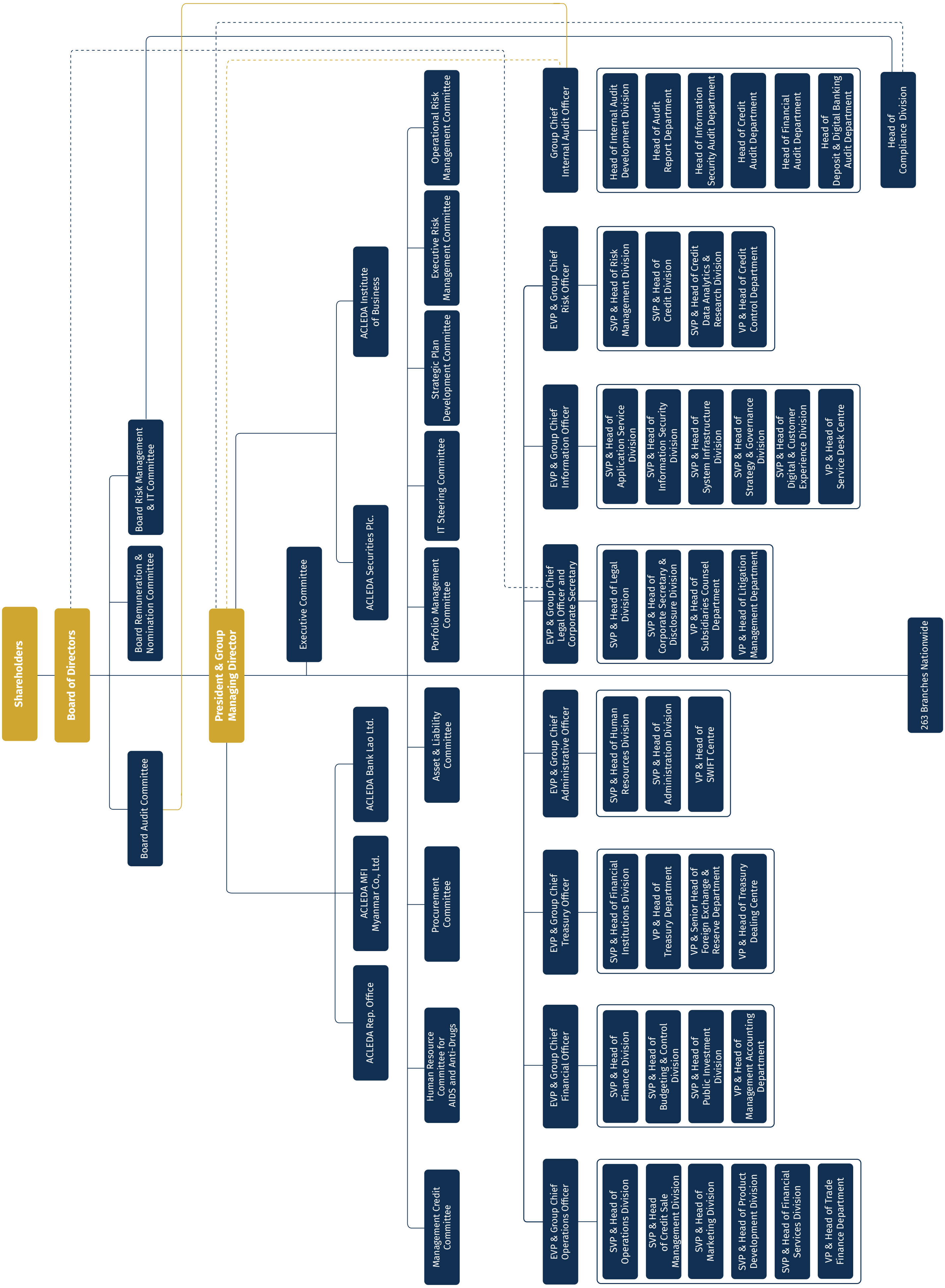
To all our customers, my colleagues on the Board of Directors, management and staff, and not least the Royal Government, the NBC, and the SERC, I offer my sincerest thanks for your support in 2020 and in anticipation of a happy and prosperous 2021.

Dr. In Channy

President & Group Managing Director

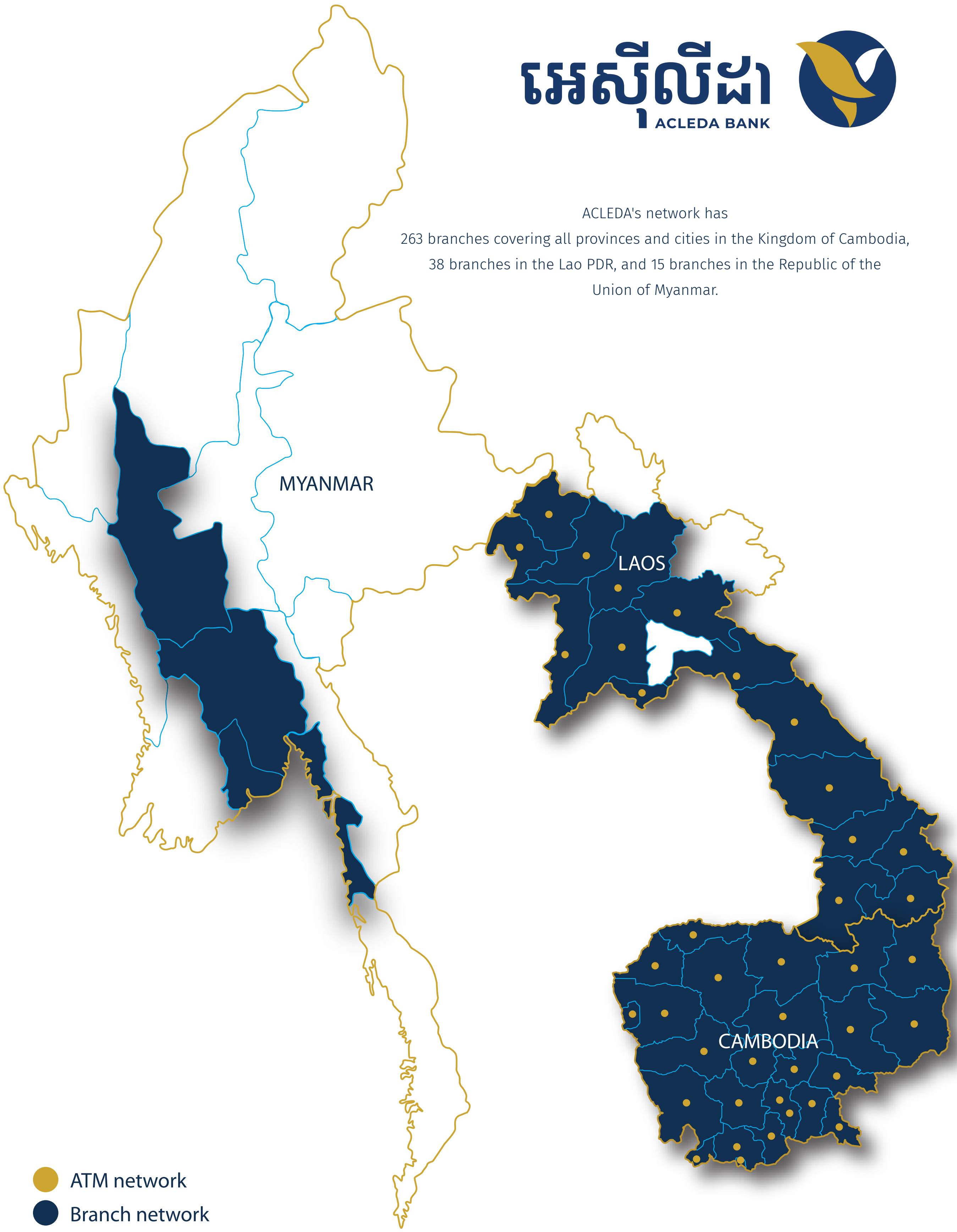
24 March 2021

ORGANISATIONAL CHART



BRANCH NETWORK

ACLEDA's network has
263 branches covering all provinces and cities in the Kingdom of Cambodia,
38 branches in the Lao PDR, and 15 branches in the Republic of the
Union of Myanmar.



CORPORATE GOVERNANCE

ACLEDA Bank Plc. 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 general 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.

Shareholders' Meeting

The Bank holds its Annual General Meeting of Shareholders in compliance with the law, the Articles of Association, and other relevant regulations. The 2020 Annual General Meeting of Shareholders was held on April 7, 2020 and two Shareholders' Extraordinary General Meetings were held on February 20, 2020 and November 23, 2020 respectively at the Bank's Headquarters. An additional three resolutions were passed by e-mail during the year. The Bank took the following actions:

Prior to the Meeting

The Meeting Notice contains detailed agendas, factual details, rationale, and Board recommendations for each agenda item as well as accompanying documents and the 2020 Report of Financial Statements produced by the external auditor. The Meeting Notice and accompanying documents were prepared in English and were delivered to all Shareholders in advance of the Annual General Meeting and Extraordinary General Meetings.

During the Meeting

The 2020 Annual General Meeting of Shareholders was chaired by the Chairman of the Board. The Chairman of the meeting allowed Shareholders full opportunity to ask questions and make recommendations and provided comprehensive clarification when requested. Management also clarified and answered related issues. The Corporate Secretary recorded the Minutes and details of votes for each agenda item.

The decisions made in 2020 were:

1 Approval of the new price range of the Bank's share for an IPO.
2 Approval of the Special Purpose Consolidated and Separate Financial Statements for the year ended December 31, 2019 of ACLEDA Bank Plc. and Subsidiaries, which were issued by KPMG Cambodia Ltd.
3 Approval of the Consolidated and Separate Financial Statements of ACLEDA Bank Plc. for the year ended December 31, 2018 and December 31, 2019 in accordance with Cambodian International Financial Reporting Standards (CIFRS) which were audited by the external auditor, KPMG.
4 Approval of dividend distribution and transfer of the remaining balance of the Net Profit After Tax to the General Reserve.
5 Approval of amendments to the Subscription and Shareholders' Agreement (SSA) and the Memorandum and Articles of Association (MAoA) of ACLEDA Bank Plc.
6 Approval of the Director Nomination Policy.
7 Approval and recognition of the appointment of new Board members and Shareholders' representatives in ACLEDA Bank Plc.
8 Acknowledgement of the nationality of ACLEDA Bank Plc.
9 Acknowledgement that the name of "Triodos Custody B.V." being legal owner of the assets of Triodos Fair Share Fund, has been changed to "Legal Owner Triodos Funds B.V."
10 Approval of the re-appointment of Dr. In Channy, Mr. Chhay Soeun, and Mr. Rath Yumeng as Board members of ACLEDA Bank Plc. for the next three-year term.
11 Approval of the Annual Report of the Bank for the year 2019.
12 Approval of the Bank's remuneration and nomination policy.
13 Receipt of the report of the Chairman for 2019 and the Cambodia economic outlook report.
14 Receipt of the report of Group Managing Director for 2019 and Strategic plans for ACLEDA Bank Plc. and Group.
15 Receipt of the progress report on the process of ACLEDA Bank Plc.'s IPO/listing.
16 Approval to change ACLEDA Bank's logo to improve its brand and identity.
17 Approval of the AFT's investment in AIB in the amount of US$10 million to take up 6,047,046 shares equal to 23.3910% of the total posted new shares issued.
18 Approval to cease AIB's investment in AMM.
19 Approval of the selection of Grant Thornton as external auditor of the Bank for the financial year 2021.

Following the Meeting

The Minutes of the 2020 Annual General Meeting and Extraordinary General Meetings of the Shareholders were circulated to Shareholders for their perusal prior to confirmation at the next Annual General Meeting.

Shareholders

The Shareholders are the owners of the Bank. However, except for approving certain critical strategic matters the Shareholders have no direct powers to manage the Bank in any way but delegate this responsibility to the Board of Directors through the Articles of Association.

ACLEDA Financial Trust

ACLEDA Financial Trust (AFT) succeeded ACLEDA NGO under the "Sub-Decree No: 476 Or Nor Kror Bor Kor, dated August 26, 2013 on the Financial Trusts" of the Royal Government of Cambodia, and the "Prakas No: 1041 Sar Hor Vor Bror Kor, dated September 26, 2014 on the Management and Monitoring of Financial Trusts" of the Ministry of Economy and Finance. The certificate No: 269 Sar Hor Vor Or Ouk Hor, dated August 19, 2015 was also obtained from the Ministry of Economy and Finance with its registered office at #61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The purpose and role of AFT are to:

- Create opportunities for employment and income sources to contribute to Cambodian economic development;
- Promote and support the advancement of the sciences related to economic development including finance and banking, and with a focus on financial inclusion and financial literacy;
- Promote economic and educational opportunities for youth and low-income populations;
- Contribute to improved financial services through ACLEDA Bank Plc. and associated entities, in order to stimulate the local economy;

AFT acts as one of the shareholders of ACLEDA Bank Plc. that is established under the laws of the Royal Government of Cambodia, in order to encourage adherence of ACLEDA Bank Plc. to the original objective to support Cambodian micro, small and medium entrepreneurs and to maintain Cambodian nationality of ACLEDA Bank Plc. AFT shall pursue directly and exclusively the aforementioned objectives. It shall act altruistically and shall not primarily pursue objectives for its own private commercial interests. AFT is non-political and not affiliated with any political party. It may use its financial means only for the purposes set out in these statutes. No individual may benefit from any disproportionately high remuneration or from an expense, which is not consistent with the AFT's purposes.

ASA, Plc.

The ACLEDA Staff Association, (ASA, Plc.) was formed to serve as a holding company and vehicle through which the staff of ACLEDA Bank Plc. and relevant investor(s) can participate in the long-term growth and increase in value of the stock in ACLEDA Bank Plc. by owning a beneficial interest in the shares of ACLEDA Bank Plc. and to engage in all other activities reasonably incident, in the judgment of the Board of Directors and executive management, to the accomplishment of the foregoing objectives.

Sumitomo Mitsui Banking Corporation (SMBC)

SMBC is a top-tier Japanese bank operating globally. Through its domestic branches (excluding sub-branches and banking agencies) in Japan and overseas branches (including subsidiaries, sub-branches and representative offices) all over the world, SMBC provides a broad range of financial services including deposit taking, corporate finance, structured finance, securities investment, money transfer, foreign currency exchange, corporate bond trustee services, and custody services, financial futures underwriting, and investment trust sales.

SMBC is committed to working towards our goal of "Accelerating our Asia-centric Strategy". SMBC has proactively invested its resources in Asian countries with a high growth potential. In order to provide ACLEDA Bank's clients with better-integrated financial services, SMBC has been seconding a senior consultant to the Foreign Corporate Unit (FCU) of ACLEDA Bank since 2013.

SMBC's holding company, Sumitomo Mitsui Financial Group, Inc. (SMFG), is listed on the Tokyo, Nagoya, and New York Stock Exchanges. For more information on SMBC, please visit SMFG's website at https://www.smfg.co.jp/english/.

COFIBRED — Compagnie Financière de la BRED (BRED's financial company)

COFIBRED is a BRED BanquePopulaire's fully owned subsidiary. Given the development of BRED's international activities, it was decided in 2008 to regroup all subsidiaries and participations within a single entity, Cofibred. Cofibred's portfolio is made up of more than 45 subsidiaries and participations in bank, insurance, e-commerce and/or financial companies. These subsidiaries and participations are located worldwide on the five continents.

ORIX Corporation

ORIX Corporation (TSE: 8591; NYSE: IX) provides financial services, makes investments, and operates business in six segments, which consist of corporate financial services, maintenance leasing, real estate, investment and operation, retail, and overseas business. Established in 1964 as a leasing company, ORIX has advanced into neighboring fields and regions to evolve its business and expand globally. Through its business activities, ORIX has been constantly anticipating market needs and working to contribute to society by developing leading financial services on a global scale and striving to offer innovative products that create new value for customers. For more details, please visit ORIX's website: www.orix.co.jp/grp/en/.

Triodos Sustainable Finance Foundation, Triodos Fair Share Fund and Triodos Microfinance Fund

Triodos Sustainable Finance Foundation (formerly Triodos-Doen Foundation), Triodos Fair Share Fund and Triodos Microfinance Fund are three investment funds managed by Triodos Investment Management. Triodos Investment Management is a 100% owned subsidiary of Triodos Bank, one of the world's leading sustainable banks. The funds' focus is on providing access to financial services for low-income groups and SMEs in developing countries in order to contribute to a sustainable inclusive financial sector.

Triodos Microfinance Fund

Triodos Microfinance Fund was launched in 2009 and is an open-end fund with share classes available for institutional investors, high net worth individuals and private banking clients across Europe. The main focus of this fund is on established microfinance institutions and SME banks with a proven track record.

Triodos Fair Share Fund (is owned by Legal Owner Triodos Funds B.V.)

Triodos Fair Share Fund, established in 2002 in the Netherlands, is one of the first and few funds worldwide that offers the opportunity to invest in microfinance institutions and SME banks to the general public.

Triodos Sustainable Finance Foundation

Triodos Sustainable Finance Foundation aims to finance initiatives that accelerate sustainable development worldwide, with a focus on inclusive finance.

BOARD OF DIRECTORS

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

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

The Board of Directors shall elect, by majority vote, one of its members to serve as Chairman who shall preside over meetings of the Board of Directors as well as the 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 & Group Managing Director, Group Chief Internal Audit Officer, and Head of Compliance Division. 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, and 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

Board Committees: Audit

Cambodian. Born on April 10, 1954. Mr. Soeun joined ACLEDA in January 1993 and worked there until his retirement on April 10, 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., and a Board member of ACLEDA MFI Myanmar Co., Ltd.

He obtained his Executive Master's 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) in January 1993. As President of the Executive Committee he leads the Executive Management Team which is responsible for overall strategic planning and running the day-to-day business of ACLEDA Bank Plc. and its Group as well as implementation of its business plan. He is directly accountable to the Board of Directors.

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

Outside ACLEDA Bank, he is one the board members of the Entrepreneurship Development Fund (EDF), a Royal Government of Cambodia established Trust. He is the Chairman of the Association of Banks in Cambodia. He also represents ACLEDA Bank Plc. as one of the members of the World Economic Forum.

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

Mr. Rath Yumeng, Director

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

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

In addition, he holds positions as chair and member of several of the Bank's management Committees: Assets and Liabilities Committee (ALM) and member of the Management Credit Committee (MCC).

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

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

Drs. Pieter Kooi, Director

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

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

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

Mr. Van Sou Ieng, Director

Board Committees: Remuneration and Nomination (Chair).

Cambodian. Born in 1953. Mr. Van Sou Ieng joined the Board in September 2020. Outside ACLEDA Bank, he is the President of the Cambodian Federation of Employers and Business Associations (CAMFEBA), Chairman of the Garment Manufacturers Association in Cambodia (GMAC), member of the ASEAN Business Advisory Council (ABAC), member of the ASEAN Federation of Textile Industries (AFTEX), Honorary President of the Cambodian Equestrian Federation (CEF), Vice Chairman of the National Training Board (NTB), Co-chair of the Government-Private Sector Working Group, member of the Labor Advisory Committee (LAC), Vice Chairman of the Labor Dispute Resolution Advisory Committee, board member of the National Social Security Fund (NSSF), member of the Committee on the Review of Cambodia's Implementation of the UN Convention Against Corruption, and a member of the Inception Committee of the National Arbitration Council (NAC).

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

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

Mr. Ian S. Lydall, Director

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

British. Born in 1955. Mr. Lydall joined the Board in August 2015. He was the CEO and then Chairman of PwC Vietnam, retiring from the firm on June 30, 2015. He contributes to the Bank by drawing on his experience of financial reporting, corporate governance, risk management, strategy, and related areas. Mr. Lydall has extensive and in-depth experience in financial services.

Mr. Kenichiro Mori, Director

Board Committees: Risk Management and IT.

Japanese. Born in 1973. Mr. Mori joined the Board in October 2019. He began his career with Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation (SMBC)) as a Marketing officer at the Ikebukuro Branch in Tokyo and later held various positions in credit portfolio management and corporate planning at the bank. In December 2009, Mr. Mori was appointed to the Office of Special Staff to the Chairman at the Japanese Bankers Association, where he led efforts to expand sound practices in the Japanese banking sector, through the adoption of international standards and best practices. In April 2014, Mr. Mori was assigned as Senior Vice President of Planning Dept., International Banking Unit. In April 2016, he was promoted to the Head of Strategic Planning Group. Mr. Mori is currently the Joint General Manager of Planning Department, Asia Pacific Division at SMBC, a position he has held since April 2019. He graduated from Tokyo University with a Bachelor's Degree in Engineering in April 1996.

Mr. Stéphane MANGIAVACCA, Director

French. Born in 1975. Mr. Mangiavacca joined the Board in March 2020. He started his carrier 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 he is also a Board member of several French and international banks of the BRED Group. He graduated with honors from the Ecole Nationale Superieure des Mines de Saint-Etienne, with a Diploma in Engineering and also studied at University of New Brunswick in Canada.

Ms. Mirjam Janssen, Director

Dutch. Born in December 1970. Ms. Janssen joined the Board in January 2020. She is currently a member of the Board of Directors at Early Dawn Microfinance Myanmar and Regional Manager Asia of Triodos Investment Management. She obtained her Master's Degree in Business Communication Studies from the University of Nijmegen, the Netherlands.

EXECUTIVE MANAGEMENT

The President & Group Managing Director is appointed by the Board of Directors with full responsibility and authority to manage the day-to-day affairs of the Bank within the framework of the policies and strategic guidelines approved by the Board. However, certain powers may be retained by the Board and shall be formally recorded in a "Letter of Reserved Matters".

The President & Group Managing Director appoints and chairs an Executive Committee comprising members of senior management as he deems appropriate (subject to any changes being notified to the Board in a timely manner). The Terms of Reference and proceedings of the Executive Committee shall be determined by the President & Group Managing Director at his discretion under the general headings of:

- Strategic direction — develop policies, goals, strategies, and targets for Board approval.
- Performance — assemble and mobilise resources to implement agreed strategies and performance targets.
- Risk — identify and evaluate risk in the Bank's strategies and manage exposures.
- Compliance — ensure that the Bank conforms to all corporate, legal, and regulatory requirements.

Dr. In Channy

President & Group Managing Director

Cambodian. Born 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) in 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., ACLEDA Institute of Business, and ACLEDA MFI Myanmar Co., Ltd. He is also the Chairman of ACLEDA Financial Trust.

Outside ACLEDA Bank, he is one the board members of the Entrepreneurship Development Fund (EDF), the Royal Government established Trust. He is the Chairman of the Association of Banks in Cambodia. He also represents ACLEDA Bank Plc. as one of the members of the World Economic Forum.

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

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

Dr. So Phonnary

Executive Vice President & Group Chief Operations Officer

Cambodian. Born in November 1963. Dr. Phonnary has worked with ACLEDA since August 18, 1993. As Executive Vice President & Group Chief Operations Officer, she is a member of the Bank's Executive Committee and is responsible for leading a group of operations, which consists of five heads of divisions and one department, including Operations Division, Marketing Division, Product Development Division, Corporate Division, Financial Services Division, and Trade Finance Department. She is responsible for strategic planning for the Bank, including development and research for new Bank products/services, and products/services sales growth planning and implementation. She is responsible for leading, monitoring, controlling, and evaluating the Bank's daily business operations.

Dr. Phonnary is Chairwoman of the Portfolio Management Committee. She is a member of management's Assets & Liabilities Committee, Interest & Price Setting Committee, and the Management Credit Committee.

She is directly accountable to the President & Group Managing Director.

She holds a Doctorate of Business Administration and is also a Graduate of the Australian Institute of Company Directors (GAICD).

- Mr. Neth Piseth
  SVP & Head of Financial Services Division
- Sok Sovady
  SVP & Head of Operation Division
- Mr. Char Sopheap
  SVP & Head of Product Development Division
- Mr. Soth Saran
  SVP & Head of Credit Sale Management Division
- Dr. So Phonnary
  EVP & Group Chief Operations Officer
- Mrs. Sok Sophea
  SVP & Head of Marketing Division
- Mrs. Om Sophea
  VP & Head of Trade Finance Department

Mrs. Mar Amara

Executive Vice President & Group Chief Financial Officer

Cambodian. Born in September 1967. Mrs. Amara joined ACLEDA in June 1993. As Executive Vice President & Group Chief Financial Officer, she is a member of the Bank's Executive Committee, which is responsible for the overall strategic planning and running the day-to-day business of the Bank as well as the implementation of the business plan. She is a member of the Bank's Assets and Liabilities Committee, Executive Risk Management Committee, Strategic Plan Development Committee, and the Management Credit Committee. She also leads the work of the Basel Team. She is responsible for the Finance Division, Budgeting & Control Division, Public Investment Division, and Management Accounting Department. She is directly accountable to the President & Group Managing Director.

Her other responsibilities within the Group include being Board chairwoman of ACLEDA Securities Plc. and vice chair of the ACLEDA Financial Trust.

She is a Graduate of the Australian Institute of Company Directors (GAICD) in 2018, and also graduated from the National University of Management in Phnom Penh in 2006 with a Master's Degree in Finance, having previously obtained a Bachelor's Degree in Management in 2003. She attended courses on Management Accounting, Financial Accounting, and Auditing among others at Regent College from 1996 to 1998 in Phnom Penh.

- Tek Peuochanthala
  SVP & Head of Budgeting & Control Division
- Mr. Kuoy Veasna
  SVP & Head of Public Investment Division
- Mrs. Mar Amara
  EVP & Group Chief Financial Officer
- Mrs. Meng Mariane
  SVP & Head of Finance Division
- Mrs. Tauch Chansophea
  VP & Head of Management Accounting Department

Mr. Rath Yumeng

Executive Vice President & Group Chief Treasury Officer

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

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

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

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

- Mr. Prak Chanveasna
  VP & Head of Treasury Dealing Centre
- Mrs. Sovan Bopha
  SVP & Head of Financial Institutions Division
- Mr. Rath Yumeng
  EVP & Group Chief Treasury Officer
- Mr. Vuth Heng
  VP & Senior Head of Foreign Exchange & Reserve Department
- Mr. Than Sarun
  VP & Head of Treasury Department

Mr. Ly Thay

Executive Vice President & Group Chief Administrative Officer

Cambodian. Born October 1975. Mr. Thay joined ACLEDA in December 1997. He worked for ACLEDA Bank Plc. as Accountant (1997-1999); Internal Auditor (1999-2000); Cashier, Branch Manager, and Office Operations Manager (2000-2004); Operations Department Manager (2004-2006); and Senior Vice President & Head of Operations Division (2006-2016).

As Executive Vice President & Group Chief Administrative Officer, he is a member of the Bank's Executive Committee and is responsible for overall strategic planning as well as the implementation of the business plan focused on the day-to-day operations of the Bank. He is responsible for the Human Resources Division, Administration Division, and the SWIFT Centre. He is directly accountable to the President & Group Managing Director.

His other responsibilities within the Group include currently serving as Board Chairperson of the ACLEDA Institute of Business.

He obtained a Master's Degree in Finance from Pannasastra University of Cambodia in 2008.

- Mr. Nay Sok Samnang
  SVP & Head of
  Administration Division
- Mr. Ly Thay
  EVP & Group Chief
  Administrative Officer
- Mr. Ho Rattanak
  SVP & Head of Human
  Resources Division
- Mrs. Khat Phanin
  VP & Head of
  SWIFT Centre

Mrs. Buth Bunseyha

Executive Vice President & Group Chief Legal Officer and Corporate Secretary

Cambodian. Born in August 1980. Mrs. Bunseyha joined ACLEDA Bank in October 2007. As Executive Vice President & Group Chief Legal Officer and Company Secretary, she is a member of the Bank's Executive Committee, which is responsible for the overall strategic planning and running the day-to-day business of the Bank as well as the implementation of the regulatory compliance plan and correspondence with shareholders and the Board of Directors. She is responsible for the Legal Division, Corporate Secretary & Disclosure Division, Litigation Management Department, and Subsidiaries Counsel Department. She is directly accountable to the President & Group Managing Director.

She obtained a Master's Degree and Bachelor's Degree in Law. Currently, she is studying for a Bachelor's Degree in English at Western University.

- Mr. Savan Malyka
  VP & Head of Litigation Management Department
- Mr. Suos Ousaphea
  SVP & Head of Legal Division
- Mrs. Buth Bunseyha
  EVP & Group Chief Legal Officer and Corporate Secretary
- Mr. Keo Chhorpornpisey
  VP & Head of Subsidiaries Counsel Department
- Mr. Yin Virak
  SVP & Head of Corporate Secretary & Disclosure Division

Mr. Mach Theary

Executive Vice President & Group Chief Information Officer

Cambodian. Born November 1965. Mr. Theary worked for several different organizations, including the ANZ Bank in Australia, Monash University, UNHCR, World Vision Cambodia, and the International Labour Organization, before joining ACLEDA NGO as a consultant for five years. He joined ACLEDA Bank full time in July 2000. Mr. Theary was Senior Vice President & Head of Information Technology Division of ACLEDA Bank from July 2006 to December 2017. He was then promoted to be EVP & Group Chief Information Officer and has been chairing the IT Steering Committee ever since. He is currently a member of the Bank's Executive Committee and member of a number of other executive and Board Committees. As Group Chief Information Officer, he is responsible for directing and managing six divisions, including IT security, with a total of about 450 technical staff.

He was awarded a Bachelor's Degree in Science in 1989 from Monash University in Australia, majoring in Computer Science and Statistics. He then proceeded to do a Graduate Diploma in Business Systems and was awarded a diploma in 1990 by the same university.

- Ms. Som Chendamony
  VP & Head of Service Desk Centre
- Mr. Ouk Sras
  SVP & Head of Strategy & Governance Division
- Mr. Seng Sokneang
  SVP & Head of Digital & Customer Experience
- Mr. Mach Theary
  EVP & Group Chief Information Officer
- Mr. Meang Tay
  SVP & Head of Information Tech
- Mr. Chhay Yaroth
  SVP & Head of Information Security Division
- Mr. Kong Danny
  SVP & Head of System Infrastructure Division

Dr. Loeung Sopheap

Executive Vice President & Group Chief Risk Officer

Cambodian. Born in March 1967. Dr. Sopheap started working for ACLEDA in December 1997 as an accountant. Since then he has held several positions, and currently is Executive Vice President & Group Chief Risk Officer. He is responsible for credit risk and other risks for the entire ACLEDA Group. He was appointed as a member of the Board of Directors of ACLEDA Securities Plc. in July 2017.

He obtained his Doctorate of Business Administration (DBA) from Preston University, Phnom Penh, Cambodia in 2012.

- Mr. Ou Dyna
  VP & Head of Credit Control Department
- Mr. Soeng Phon
  SVP & Head of Credit Division
- Dr. Loeung Sopheap
  EVP & Group Chief Risk Officer
- Mr. Tep Bunthoeun
  SVP & Head of Risk Management Division
- Mr. Chheng Vathana
  SVP & Head of Credit Data Analytics & Research Division

COMPLIANCE DIVISION

Mr. Hok Leangkry

Head of Compliance Division

Cambodian. Born in December 1977. Mr. Leangkry has been working with ACLEDA since February 2002. As Head of the Compliance Division, he is responsible for overall strategic planning and running the day-to-day compliance activities of the Bank and its subsidiaries. To assure the independence of the Bank's compliance functions, he is required to report directly to the Board Risk Management & IT Committee. He is invited to attend Board Risk Management & IT Committee meetings from time to time to provide information and explanation on compliance findings and issues pertaining to the scope and purpose of the Committee.

He is responsible for leading the Compliance Group, which consists of two departments including the AML & CFT Compliance Department (ACD), and the Regulatory Compliance Department (RCD). The group also includes all Compliance Officers at all subsidiaries.

He holds two postgraduate degrees, a Master's Degree in Law specializing in Private Law from the Royal University of Law and Economics in 2016, Cambodia, and a Master's Degree in Business Administration from Preston University, USA (Cambodia Campus), in 2012. He also obtained two Bachelor's Degrees, one in the Art in Teaching English-TESOL from Paññāsāstra University of Cambodia in 2010, and another in Accounting from Norton University in 2001.

INTERNAL AUDITOR

Mrs. Kim Sotheavy

Group Chief Internal Audit Officer

Cambodian. Born in October 1965. Mrs. Sotheavy joined ACLEDA in September 1994. As Group Chief Internal Audit Officer, she is responsible for overall strategic planning and running the day-to-day internal audit activities of the Bank as well as implementation of the internal audit plan. To guarantee the independence of the internal audit function, she is required to report directly to the Board Audit Committee. She is invited to attend Board Audit Committee meetings as secretary of the Committee and from time to time to provide information and explanations on various matters pertaining to the scope and purpose of the Committee.

She is responsible for leading the Internal Audit Group, which consists of two divisions and four departments, including Internal Audit Development Division, Information System Audit Division, Financial Audit Department, AML & CFT Audit Department, Credit Audit Department, and Audit Reporting Department.

She holds a Master's Degree in Finance and Banking and is also a Graduate of the Australian Institute of Company Directors (GAICD).

- Mr. Thath Dynoth
  Head of Internal Audit Development Division
- Mr. Sok Hay
  Head of Audit Reporting Department
- Mr. Sok Piseth
  Head of Information Security Audit Department
- Mrs. Kim Sotheavy
  Group Chief Internal Audit Officer
- Mrs. Nget Nary
  Head of Deposit & Digital Banking Audit Department
- Mr. Tum Sokchamreoun
  Head of Financial Audit Department
- Mr. Chan Boreydolla
  Head of Credit Audit Department

CODE OF CONDUCT

Whilst Directors' conduct is governed by i) the Articles of Association, ii) the Shareholders' Agreement, and, iii) the relevant laws and regulations of the Kingdom of Cambodia, the continuing evolution of the Bank requires constant attention to ensure that its internal standards of corporate behavior are maintained at the highest levels. In March 2005, therefore, the Board commenced a comprehensive examination of the whole issue of corporate governance to determine the needs of the Bank going forward. Amongst other things, Directors' Service Agreements, a Directors' Induction Program and Due Diligence Checklist, and a Directors' Code of Conduct have all been put in place and rules regarding Directors' remuneration and expenses have been formalised. From time to time members of the Board and senior management attend external training workshops and courses such as the International Directors Course provided by the Australian Institute of Company Directors as part of our commitment to the continual upgrading of our professional skills and competencies.

All employees of the Bank are governed by a strict Code of Ethics which is incorporated into the Collective Labour Agreement and which covers such matters as: personal behavior; relationships with colleagues, customers and regulators; confidentiality; conflicts of interest; acceptance of gifts; money laundering and "whistle blowing". This document is regularly reviewed by the Audit and Compliance, and Risk Committees to ensure that it remains relevant and up-to-date.

REPORT OF THE BOARD OF DIRECTORS

The Board met face-to-face in Phnom Penh four times in March, June, September, and December and one extraordinary Board meeting was also held in Phnom Penh in May. Directors, who live overseas and could not travel to join face-to-face meetings due to COVID-19-related travel restrictions, participated in the meetings via Video Conference Calls. Each meeting normally lasts two days including Committee meetings. In addition, 29 resolutions were passed by e-mail.

Principal Activities in 2020

- The approval and recommendation to Shareholders for final approval of amendments to the Subscription and Shareholders' Agreement and the Memorandum and Articles of Association.
- The approval, recognition, and recommendation to Shareholders for approval of the appointment of nominee Board members and Shareholders' representatives in ACLEDA Bank Plc.
- The approval, recognition, and recommendation to Shareholders for approval of the appointment of independent directors of ACLEDA Bank Plc.
- The approval of the Special Purpose Consolidated and Separate Financial Statements for the year ended December 31, 2019 of ACLEDA Bank Plc. and subsidiaries which were issued by KPMG Cambodia Ltd.
- The approval of dividend distribution and transfer of the remaining balance of the Net Profit After Tax to the General Reserve.
- The approval of the Bank's policies.
- The approval of the Chairman's 2019 annual report.
- The approval of the GMD's 2019 annual report.
- The approval of 2019 annual report of each Board Committee.
- The approval and recommendation to the Shareholders for final approval of the 2019 annual report.
- The approval of 2019 inflation rate related to payments to the Bank's employees from April 1, 2020 onward.
- The approval of the re-appointment of Dr. In Channy, Mr. Chhay Soeun, and Mr. Rath Yumeng as Board members for another three-year term.
- The approval of Terms of Reference (TOR) of Board Committees.
- Discussion on the Board's annual self-assessment.
- Progress report on the process of ACLEDA Bank Plc.'s IPO listing.
- The approval of ACLEDA Bank Plc.'s Consolidated and Separate Financial Statements and Report of the Independent Auditors for the year ending December 31, 2018 and 2019 and Management Letter in accordance with CIFRS.
- The approval of loans borrowed from both local and international lenders.
- The receipt of updates on the COVID 19 situation.
- The receipt of a report on the impact of the change of tax incentives.
- The approval of the ACLEDA Bank Plc. and its subsidiaries condensed consolidated and separate interim financial statements for the three-month period ending March 31, 2020 and independent auditors' report on a review of interim financial information.
- Discussion and approval of Board composition of subsidiaries.
- Report on the relevant progress of IT projects.
- The approval and selection of Grant Thornton as external auditor of the Bank for the financial year 2021.
- The approval of the ACLEDA Bank Plc. and its subsidiaries' condensed consolidated and separate interim financial statements for the six-month period ending June 30, 2020 and independent auditors' report on a review of interim financial information.
- The approval for management to extract information from "the ACLEDA Bank Plc. and its subsidiaries condensed consolidated and separate interim financial statements for the six-month period ended June 30, 2020 and independent auditors' report on review of interim financial information" to fill in the SERC's Quarterly Report Form.
- The Approval of strategic plan of ACLEDA Bank's Group for 2021-2025.
- The approval of the Budget Plan 2021-2025.
- The approval and recommendation to Shareholders for their approval of the change in ACLEDA Bank's logo to improve its brand and identity.
- The approval of the creation of a custodian service.
- The approval and recommendation to Shareholders for their approval of the AFT's investment in AIB in the amount of US$10M to take up 6,047,046 shares equal to 23.3910% of total posted new shares issued.
- The approval and recommendation to Shareholders for their approval to cease AIB's investment in AMM.
- The approval of the change in composition of the Board Committees.
- The approval of record date and agenda for conducting the Extraordinary General Meeting (EGM) on November 23, 2020.
- The approval of the ACLEDA Bank Plc. and its subsidiaries' condensed, consolidated, and separated interim financial statements for the nine-month period ended September 30, 2020 and the independent auditors' report on review of interim financial information.
- The approval of guidelines for an increase in Board fees.
- The receipt of presentation of issues and strategies of all subsidiaries.

Reports of the Board Committees

- Board Audit Committee (BACO)
- Board Remuneration and Nomination Committee (BRENCO)
- Board Risk Management and IT Committee (BRIC)

Board Audit Committee (BACO)

No	Name	Position	Date of Appointment	Number of Meetings Attended	Total Number of Meetings
1	Mr. Ian S. Lydall	Chairman	June 26, 2019	22	22
2	Drs. Pieter Kooi	Member	June 26, 2019	22	22
3	Mr. Chhay Soeun	Member	June 26, 2019	22	22

Roles and Responsibilities of BACO

The duties of the BACO are as follows:

i. Make recommendations to the Board for Shareholders' approval on the appointment, reappointment, and removal of the external auditors as well as the remuneration and terms of engagement of the external auditors;

ii. Review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements, and assess the service quality provided by external auditors;

iii. Discuss and review issues in the external auditors' Management Letter and management's response.

iv. Develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

v. Review and monitor management's process to develop and change the accounting estimates and accounting principles to ensure that the judgments determine the recognized amount estimates and unusual transactions are appropriate and reasonable;

vi. Ensure that the financial and risk-related information is clear and assess the relevance of accounting and valuation methods used for the establishment of individual and, where applicable, consolidated accounts and financial statements. Assess the relevance of the accounting methods used to prepare the individual and consolidated accounts, if any;

vii. Ensure that the information provided to the public and NBC is clear, accurate, and reliable;

viii. Assess the quality of internal control procedures, in particular where the systems for measuring and controlling risks are consistent, and recommend further action where appropriate;

ix. Review the effectiveness of the Bank's system of internal financial controls and report to the Board on an annual basis;

x. Review and monitor the effectiveness of the internal audit functions and ensure that its reporting processes are adequate and timely;

xi. Approve (and amend as necessary during the year) the internal audit plan;

xii. Review and recommend to the BRENCO for appointment and removal of the Group Chief of Internal Audit with subject needing final approval from the Board;

xiii. Set the annual incentive criteria for the Group Chief Internal Audit Officer and recommend to BRENCO, which will then endorse to the Board for final approval;

xiv. Propose the annual incentive for the Group Chief Internal Audit Officer and recommend to Board for approval;

xv. Evaluate and grade the annual performance of the Group Chief Internal Audit Officer and recommend to the Board for final approval; then inform to the President & GMD for performance grading and incentive payment;

xvi. Follow up effective corrective action's implementation, notably by tracking pending and outstanding recommendations issued by Internal Auditor and further support the work of internal audit;

xvii. Consider other topics as requested by the Board from time to time.

Results of BACO Performance

- Reviewed, approved, and endorsed to the Board of Directors for final approval, the financial audited statements of 2019.
- Reviewed and monitored management's process of IFRS implementation and development.
- Reviewed and approved the internal control report 2019 for submission to the National Bank of Cambodia.
- Reviewed the internal audit reports and analysed any unusual trends or incidents.
- Reviewed and approved the job description for Group Chief Internal Audit Officer.
- Reviewed and approved the incentive scheme targets for Group Chief Internal Audit Officer and endorsed to the Board for final approval.

- Reviewed and approved the internal audit plan for fiscal year 2021.
- Reviewed and approved TOR of BACO and recommended to the Board for final approval.
- Discussed and selected audit firm as the Bank's external auditor for the year 2021.
- Reviewed the following policies: Audit Policy, Dividend Policy, Internal Control Policy, and Corporate Disclosure Policy.
- Reviewed and approved 2020 interim financial statement for March, June, and September and endorsed to the Board of Directors for final approval.

Board Remuneration and Nomination Committee (BRENCO)

No	Name	Position	Date of Appointment	Number of Meetings Attended	Total Number of Meetings
1	Mr. Van Sou Ieng	Chairman	September 29, 2020	2	5
2	Drs. Pieter Kooi	Member	September 29, 2020	5	5
3	Mr. Ian S. Lydall	Member	June 26, 2019	5	5

Roles and Responsibilities of BRENCO

In performing its duties, the BRENCO will maintain an effective working relationship with the Board and management while refraining from interfering in any business decisions.

The BRENCO's responsibility is also to ensure that the Remuneration Policy is consistent with the long term objectives and corporate values of the Bank and reasonable in light of the Bank's objectives, compensation for a similar function in other companies, and other relevant factors with due regard to the interests of the Shareholders and to the financial and commercial needs of the Bank.

The duties of the Committee are as follows:

Director's Compensation:

i. Recommend to the Board a formal and transparent policy for determining the directors' fees and expenses, including membership of Board Committees and such other activities connected with the Board working for the Bank and its subsidiaries. Recommendations should be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board;
ii. Review proposals submitted by the President & Group Managing Director for the engagement of directors in extramural work such as advisory or consulting roles, including their terms and conditions, and make appropriate recommendations to the Board for submission to Shareholders for final approval;
iii. Cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, expenses, consultancy fees (where applicable), and benefits in kind, and;
iv. Recommend the remuneration of the directors of the Bank and subsidiaries through the Board of Directors. Approval of the parent Bank remuneration will be made at the AGM.

Key Senior Management's Remuneration:

i. Be responsible for reviewing and defining a framework of remuneration for the Group Chief Internal Audit Officer (GCIAO) and Head of Compliance Division;
ii. Be responsible for recommending to the Board a framework of remuneration and the specific remuneration package for the President & Group Managing Director. The recommendations should be submitted for endorsement by the Board;
iii. Recommend to the Board the performance targets and incentive plan, including bonus and any other scheme designed to encourage long-term corporate value creation, for the President & Group Managing Director for the coming year;
iv. Recommend to the Board the performance targets and incentive plan, including bonus and any other scheme designed to encourage long-term corporate value creation, for the Group Chief Internal Audit Officer, and Head of Compliance Division for the coming year;
v. Consult with the other Board members in evaluating the performance and achievements of the President & Group Managing Director in the previous year and recommend to the Board the amount of bonus award, salary increase, and other benefits;
vi. Review the adequacy and form of compensation to key executives to ensure that these are realistically commensurate with the responsibilities and risks involved in being an effective member of the management team;
vii. Cover all aspects of remuneration, including but not limited to salaries, allowances, pensions, bonuses, options, and benefits in kind; and
viii. Review the pay and employment conditions within the industry and those from peer companies to ensure that key executives are adequately remunerated.

Pension and Retirement Benefits:

i. Review the employees' pension and retirement benefits plan submitted by management;
ii. Retain competent professional actuaries, if deemed necessary, to ensure that the Bank's long term contingent liability can be reasonably predicted and provided for;
iii. Recommend a plan, and any future amendments thereto, to the Board of Directors;
iv. Review and approve the audit report prepared by the auditors in connection with the pension and retirement benefits plan; and
v. Satisfy themselves that all relevant laws and regulations have been observed.

Nomination:

i. Having regard for the needs of balanced and effective Boards and regulatory and legal requirements, identify, evaluate, and recommend to the Board suitable candidates for directorship taking into account personal character and integrity, relevant experience and knowledge, and independence of mind;
ii. Where required by the Board, conduct preliminary interviews and shortlist candidates;
iii. Recommend candidates for the role of the chair and membership of Board Committees;
iv. Identify, evaluate, and recommend to the Board suitable candidates to be President & Group Managing Director, Group Chief Internal Audit Officer, and Head of Compliance;
v. Recommend qualifications and procedures for selecting and replacing Board members and senior management; and
vi. Approve the nomination of the President & Group Managing Director, Group Chief Internal Audit Officer, and Head of Compliance for recommendation to the Board.

Other Duties:

i. Review and guide the evaluation of the effectiveness of the Board of Directors and the Board Committees at least once per year.
ii. Review and update the Corporate Governance Policy at least once a year for approval by the Board.
iii. Any such other matters consistent with these Terms of Reference as the Board of Directors may reasonably request.

Results of BRENCO Performance:

The BRENCO met five times in 2020 in March, June, September, October, and December. The main proceedings were:

- Reviewed and endorsed to the Board for approval an increase in the gross fee of the Chair of the Board and an increase in the gross salary of the President & Group Managing Director.
- Reviewed and endorsed to the Board for approval annual incentives for Senior Management of the Bank.
- Reviewed and endorsed to the Board for approval of 2020 incentive criteria for Senior Management.
- Reviewed and endorsed the General Meeting Voting Policy to the Board for approval.
- Reviewed and endorsed the Corporate Governance Policy to the Board for approval.
- Interviewed independent director candidates and made recommendations to the Board for approval.
- Endorsed nominee director from ORIX to the Board for approval.
- Reviewed update on succession planning of senior positions of ACLEDA Bank Group.
- Reviewed and endorsed amendments to the TOR of BRENCO and Remuneration and Nomination Policy to the Board for approval.
- Reviewed and endorsed 2019 BRENCO annual report to the Board for approval.
- Reviewed Board composition plan for 2020.
- Endorsed to the Board for final approval the 2019 inflation rate for payment to the Bank’s employees from April 1, 2020 to March 31, 2021.
- Discussed the results of Board annual self-assessment for 2019 and reported to the Board.
- Reviewed proposals of the President & Group Managing Director and recommended to the Board.
- Reviewed and endorsed employees’ pension and retirement benefits plan to the Board for approval.
- Reviewed the actual level and composition of the employment costs for the year to date and reviewed management’s proposals for employment costs in the budget proposed for the next year.
- Prepared and endorsed guidelines for increase in Board fees to the Board for consideration and approval.
- Reviewed President & GMD, GIAO, and Head of COD performance criteria for 2021.
- Conducted annual review of policies.
- Conducted annual self-assessment of BRENCO.
- Reviewed annual self-appraisal format of the Board.

Board Risk and IT Committee (BRIC)

No	Name	Position	Date of Appointment	Number of Meetings Attended	Total Number of Meetings
1	Drs. Pieter Kooi	Chairman	September 29, 2020	12	12
2	Mr. Kenichiro Mori	Member	September 29, 2020	12	12
3	Mr. Ian S. Lydall	Member	September 29, 2020	12	12

Roles and Responsibilities of BRIC

The duties of BRIC are as follows:

Risk Management:

i. Will maintain oversight and promotion of the risk management and risk governance of the Bank, including facilitating development of IT related enterprise risk management expertise. To fulfill this task BRIC will conduct annual review of the adequacy of the risk management framework outlining the Bank's high-level policies, which include risk identification, risk assessment, risk treatment and monitoring and reporting, and division of authority and responsibility of risk management throughout the Bank;

ii. Regularly monitor the implementation of the risk management policy as approved by the Board and, at least once a year, review and recommend any changes it considers necessary to the Board for approval;

iii. Monitor that credit policies are in place, up to date, appropriate to the business and consistent with sound lending practices and review any amendments to those policies deemed necessary;

iv. Give input to management's proposals regarding the risk appetite and risk tolerance and internal targets. Final proposals have to be endorsed by the Committee for final approval by the Board and advise on any changes deemed appropriate, including oversight of the strategies for capital and liquidity management as well as for all relevant risks of the Bank, such as credit, market, operational, and reputational risks;

v. Review and approve management's risk assessment, its plan for risk control or mitigation through appropriate risk management practices, and ensure that risks are managed within tolerance levels of the Bank. This includes changes in systemic, environmental or operational conditions that would potentially affect the Bank;

vi. Review the effective risk management practices and internal controls with the aim of achieving data confidentiality, system security, reliability, resiliency, and recoverability in the Bank;

vii. Review the effectiveness and the results of the implementation of the customer complaint management framework;

viii. Review and advise on stress tests and reverse stress tests conducted by management; and

ix. Review quarterly risk management reports submitted by management;

Compliance:

i. Review and recommend to the BRENCO for appointment and removal of the Head of Compliance Division with subject requiring final approval from the Board;

ii. a). Set the annual incentive criteria for the Head of Compliance Division and recommend to BRENCO, with subsequent endorsement by BRENCO to the Board for final approval;
b). Propose the annual incentive of the Head of Compliance Division and recommend to the Board for final approval;

iii. Evaluate and grade the annual performance of the Head of Compliance Division and recommend to the Board for final approval. Then inform the President & GMD for performance grading and incentive payment;

iv. Review and monitor legal compliance with relevant local and international laws and regulations to mitigate legal risk;

v. Review and monitor the effectiveness of the implementation of anti-money laundering and combating financing of terrorism; including review the policy and procedure on AML measures in line with changes and developments in its products, services, technology systems, and conflict of interest policy to ensure that the implementation is carried out effectively;

vi. Review and consider compliance and whistle-blower protection policy and management's response; and,

vii. Approve (and amend as necessary during the year) the Compliance Division's annual budget plan.

Information Technology (IT):

i. Endorse IT governance policies and procedures to the Board for approval;
ii. Ensure that management has put an effective IT governance process in place;
iii. Ascertain that management has implemented processes and practices that ensure that the IT functions deliver value to the business;
iv. Ensure IT investments represent a balance of risks and benefits and that budgets are adequate; and,
v. Continue improvement program and effective monitoring of IT risk.

Results of BRIC Performance:

In September 2020, the BRIC was restructured in accordance with international best practices and job effectiveness. The duties of BRIC have been further extended to absorb the IT risk, which was previously under the duties of the Board Information Technology Committee that has now been dissolved.

The BRIC met 12 times at regular and special meetings in 2020, in March, June, July, September, November, and December.

- At each meeting the Group's overall risk profile was presented by the EVP & Group CRO and discussed with the members and participants to ensure that the key risk indicators fully complied with the internal targets, risk appetite/risk tolerance.
- Assessed and discussed the potential future risks for ACLEDA BANK and its subsidiaries.
- 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 contagion effects.
- Assessed the developed credit portfolio by various criteria particularly, the credit quality. The Committee ensured that the provisioning was in line with NBC rules, CIFRS and CAS.
- Oversight of the IFC's risk management consultancy project to ensure that the project has run effectively and in a timely manner.
- Monitored and discussed the restructuring of credit, refinancing of credit, and credit write-off.
- Analysed the impacts of possible risk scenarios on the balance sheet, income statement, and prudential ratios.
- Reviewed the potential risks that could negatively impact on the high standard of business conduct towards the community and the environment.
- Reviewed and analysed the development of the banking industry in Cambodia to assess competitive risks.
- Reviewed and discussed the development of the market for digital financial services, small and medium business credit, and real estate & construction credit, which have been growing quickly while becoming increasingly competitive.
- 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 2021 from management before they were submitted to the NBC.
- 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 Compliance Division and endorsed to the Board for final approval.
- Reviewed and approved the Compliance Division's budget plan for fiscal year 2021.
- Reviewed and approved TOR for BRIC and recommended to the Board for final approval.
- Reviewed and endorsed the following policies: Risk Management Policy, Credit Policy, Environment, Social and Community Policy, Liquidity Risk Management Framework, Internal Control Policy, Compliance Policy, Whistle Blower's Protection Policy, Anti-Money Laundering and Combating the Financing of Terrorism Policy, Know Your Customer (KYC)/Customer Due Diligence (CDD) Policy, Related Party Transactions Policy, Conflict of Interest Policy, Insider Trading Policy, IFRS9 Impairment Policy, Credit Scoring Policy, Information Security Policy, and IT Governance Policy.
- Conducted an annual self-assessment of its performance relative to the BRIC's purpose, duties, and responsibilities in order to ensure the effective discharge of its responsibilities.

ENVIRONMENTAL AND SOCIAL DATA AT A GLANCE

Absolute amounts/FTE (Full Time Equivalent)[1]

	2020	2019	2018	2017	2016
Environmental Performance Indicators					
Materials					
Paper in kg/FTE	10.61	10.60	10.64	10.42	10.65
Waste					
Waste paper in kg/FTE	1.23	1.03	1.79	2.15	1.92
Energy					
Electricity in kWh/FTE	1,922.84	1,679.09	1,646.15	1,673.46	1,660.19
Gasoline in l/FTE	36.27	36.65	38.23	39.76	40.08
Diesel in l/FTE	46.11	43.70	44.97	49.04	51.70
Lubricant in l/FTE	1.25	1.12	1.13	1.27	1.75
Emission of CO_2 (Equivalents – in thousands of kg)[2]					
Electricity	12,664	11,067	11,142	11,430	11,138
Gasoline	1,035	1,046	1,121	1,176	1,165
Diesel	1,516	1,438	1,519	1,672	1,732
Water					
Water in m^3/FTE	20.42	28.21	15.54	15.87	16.14
Business Travel					
By car in km/FTE	565.59	514.54	481.82	295.98	230.35
By motorcycle in km/FTE	1,845.04	1,838.73	1,894.90	1,941.86	1,824.89
Social Performance Indicators					
Employment					
Number of staff	12,013	11,948	12,177	12,456	12,325
Male	7,252	7,132	7,270	7,370	7,236
Female	4,761	4,816	4,907	5,086	5,089
Number of staff (FTE)	11,975	11,984	12,307	12,419	12,197
Training and Education					
Training – career development and refresher programs	7,293	5,077	3,801	6,517	4,687
Training new recruits – induction program	788	947	549	1,179	1,374
Internships for local students	237	768	610	1,025	1,433
Internships for international students	5	-	0	5	1

1 FTE (Full Time Equivalent): average number of full-time co-workers during the year.

2 * CO2 equivalent is referred to the Greenhouse Gas Protocol calculation principles.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT

Environmental and social sustainability (ESS) mission statement

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

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

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

Environment

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

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

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

Environmental Performance Indicators

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

Paper Usage

In 2020, paper usage increased by 0.09% per co-worker compared to 2019. Moreover, the Bank is continuing increased use of electronic data by using our system developed by the Bank’s IT Division to send/receive internal information.

Waste paper increased by 16.26% per co-worker compared to 2019.

	2020	2019	2018	2017	2016
Materials					
Paper in kg/FTE	10.61	10.60	10.64	10.42	10.65
Waste					
Waste paper in kg/FTE	1.23	1.03	1.79	2.15	1.92

Energy Consumption

Electricity consumption per co-worker increased by 12.68% in 2020 compared to 2019. Gasoline decreased by 1.05% in 2020 and diesel and lubricant consumption increased by 5.23% and 10.40% per co-worker compared to 2019.

	2020	2019	2018	2017	2016
Energy					
Electricity in kWh/FTE	1,922.84	1,679.09	1,646.15	1,673.46	1,660.19
Gasoline in l/FTE	36.27	36.65	38.23	39.76	40.08
Diesel in l/FTE	46.11	43.70	44.97	49.04	51.70
Lubricant in l/FTE	1.25	1.12	1.13	1.27	1.75
Emission of CO_2 (Equivalents - in thousands of kg)					
Electricity	12,664	11,067	11,142	11,430	11,138
Gasoline	1,035	1,046	1,121	1,176	1,165
Diesel	1,516	1,438	1,519	1,672	1,732

Water

Water consumption per co-worker decreased by 38.15% in 2020 compared to 2019.

	2020	2019	2018	2017	2016
Water					
Water in m^3/FTE	20.42	28.21	15.54	15.87	16.14

Business Travel

In 2020, the total distance travelled by car and motorcycle increased by 9.03% and 0.34% compared to 2019.

	2020	2019	2018	2017	2016
Business Travel					
By car in km/FTE	565.59	514.54	481.82	295.98	230.35
By motorcycle in km/FTE	1,845.04	1,838.73	1,894.90	1,941.86	1,824.89

Social Sustainability

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

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

Staff

- ACLEDA is an 'equal opportunity' employer. Apart from those jobs which involve a higher physical risk (e.g. guards and messengers) appointment to all positions at every level is based entirely on merit regardless of gender or physical disability.
- ACLEDA Bank aims to be the most progressive employer in Cambodia providing medical, provident fund and other benefits such as personal and housing loan schemes and an employee share ownership program for all staff who have completed probation. It provides comprehensive training both for new recruits as well as experienced staff and encourages those who wish to further develop themselves through external programs.

- The Audit and Compliance Committee under the chairmanship of the Board of Directors has been specifically tasked with the responsibility of setting and monitoring the Bank's moral and ethical standards and respect for human rights.
- In consultation with its staff the Bank has drawn up social policies covering i) Code of Conduct, ii) Human Resources Management, iii) Health & Safety, iv) External Relations, v) Freedom of Association and the Right to Collective Bargaining. These are now published on Lotus Notes so that every member of the staff has free (and paperless) access to the most up-to-date versions.
- The staff is represented by a self elected Staff Representative Committee, which excludes management, and a Staff Sports Committee, to promote healthy recreation and good fellowship. At its headquarters, the Bank provides a clinic under the care of a full time doctor and two full time nurses. Healthy and safe work practices are part of the training provided to all employees under the doctor's supervision. A Health and Safety Policy under the direct responsibility of the Executive Vice President & Group Chief Administrative Officer is in place, which includes a policy supervised by a dedicated committee for the support of our staff who are suffering from HIV/AIDS.

	2020	2019	2018	2017	2016
Employment					
Number of staff	12,013	11,948	12,177	12,456	12,325
Male	7,252	7,132	7,270	7,370	7,236
Female	4,761	4,816	4,907	5,086	5,089
Number of staff (FTE)	11,975	11,984	12,307	12,419	12,197
Training and Education					
Training – career development and refresher programs	7,293	5,077	3,801	6,517	4,687
Training of new recruits – induction program	988	947	549	1,179	1,374
Internships for local students	237	645	610	1,025	1,433
Internships for international students	5	4	-	5	1

Community

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

- Developing and offering appropriate products and services carefully selected and developed for the particular needs of Cambodian society. In 2006 the Bank launched a housing loan scheme, with interest rates fixed for up to 15 years to enable Cambodians, especially in the lower wealth segment, to purchase their own homes.
- Expanding outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending online banking services to mobilize savings. The expansion of our 24 hours a day/7 days a week ATM network to all provinces in 2010 has enabled our customers to access their funds at their own convenience, irrespective of the normal opening hours of the Bank or national holidays. In April 2017 we launched 'ACLEDA mobile (formerly ACLEDA Unity ToanChet) — a real bank in your hand. In 2014 and 2015 we launched 'ACLEDA Internet Bank' and 'ACLEDA E-Commerce Payment Gateway' which enable our customers' access to financial services and online payments anywhere anytime.
- From December 2020 to January 2021, we conducted an annual survey on our small-sized and medium-sized enterprise loan customers' living standards that get loans at least twice from ACLEDA Bank to test the impact of our credit services. This involved 2,172 respondents (female: 51%) randomly selected from our 321,317 active borrowers of whom 70.95% were traders, 16.44% were farmers/workers and 12.38% were private companies/NGOs/civil servants. The responses indicated that across all sectors there were 78.31% who considered that their wealth had increased as a result of credit provided by ACLEDA Bank, 6.08% who did not detect any noticeable change while only 15.61% had the perception that they were worse off than before.

	2020	2019	2018	2017	2016
Income Situation					
Growth	78.31%	92.40%	90.90%	88.13%	94.13%
Stability	6.08%	3.57%	6.23%	7.46%	3.27%
Reduction	15.61%	4.03%	2.87%	4.41%	2.60%

- Incorporated into our policies are strictures against overselling or encouraging customers to over commit themselves or buy inappropriate products or services. As a matter of principle, ACLEDA does not impose mandatory savings requirements on its customers.
- Transparency and 'truth in advertising' are strictly enforced when developing, advertising and selling our products and services and full and detailed information is provided through brochures, our website and other promotional materials.
- ACLEDA practices equality in its lending irrespective of gender or race: 55.41% of our borrowing customers are female.
- Customer confidentiality is inculcated in all our staff during induction training and transgressions are treated as a serious offence.
- Recognizing the particular problem of disability in Cambodia, ACLEDA takes into account the special needs of the disabled when constructing new, or renovating old offices.
- As a commercial organization ACLEDA does not receive subsidies but may on occasion, and where appropriate, receive financial support to provide non-commercial services such as workshops for external trainees.
- ACLEDA does not ally itself to any particular political parties or creeds but seeks to cooperate and work in harmony with the elected government of the day. To this end the Bank regularly participates in meetings with senior officials through industry associations, business forums, chambers of commerce and other group activities. Individual meetings with officials are conducted with transparency and important matters are minuted. ACLEDA has strict rules governing 'undue entertainment' or other activities which might be open to question on the grounds of probity, including the provision of banking services at non-commercial rates ('policy lending').
- In 2020 ACLEDA Bank Plc. provided 237 internships for local students and 5 internships for international students from Vietnam and China.
- In 2020, ACLEDA Bank Plc. took part in important social and humanitarian activities through the following donations:

  Education

  - Donation to the ACLEDA-Jardines Education Foundation (AJF) to support the construction of two concrete primary school buildings (Kampong Preah Ent and Pu Cha) in Preah Vihear and Mondulkiri provinces.

  Health

  - Donation to The Royal Government of Cambodia to support the purchase of Covid-19 vaccines.
  - Donation to The Royal Government of Cambodia for the effort to coordinate and combat the COVID-19 pandemic.
  - Donation to the Cambodia Kantha Bopha Foundation.

  Charity

  - Donation to the Cambodian Red Cross on their 157th anniversary of World Red Cross Day on May 8.
  - Donation to the Royal Government of Cambodia and the Association of Banks in Cambodia to help flood victims.

  Sponsored Events

  - Platinum sponsor of the Reverse Innovation (RI) event organized by the Ministry of Economy and Finance and Techo Startup Center.
  - Donation to the National Bank of Cambodia to support the 40th Anniversary of the Reintroduction of the Riel.
  - Bronze sponsor of the FinTech Festival 2020.

  Sport

  - Donation to the Association of Bank in Cambodia to support their event Bankers' Cycling / Cycling for Health and Environment on November 8, 2020 in Siem Reap province.

CREDIT RATINGS

*ACLEDA Bank is the first bank in Cambodia to have been assigned ratings by the top international ratings agencies — **Standard & Poor's and GIIRS**.*

Ratings as of Dec 16, 2020	2018 Impact Rating Report
S&P Global Ratings	GIIRS Impact Rated
Issuer Credit Rating: B+/Stable/B	Impact Business Models Rating: SILVER
Stand-Alone Credit Profile (SACP): bb	Operations Rating: ★★★★☆

PRINCIPAL BRANCHES

Please scan the QR codes below for ACLEDA Bank's Principal Branches.

Kingdom of Cambodia

ACLEDA Bank Plc.

Lao PDR

ACLEDA Bank Lao Ltd.

The Republic of the Union of Myanmar

ACLEDA MFI Myanmar Co., Ltd.

CORRESPONDENT BANKS

Principal Correspondents

Currency	Name of Bank	Location	SWIFT/BIC
AUD	THE BANK OF NEW YORK MELLON (BNY MELLON)	NEW YORK	IRVTUS3N
CNY	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (HEAD OFFICE)	BEIJING	ICBKCNBJ
	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (BRANCH)	SHENZHEN	ICBKCNBJSZN
EUR	SOCIETE GENERALE	PARIS	SOGEFRPP
	STANDARD CHARTERED BANK AG	FRANKFURT	SCBLDEFX
GBP	STANDARD CHARTERED BANK	LONDON	SCBLGB2L
JPY	SUMITOMO MITSUI BANKING CORPORATION	TOKYO, JAPAN	SMBCJPJT
SGD	UNITED OVERSEAS BANK LIMITED	SINGAPORE	UOVBSGSG
THB	BANGKOK BANK PUBLIC COMPANY LIMITED	BANGKOK	BKKBTHBK
	KRUNG THAI BANK PUBLIC COMPANY LIMITED	BANGKOK	KRTHTHBK
	THANACHART BANK PUBLIC COMPANY LIMITED	BANGKOK	THBKTHBK
	UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED	BANGKOK	UOVBTHBK
THB	BANGKOK BANK PUBLIC COMPANY LIMITED	BANGKOK	BKKBTHBK
USD	BANK OF AMERICA, N.A.	NEW YORK-NY	BOFAUS3N
	KEB HANA BANK	SEOUL	KOEXKRSE
	KOOKMIN BANK	SEOUL	CZNBKRSE
	STANDARD CHARTERED BANK	NEW YORK-NY	SCBLUS33
	THE BANK OF NEW YORK MELLON	NEW YORK-NY	IRVTUS3N
	UNITED OVERSEAS BANK LIMITED	SINGAPORE	UOVBSGSG
	WELLS FARGO BANK, N.A. (NEW YORK INTERNATIONAL BRANCH)	NEW YORK-NY	PNBPUS3NNYC
	WOORI BANK	SEOUL	HVBKKRSE
VND	VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	HANOI	VBAAVNVX

Correspondent Banks

Please scan the QR code below for our Correspondent Banks

ACLEDA BANK PLC.
AND ITS SUBSIDIARIES

Consolidated and Separate Financial Statements for the year ended 31 December 2020 and Report of the Independent Auditors

ACLEDA Bank Plc.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Contents

Report of The Board of Directors

The Board of Directors (“the Board” or “the Directors”) hereby submits their 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 for the year ended 31 December 2020 (hereafter collectively referred to as (“the financial statements”).

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, the 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 NBC.

Principal activities

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

Significant event

Initial Public Offering (“IPO”)

On 25 February 2020, the Bank obtained approval in principle for the Bank’s IPO from the Board of the Securities and Exchange Commission of Cambodia (“SECC”). The Bank and Yuanta Securities (Cambodia) Plc. (“YSC”), the underwriter, conducted the Book Building process from 3 to 14 March 2020. On 20 March 2020, the result of the Book Building was released, with 2,180 investors participated, in which 95.55% and 4.45% are local and foreign investors, respectively. The final offering price has been set at KHR16,200 (US$3.97) in accordance with the Book Building and Subscription Procedure approved by the SECC.

The Subscription phase started from 24 March 2020 to 24 April 2020 and the result was released on 30 April 2020 with 4,344,865 shares were subscribed.

The shares of the Bank were listed on the Cambodia Securities Exchange (“CSX”) on 25 May 2020.

ចុះបញ្ជីក្រោមលេខ
Registration No. 00003077

អគារលេខ៦១ មហាវិថីព្រះមុនីវង្ស សង្កាត់ស្រះចក ខណ្ឌដូនពេញ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា
#61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.
ទូរស័ព្ទ Tel: +855 (0) 23 998 777 / 430 999, ទូរសារ Fax: +855 (0) 23 430 555, ប្រអប់សំបុត្រ P.O.Box: 1149
E-mail: acledabank@acledabank.com.kh, Website: www.acledabank.com.kh, SWIFT Code: ACLBKHPP

Financial performance

The audited financial performance of the Group and the Bank for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income and separate statement of profit or loss and other comprehensive income on pages 13 – 14 and 20, respectively.

Share capital and share premiums

Share capital and share premium are classified as equity. Incremental costs directly attributable to the issue of new share capital are shown in equity as a deduction, net of tax, from the proceeds. The details of the shares capital are as follows:

	Amounts	
	US$	**KHR'000 (Note 4)**
At 1 January 2020	428,818,154	1,747,433,978
Proceeds from new shares issued	*17,082,105*	*69,643,742*
Transaction costs	*(1,031,025)*	*(4,203,488)*
Cash proceed – net	16,051,080	65,440,252
Reclassification to share premium	(11,706,215)	(47,726,239)
Currency translation difference	-	(13,003,581)
At 31 December 2020	433,163,019	1,752,144,412

On 25 May 2020, the Bank was successfully listed on 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. All issued shares were fully paid.

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 writing off of bad loans and advances or making of provisions for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that adequate provisions have been made for bad and doubtful loans and advances.

Bad and doubtful loans (continued)

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 value as shown in the accounting records of the Group and the Bank, have been written down to an amount which they might be expected to realise.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the values attributed to the assets in the 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 and the Bank to meet its obligations as and when they become due.

Change of circumstances

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

Items of an unusual nature

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

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

Coronavirus and impact on ECL

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. The impact on GDP and other key indicators has been considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL in which the calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of Covid-19 on the Group and the Bank, however, this estimate may move materially as events unfold. See Note 3(b) for further details.

The Board of Directors and the Executive Committee

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

▪ Mr. Chhay Soeun	Chairman (Non-executive Director)
▪ Dr. In Channy	Member (Executive Director)
▪ Mr. Rath Yumeng	Member (Executive Director)
▪ Mr. Kenichiro Mori	Member (Non-executive Director)
▪ Ms. Mirjam Janssen	Member (Non-executive Director)
▪ Mr. Stéphane Mangiavacca	Member (Non-executive Director)
▪ Drs. Pieter Kooi	Member (Independent Director)
▪ Mr. Ian Samuel Lydall	Member (Independent Director)
▪ Mr. Van Sou Ieng	Member (Independent Director) (appointed on 2 September 2020)

The Board of Directors and the Executive Committee (continued)

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	EVP & Group Chief Operations Officer
▪ Mrs. Mar Amara	EVP & Group Chief Financial Officer
▪ Mr. Rath Yumeng	EVP & Group Chief Treasury Officer
▪ Mr. Ly Thay	EVP & Group Chief Administrative Officer
▪ Mrs. Buth Bunsayha	EVP & Group Chief Legal Officer and Corporate Secretary
▪ Mr. Mach Theary	EVP & Group Chief Information Officer
▪ Dr. Loeung Sopheap	EVP & Group Chief Risk Officer

The President & Group Managing Director's responsibilities in respect of the financial statements

The President & Group Managing Director, with the advice of the Executive Committee, is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2020 and the financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

In preparing these financial statements, the President & Group Managing Director with the advice of the Executive Committee is 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, this has 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; and

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.

ACLEDA Bank Plc.

The President & Group Managing Director confirms that the Group and the Bank have complied with the above requirements in preparing the financial statements.

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

Dr. In Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 25 FEB 2021

ACLEDA Bank Plc.

Approval of the financial statements

The accompanying financial statements, together with the notes thereto set out on pages 12 to 171, which present fairly, in all material respects, the financial positions of the Group and of the Bank as at 31 December 2020 and the financial performance and cash flows of the Group and of the Bank for the year then ended in accordance with CIFRSs, were approved by the Board of Directors.

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

Mr. Chhay Soeun
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 25 FEB 2021

KPMG

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REPORT OF THE INDEPENDENT AUDITORS
To the shareholders
ACLEDA Bank Plc.

Opinion

We have audited the consolidated financial statements of ACLEDA Bank Plc. and its subsidiaries ("the Group") and the separate financial statements of the 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 2020, and the consolidated and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 12 to 171 (hereafter referred to as "the financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Group and of the Bank as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and Bank in accordance 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter	How the matter was addressed in our audit
Expected Credit Loss: At 31 December 2020, the Group's and Bank's loans to customers comprised 68.25% and 67.29% of Total Assets, respectively. CIFRS 9 "Financial Instruments", introduces the expected credit loss (ECL) impairment model. ECL applies to financial assets measured at amortised cost. The Group and the Bank had developed quantitative models to determine the ECL allowances for credit exposures. Significant judgement is applied in developing the models and in determining the relevant inputs and applicable assumptions. In respect of non-credit impaired exposures, significant judgement and assumptions are required in areas including: • Development of ECL model parameters, including the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each portfolio; • Selection of criteria to determine whether a credit exposure has exhibited "significant increase in credit risk", thus requiring lifetime ECL allowance; and • Determination of relevant macroeconomic factors to incorporate into the models. In respect of credit-impaired exposures, management judgement and estimation are applied in (i) identifying impaired exposures; (ii) estimating the related recoverable amounts; and (iii) where applicable, determining collateral values and timing of expected cash flows. As a result of the significance of loans to customers and the related estimation uncertainty over ECL allowances, the impairment of loans to customers is considered a key audit matter.	We tested the design, implementation and operating effectiveness of key controls surrounding the determination of ECL allowances. We involved our Information Technology (IT) specialists to test the (i) general and specific IT controls over loan overdue report, including access rights and change management controls. In order to ascertain the accuracy of key inputs to the loan overdue report, we checked a sample of loan against source documentation. We assessed the reasonableness of the criteria used for determination of "significant increase in credit risk". We involved our ECL specialists in the following areas: • Review the Group's and Bank's classification of the financial instruments; • Review the Group's and Bank's segmentations in ECL modelling; • Assess the Group's and Bank's ECL modelling methodology for a sample of key portfolios against the requirements of CIFRS 9; and • Review the computation of ECL for selected loans. We also assessed the reasonableness of the probability weighting of the economic scenarios applied, including the use of management overlay for impaired (stage 3) and non-impaired (stage 1 and stage 2) accounts. For a sample of loans, we independently re-calculated the ECL allowance to test the mathematical accuracy of the modelled calculations produced by the Group and the Bank.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the information included in the Report of the Board of Directors as set out on pages 1 to 7.

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 obtained prior to the date of this auditors' 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.

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 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 subsidiaries within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **KPMG Cambodia Ltd**

KPMG CAMBODIA LTD.

Nge Huy
Engagement Partner

Phnom Penh, Kingdom of Cambodia

25 February 2021

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
ASSETS					
Cash on hand	5	412,759,051	421,527,238	1,669,610,361	1,717,723,495
Deposits and placements with other banks	6	534,653,146	587,730,531	2,162,671,976	2,395,001,914
Financial investments	7	566,674,523	527,474,976	2,292,198,446	2,149,460,527
Loans and advances, net	8	4,471,300,618	3,846,020,519	18,086,411,000	15,672,533,615
Other assets	9	22,766,913	17,529,833	92,092,163	71,434,070
Statutory deposits	10	360,377,008	587,336,099	1,457,724,997	2,393,394,603
Property and equipment	12	127,546,441	131,159,792	515,925,354	534,476,153
Intangible assets	13	14,690,675	8,998,993	59,423,780	36,670,896
Right-of-use assets	14	29,529,768	32,569,457	119,447,912	132,720,537
Deferred tax assets, net	15	11,195,845	14,814,354	45,287,193	60,368,494
TOTAL ASSETS		6,551,493,988	6,175,161,792	26,500,793,182	25,163,784,304
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	16	317,009,459	285,175,145	1,282,303,262	1,162,088,716
Deposits from customers	17	4,294,286,048	4,082,722,853	17,370,387,064	16,637,095,626
Other liabilities	18	63,751,108	58,810,875	257,873,232	239,654,316
Borrowings	19	542,398,916	564,971,701	2,194,003,615	2,302,259,682
Subordinated debts	20	167,158,623	139,302,580	676,156,630	567,658,014
Current income tax liabilities	29(a)	30,292,370	30,459,303	122,532,637	124,121,660
Lease liabilities	21	28,617,902	30,915,939	115,759,414	125,982,451
Employee benefits	22	18,354,055	18,341,796	74,242,152	74,742,819
TOTAL LIABILITIES		5,461,868,481	5,210,700,192	22,093,258,006	21,233,603,284
EQUITY					
Share capital	23	433,163,019	428,818,154	1,752,144,412	1,747,433,978
Share premiums	23	11,706,215	-	47,351,640	-
Reserves	33	503,094,236	414,748,726	2,048,708,997	1,708,085,266
Retained earnings		141,662,037	120,894,720	559,330,127	474,661,776
TOTAL EQUITY		1,089,625,507	964,461,600	4,407,535,176	3,930,181,020
Non-controlling interests		-	-	-	-
TOTAL LIABILITIES AND EQUITY		6,551,493,988	6,175,161,792	26,500,793,182	25,163,784,304

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Interest income calculated using the effective interest method	24	515,094,476	483,543,466	2,100,040,179	1,959,318,124
Interest expense	25	(150,777,317)	(156,872,680)	(614,719,121)	(635,648,099)
Net interest income		364,317,159	326,670,786	1,485,321,058	1,323,670,025
Fee and commission income	26	45,775,165	48,734,619	186,625,348	197,472,676
Fee and commission expense		(1,742,125)	(996,897)	(7,102,644)	(4,039,427)
Net fee and commission income		44,033,040	47,737,722	179,522,704	193,433,249
Allowances for impairment losses on loans and advances, deposits and placements with other banks and other receivables	35.1(f)	(20,794,031)	(23,411,205)	(84,777,264)	(94,862,203)
Allowance for impairment losses on off-balance sheet commitments		54,156	87,989	220,794	356,531
Net impairment losses		(20,739,875)	(23,323,216)	(84,556,470)	(94,505,672)
Net income after allowance for impairment		387,610,324	351,085,292	1,580,287,292	1,422,597,602
Other incomes	27	18,351,358	17,849,723	74,818,487	72,327,078
General and administrative expenses	28	(225,926,220)	(215,412,394)	(921,101,199)	(872,851,020)
Profit before income tax		180,035,462	153,522,621	734,004,580	622,073,660
Income tax expense	29(b)	(38,542,872)	(32,662,809)	(157,139,291)	(132,349,702)
Profit for the year (carried forward to next page)		141,492,590	120,859,812	576,865,289	489,723,958

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Profit for the year (brought forward from previous page)		141,492,590	120,859,812	576,865,289	489,723,958
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of employee benefit obligations		169,447	34,908	690,835	141,447
Items that are or may be reclassified subsequently to profit or loss:					
Currency translation differences		-	-	(8,160,026)	7,330,165
Other comprehensive income for the year		169,447	34,908	(7,469,191)	7,471,612
Total comprehensive income for the year		141,662,037	120,894,720	569,396,098	497,195,570
Profit for the year attributable to:					
Owners of the Bank		141,492,590	120,859,812	576,865,289	489,723,958
Non-controlling interests		-	-	-	-
		141,492,590	120,859,812	576,865,289	489,723,958
Total comprehensive income attributable to:					
Owners of the Bank		141,662,037	120,894,720	569,396,098	497,195,570
Non-controlling interests		-	-	-	-
		141,662,037	120,894,720	569,396,098	497,195,570

The earnings per share attributable to shareholders of Bank during the year are as follows:

	Note	2020 US$	2019 US$	2020 KHR'000	2019 KHR'000
Basic earnings per share	30	0.33	0.29	1.32	1.20
Diluted earnings per share	30	0.33	0.29	1.32	1.20

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the Parent													
	Share capital		Share premiums		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2020	428,818,154	1,747,433,978	-	-	414,748,726	1,708,085,266	120,894,720	474,661,776	964,461,600	3,930,181,020	-	-	964,461,600	3,930,181,020
Profit for the year	-	-	-	-	-	-	141,492,590	576,865,289	141,492,590	576,865,289	-	-	141,492,590	576,865,289
Other comprehensive income:														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	169,447	690,835	169,447	690,835	-	-	169,447	690,835
Currency translation differences	-	-	-	-	-	(8,160,026)	-	-	-	(8,160,026)	-	-	-	(8,160,026)
Total comprehensive income for the year	-	-	-	-	-	(8,160,026)	141,662,037	577,556,124	141,662,037	569,396,098	-	-	141,662,037	569,396,098
Transaction with owners:														
Conversion of retained earnings to share capital	-	-	-	-	(4,451,864)	(18,150,250)	4,451,864	18,150,250	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(32,718,825)	(133,394,650)	(32,718,825)	(133,394,650)	-	-	(32,718,825)	(133,394,650)
Transfers from retained earnings to general reserves	-	-	-	-	66,285,795	270,247,186	(66,730,585)	(272,060,595)	(444,790)	(1,813,409)	-	-	(444,790)	(1,813,409)
Share issued	4,344,865	17,714,015	11,706,215	47,726,239	-	-	-	-	16,051,080	65,440,254	-	-	16,051,080	65,440,254
Transfer from retained earnings to regulatory reserves	-	-	-	-	25,897,174	105,582,778	(25,897,174)	(105,582,778)	-	-	-	-	-	-
Currency translation differences - foreign subsidiaries	-	-	-	-	614,405	2,504,929	-	-	614,405	2,504,929	-	-	614,405	2,504,929
Currency translation differences	-	(13,003,581)	-	(374,599)	-	(11,400,886)	-	-	-	(24,779,066)	-	-	-	(24,779,066)
Total transactions with owners:	4,344,865	4,710,434	11,706,215	47,351,640	88,345,510	348,783,757	(120,894,720)	(492,887,773)	(16,498,130)	(92,041,942)	-	-	(16,498,130)	(92,041,942)
As at 31 December 2020	433,163,019	1,752,144,412	11,706,215	47,351,640	503,094,236	2,048,708,997	141,662,037	559,330,127	1,089,625,507	4,407,535,176	-	-	1,089,625,507	4,407,535,176

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the Parent											
	Share capital		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2019	395,224,105	1,588,010,454	377,798,286	1,529,226,903	79,817,291	309,472,482	852,839,682	3,426,709,839	-	-	852,839,682	3,426,709,839
Adjustment on initial application of CIFRS 16, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at 1 January 2019	395,224,105	1,588,010,454	377,798,286	1,529,226,903	79,817,291	309,472,482	852,839,682	3,426,709,839	-	-	852,839,682	3,426,709,839
Profit for the year	-	-	-	-	120,859,812	489,723,958	120,859,812	489,723,958	-	-	120,859,812	489,723,958
Other comprehensive income:												
Remeasurement of employee benefit obligations	-	-	-	-	34,908	141,447	34,908	141,447	-	-	34,908	141,447
Currency translation differences	-	-	-	7,330,165	-	-	-	7,330,165	-	-	-	7,330,165
Total comprehensive income for the year	-	-	-	7,330,165	120,894,720	489,865,405	120,894,720	497,195,570	-	-	120,894,720	497,195,570
Transaction with owners:												
Dividends in share capital	33,594,049	136,761,373	-	-	(33,594,049)	(136,761,373)	-	-	-	-	-	-
Dividend paid	-	-	-	-	(8,418,273)	(34,060,333)	(8,418,273)	(34,060,333)	-	-	(8,418,273)	(34,060,333)
Transfers from retained earnings to general reserves	-	-	50,210,960	204,408,818	(50,210,960)	(204,408,818)	-	-	-	-	-	-
Transfer from regulatory reserves to retained earnings	-	-	(12,405,991)	(50,554,413)	12,405,991	50,554,413	-	-	-	-	-	-
Acquisition of non-controlling interest in AMM	-	-	14,279,344	58,188,327	-	-	14,279,344	58,188,327	-	-	14,279,344	58,188,327
Currency translation differences - foreign subsidiaries	-	-	(15,133,873)	(61,670,532)	-	-	(15,133,873)	(61,670,532)	-	-	(15,133,873)	(61,670,532)
Currency translation differences	-	22,662,151	-	21,155,998	-	-	-	43,818,149	-	-	-	43,818,149
Total transactions with owners:	33,594,049	159,423,524	36,950,440	171,528,198	(79,817,291)	(324,676,111)	(9,272,802)	6,275,611	-	-	(9,272,802)	6,275,611
As at 31 December 2019	428,818,154	1,747,433,978	414,748,726	1,708,085,266	120,894,720	474,661,776	964,461,600	3,930,181,020	-	-	964,461,600	3,930,181,020

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Cash flows from operating activities					
Profit for the year		141,492,590	120,859,812	576,865,289	489,723,958
Adjustments for:					
Depreciation	12	21,249,218	21,426,470	86,633,062	86,820,056
Amortisation	13	3,667,583	3,537,457	14,952,736	14,333,776
Depreciation on right-of-use assets	14	10,627,120	10,469,819	43,326,768	42,423,707
Adjustments of property and equipment		18,534	47,552	75,563	192,681
Adjustments of intangible assets		290,284	405,017	1,183,488	1,641,129
Provident fund expenses		-	229,211	-	928,763
Allowances for impairment losses	8	20,739,875	23,323,216	84,556,470	94,505,672
Retirement benefits	22(a)	1,697,341	1,557,654	6,920,060	6,311,615
Seniority indemnity benefits	22(c)	6,563,719	3,233,915	26,760,282	13,103,824
Income tax expense	29(b)	38,542,872	32,662,809	157,139,291	132,349,702
Currency translation reserves		614,405	(854,529)	2,504,929	(3,462,552)
Net interest income		(364,317,159)	(326,670,786)	(1,485,321,058)	(1,323,670,025)
Gains on disposals of property and equipment, and intangible assets		(369,528)	(76,481)	(1,506,566)	(309,901)
Unrealised exchange gains		(262,358)	(1,098,279)	(1,069,635)	(4,450,225)
		(119,445,504)	(110,947,143)	(486,979,321)	(449,557,820)
Changes in:					
Loans and advances		(646,063,530)	(274,262,158)	(2,634,001,012)	(1,111,310,264)
Deposits and placements with other banks		181,602,086	(1,127,269)	740,391,705	(4,567,694)
Statutory deposits		43,449,288	(46,761,126)	177,142,747	(189,476,083)
Other assets		(5,560,237)	4,933,119	(22,669,086)	19,988,998
Deposits from customers		211,563,195	500,799,381	862,543,146	2,029,239,092
Deposits and placements from other banks and financial institutions		31,834,314	(3,627,445)	129,788,498	(14,698,407)
Provident fund		-	210,110	-	851,366
Career development		1,312,641	1,385,493	5,351,637	5,614,018
Other liabilities		10,301,728	(6,520,957)	42,000,145	(26,422,918)
Net cash (used in)/generated from operations		(291,006,019)	64,082,005	(1,186,431,541)	259,660,288
Interest received		515,468,173	481,469,555	2,101,563,741	1,950,914,637
Interest paid		(154,011,306)	(147,723,120)	(627,904,095)	(598,574,082)
Income tax paid	29(a)	(35,064,652)	(19,216,756)	(142,958,586)	(77,866,295)
Provident fund paid		-	(430,973)	-	(1,746,303)
Retirement benefits paid	22(a)	(216,840)	(195,444)	(884,057)	(791,939)
Career development paid	22(b)	(2,085,315)	(1,465,393)	(8,501,829)	(5,937,772)
Seniority benefits paid	22(c)	(6,998,257)	(6,225,869)	(28,531,894)	(25,227,221)
Net cash generated from operating activities		26,085,784	370,294,005	106,351,739	1,500,431,313

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Cash flows from investing activities					
Financial investments		22,946,576	22,407,441	93,553,190	90,794,951
Purchases of property and equipment	12	(17,704,489)	(14,830,497)	(72,181,202)	(60,093,174)
Purchases of intangible assets	13	(9,689,231)	(2,027,251)	(39,502,995)	(8,214,421)
Proceeds from disposals of property and equipment		408,958	361,117	1,667,322	1,463,246
Net cash (used in)/generated from investing activities		(4,038,186)	5,910,810	(16,463,685)	23,950,602
Cash flows from financing activities					
Payments of dividends		(32,718,825)	(8,418,273)	(133,394,650)	(34,110,842)
Payment tax on ABL's increase capital		(444,790)	-	(1,813,409)	-
Repayments of borrowings		(201,163,263)	(454,555,076)	(820,142,623)	(1,841,857,168)
Proceeds from borrowings		178,590,478	229,266,385	728,113,379	928,987,392
Repayments of subordinated debts		(7,143,957)	(32,000,000)	(29,125,913)	(129,664,000)
Proceeds from subordinated debts		35,000,000	93,833,667	142,695,000	380,214,019
Proceeds from share issuance		4,344,865	-	17,714,015	-
Proceeds from share premium		11,706,215	-	47,726,239	-
Payments of lease liabilities	21	(11,833,274)	(11,282,470)	(48,244,258)	(45,716,568)
Net cash used in financing activities		(23,662,551)	(183,155,767)	(96,472,220)	(742,147,167)
Net (decrease)/increase in cash and cash equivalents		(1,614,953)	193,049,048	(6,584,166)	782,234,748
Cash and cash equivalents at the beginning of the year		1,498,720,457	1,305,671,409	6,107,285,862	5,246,187,721
Currency translation difference		-	-	(44,909,932)	78,863,393
Cash and cash equivalents at the end of the year	31	1,497,105,504	1,498,720,457	6,055,791,764	6,107,285,862

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
ASSETS					
Cash on hand	5	400,816,126	410,955,867	1,621,301,230	1,674,645,158
Deposits and placements with other banks	6	507,629,407	558,612,340	2,053,360,951	2,276,345,286
Financial investments	7	566,674,523	527,474,976	2,292,198,446	2,149,460,527
Loans and advances, net	8	4,292,649,159	3,686,578,943	17,363,765,848	15,022,809,193
Other assets	9	20,256,110	15,667,540	81,935,965	63,845,226
Statutory deposits	10	356,753,756	583,195,741	1,443,068,943	2,376,522,645
Investments in subsidiaries	11	91,115,571	91,135,571	368,562,485	371,377,452
Property and equipment	12	90,836,422	92,911,344	367,433,327	378,613,728
Intangible assets	13	13,884,558	7,915,362	56,163,037	32,255,100
Right-of-use assets	14	26,182,172	28,847,850	105,906,886	117,554,989
Deferred tax assets, net	15	12,685,947	14,007,743	51,314,656	57,081,553
TOTAL ASSETS		6,379,483,751	6,017,303,277	25,805,011,774	24,520,510,857
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	16	296,764,554	274,277,721	1,200,412,621	1,117,681,713
Deposits from customers	17	4,180,268,737	3,982,146,559	16,909,187,041	16,227,247,228
Other liabilities	18	62,408,882	56,597,551	252,443,928	230,635,021
Borrowings	19	507,352,916	518,068,128	2,052,242,545	2,111,127,622
Subordinated debts	20	167,158,623	139,302,580	676,156,630	567,658,014
Current income tax liabilities	29(a)	27,950,334	29,175,560	113,059,101	118,890,407
Lease liabilities	21	25,772,385	27,789,168	104,249,297	113,240,860
Employee benefits	22	17,781,763	17,667,477	71,927,231	71,994,969
TOTAL LIABILITIES		5,285,458,194	5,045,024,744	21,379,678,394	20,558,475,834
EQUITY					
Share capital	23	433,163,019	428,818,154	1,752,144,412	1,747,433,978
Share premiums	23	11,706,215	-	47,351,640	-
Reserves	33	510,741,554	425,709,612	2,079,357,802	1,752,368,656
Retained earnings		138,414,769	117,750,767	546,479,526	462,232,389
TOTAL EQUITY		1,094,025,557	972,278,533	4,425,333,380	3,962,035,023
TOTAL LIABILITIES AND EQUITY		6,379,483,751	6,017,303,277	25,805,011,774	24,520,510,857

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Interest income calculated using the effective interest method	24	478,739,341	452,651,289	1,951,820,293	1,834,143,023
Interest expense	25	(139,856,147)	(146,483,987)	(570,193,511)	(593,553,115)
Net interest income		338,883,194	306,167,302	1,381,626,782	1,240,589,908
Fee and commission income	26	42,354,094	46,048,224	172,677,641	186,587,404
Fee and commission expense		(1,526,370)	(667,992)	(6,223,010)	(2,706,704)
Net fee and commission income		40,827,724	45,380,232	166,454,631	183,880,700
Allowances for impairment losses for loans and advances, deposits and placements with other banks and other receivables	35.1(f)	(16,247,676)	(21,780,632)	(66,241,775)	(88,255,121)
Allowances for impairment losses on off-balance sheet commitments		132,082	(360,354)	538,498	(1,460,154)
Net impairment losses		(16,115,594)	(22,140,986)	(65,703,277)	(89,715,275)
Net income after allowance for impairment		363,595,324	329,406,548	1,482,378,136	1,334,755,333
Other incomes	27	16,662,748	16,233,764	67,934,024	65,779,212
General and administrative expenses	28	(208,103,757)	(197,413,910)	(848,439,017)	(799,921,163)
Profit before income tax		172,154,315	148,226,402	701,873,143	600,613,382
Income tax expenses	29(b)	(33,812,139)	(30,339,623)	(137,852,091)	(122,936,153)
Profit for the year		138,342,176	117,886,779	564,021,052	477,677,229
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of employee benefit obligations		72,593	(136,012)	295,962	(551,121)
Currency translation differences		-	-	(7,961,797)	7,153,755
Other comprehensive income during the year		72,593	(136,012)	(7,665,835)	6,602,634
Total comprehensive income for the year		138,414,769	117,750,767	556,355,217	484,279,863
Profit attributable to:					
Equity holders of the Bank		138,342,176	117,886,779	564,021,052	477,677,229
Total comprehensive income attributable to:					
Equity holders of the Bank		138,414,769	117,750,767	556,355,217	484,279,863

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the Bank									
	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2020	428,818,154	1,747,433,978	-	-	425,709,612	1,752,368,656	117,750,767	462,232,389	972,278,533	3,962,035,023
Profit for the year	-	-	-	-	-	-	138,342,176	564,021,052	138,342,176	564,021,052
Other comprehensive income:										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	72,593	295,962	72,593	295,962
Currency translation difference	-	-	-	-	-	(7,961,797)	-	-	-	(7,961,797)
Total comprehensive income for the year	-	-	-	-	-	(7,961,797)	138,414,769	564,317,014	138,414,769	556,355,217
Transaction with owners:										
Dividend paid	-	-	-	-	-	-	(32,718,825)	(133,394,650)	(32,718,825)	(133,394,650)
Transfer from retained earnings to general reserves	-	-	-	-	66,949,305	272,952,316	(66,949,305)	(272,952,316)	-	-
Share issued	4,344,865	17,714,015	11,706,215	47,726,239	-	-	-	-	16,051,080	65,440,254
Transfer from retained earnings to regulatory reserves	-	-	-	-	18,082,637	73,722,911	(18,082,637)	(73,722,911)	-	-
Currency translation difference	-	(13,003,581)	-	(374,599)	-	(11,724,284)	-	-	-	(25,102,464)
Total transactions with owners:	4,344,865	4,710,434	11,706,215	47,351,640	85,031,942	334,950,943	(117,750,767)	(480,069,877)	(16,667,745)	(93,056,860)
As at 31 December 2020	433,163,019	1,752,144,412	11,706,215	47,351,640	510,741,554	2,079,357,802	138,414,769	546,479,526	1,094,025,557	4,425,333,380

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the Bank							
	Share capital		Reserves		Retained earnings		Total equity	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2019	395,224,105	1,588,010,454	389,730,923	1,576,960,188	77,991,011	302,346,542	862,946,039	3,467,317,184
Adjustment on initial application of CIFRS 16, net of tax	-	-	-	-	-	-	-	-
Restated balance as at 1 January 2019	395,224,105	1,588,010,454	389,730,923	1,576,960,188	77,991,011	302,346,542	862,946,039	3,467,317,184
Profit for the year	-	-	-	-	117,886,779	477,677,229	117,886,779	477,677,229
Other comprehensive income:								
Remeasurement of employee benefit obligations	-	-	-	-	(136,012)	(551,121)	(136,012)	(551,121)
Currency translation difference	-	-	-	7,153,755	-	-	-	7,153,755
Total comprehensive income for the year	-	-	-	7,153,755	117,750,767	477,126,108	117,750,767	484,279,863
Transaction with owners:								
Dividends in share capital	33,594,049	136,761,373	-	-	(33,594,049)	(136,761,373)	-	-
Dividend paid	-	-	-	-	(8,418,273)	(34,060,333)	(8,418,273)	(34,060,333)
Transfers from retained earnings to general reserves	-	-	48,650,597	198,056,580	(48,650,597)	(198,056,580)	-	-
Transfer from regulatory reserves to retained earnings	-	-	(12,671,908)	(51,638,025)	12,671,908	51,638,025	-	-
Currency translation difference	-	22,662,151	-	21,836,158	-	-	-	44,498,309
Total transaction with owners	33,594,049	159,423,524	35,978,689	168,254,713	(77,991,011)	(317,240,261)	(8,418,273)	10,437,976
As at 31 December 2019	428,818,154	1,747,433,978	425,709,612	1,752,368,656	117,750,767	462,232,389	972,278,533	3,962,035,023

The accompanying notes form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Cash flows from operating activities					
Profit for the year		138,342,176	117,886,779	564,021,052	477,677,229
Adjustments for:					
Depreciation charge	12	19,181,151	19,275,787	78,201,553	78,105,489
Amortisation charge	13	3,339,510	3,182,821	13,615,182	12,896,791
Depreciation charge on right-of-use assets	14	9,770,638	9,647,871	39,834,891	39,093,173
Adjustments of property and equipment		18,534	42,797	75,563	173,413
Adjustments of intangible assets		290,284	391,150	1,183,488	1,584,940
Allowances for impairment losses	8	16,115,594	22,140,986	65,703,277	89,715,275
Retirement benefits	22(a)	1,577,677	1,402,077	6,432,189	5,681,218
Seniority indemnity benefits	22(c)	6,378,738	3,171,116	26,006,115	12,849,362
Income tax expense		33,812,139	30,339,623	137,852,091	122,936,153
Net interest income		(338,883,194)	(306,167,302)	(1,381,626,782)	(1,240,589,908)
Gains on disposals of property and equipment, and intangible assets		(326,299)	(84,637)	(1,330,321)	(342,949)
Unrealised exchange gains		(227,794)	(1,019,390)	(928,716)	(4,130,570)
		(110,610,846)	(99,790,322)	(450,960,418)	(404,350,384)
Changes in:					
Loans and advances		(622,248,079)	(248,474,859)	(2,536,905,418)	(1,006,820,129)
Deposits and placements with other banks		181,359,387	-	739,402,221	-
Statutory deposits		42,047,558	(45,242,469)	171,427,894	(183,322,484)
Other assets		(4,910,075)	4,473,609	(20,018,376)	18,127,064
Deposits from customers		198,122,178	480,664,056	807,744,120	1,947,650,755
Deposits and placements of other banks and financial institutions		22,486,833	(10,286,581)	91,678,818	(41,681,226)
Career development		1,312,641	1,385,493	5,351,637	5,614,018
Other liabilities		11,583,756	(6,460,668)	47,226,973	(26,178,627)
Net cash (used in)/generated from operations		(280,856,647)	76,268,259	(1,145,052,549)	309,038,987
Interest received		479,113,715	452,668,423	1,953,346,616	1,834,212,450
Interest paid		(143,620,714)	(138,672,994)	(585,541,651)	(561,902,972)
Income tax paid	29(a)	(33,715,569)	(17,140,531)	(137,458,375)	(69,453,432)
Retirement benefits paid	22(a)	(143,004)	(148,350)	(583,027)	(601,114)
Career development paid	22(b)	(2,085,315)	(1,465,393)	(8,501,829)	(5,937,772)
Seniority benefits paid	22(c)	(6,815,248)	(6,112,312)	(27,785,766)	(24,767,088)
Net cash generated from operating activities		11,877,218	365,397,102	48,423,419	1,480,589,059

ACLEDA Bank Plc.

SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Cash flows from investing activities					
Financial investments		22,946,576	22,407,441	93,553,190	90,794,951
Purchases of property and equipment	12	(17,093,791)	(13,172,435)	(69,691,386)	(53,374,707)
Purchases of intangible assets	13	(9,603,297)	(1,750,656)	(39,152,642)	(7,093,658)
Investment in subsidiaries		20,000	(7,965,290)	81,540	(32,275,355)
Proceeds from disposals of property and equipment		348,105	339,449	1,419,224	1,375,447
Net cash used in investing activities		(3,382,407)	(141,491)	(13,790,074)	(573,322)
Cash flows from financing activities					
Payments of dividends		(32,718,825)	(8,418,273)	(133,394,650)	(34,110,842)
Repayments of borrowings		(186,213,293)	(429,912,785)	(759,191,596)	(1,742,006,605)
Proceeds from borrowings		175,498,081	194,388,451	715,505,676	787,662,003
Repayments of subordinated debts		(7,143,957)	(32,000,000)	(29,125,913)	(129,664,000)
Proceeds from subordinated debt		35,000,000	93,833,667	142,695,000	380,214,019
Proceeds from share issuance		4,344,865	-	17,714,015	-
Proceeds from share premium		11,706,215	-	47,726,239	-
Payment of lease liabilities	21	(10,883,406)	(10,452,195)	(44,371,646)	(42,352,294)
Net cash used in financing activities		(10,410,320)	(192,561,135)	(42,442,875)	(780,257,719)
Net (decrease)/increase in cash and cash equivalents		(1,915,509)	172,694,476	(7,809,530)	699,758,018
Cash and cash equivalents at the beginning of the year		1,459,613,448	1,286,918,972	5,947,924,801	5,170,840,429
Currency translation difference		-	-	(43,727,108)	77,326,354
Cash and cash equivalents at the end of the year	31	1,457,697,939	1,459,613,448	5,896,388,163	5,947,924,801

The accompanying notes form an integral part of these financial statements.

1. Background information

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

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

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

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

As at 31 December 2020, the Bank and its subsidiaries had 13,704 employees (2019: 13,655 employees).

The financial statements were authorised for issue by the Board of Directors on 25 February 2021.

2. Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). The consolidated financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with CIFRSs requires the use of certain critical accounting estimates. It also requires the 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 3.

2. Summary of significant accounting policies (continued)

(b) Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group and the Bank have not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Group's and the Bank's financial statements.

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to CIAS 37).*
- *COVID-19-Related Rent Concessions (Amendment to CIFRS 16).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to CIAS 16).*
- *Reference to Conceptual Framework (Amendments to CIFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to CIAS 1).*

(c) Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct 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 Group and deconsolidated from the date that control ceases.

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

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

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

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of 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 Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

(iv) Investments in subsidiaries

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

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

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

b) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c) all resulting exchange differences are recognised as 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 as part of gain or loss on sale.

(e) Financial assets and financial liabilities

(i). Recognition and initial measurement

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

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

(ii). Classification

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii). Classification (continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payment for principal and interest' ("SPPI").

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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 or the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's or the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii). Classification (continued)

Business model assessment (continued)

- 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 or the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

In assessing whether the contractual cash flows are SPPI, the Group/the Bank considers 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/the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group or 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 or the Bank holds a portfolio of long-term fixed-rate loans for which the Group or the Bank has 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 or the Bank has an option to either accept the revised rate or redeem the loan at par without penalty. The Group or the Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii). Classification (continued)

Non-recourse loans

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

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group or 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 or 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 or the Bank changes its business model for managing financial assets.

Financial liabilities

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(iii). Derecognition

Financial assets

The Group or the Bank derecognises 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 or the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

Financial liabilities

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

(iv). Modifications of financial assets and financial liabilities

Financial assets

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

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

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

Financial assets (continued)

If 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 below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

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

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

Financial liabilities

The Group or the Bank derecognises 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 by re-computing the effective interest rate on the instrument.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(v). Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the 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 CIFRS, or for gains and losses arising from a group of similar transactions such as in the Group or 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 or the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

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

The Group or the Bank recognises 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 or the Bank recognises 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;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group or the Bank measures 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 lease receivables) on which credit risk has not increased significantly since their initial recognition.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group or the Bank considers 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 or the Bank does not apply the low credit risk exemption to any other financial instruments.

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

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

Measurement of ECL

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Measurement of ECL (continued)

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

LGD is the magnitude of the likely loss if there is a default. Loss Given Default ("LGD") is defined as the percentage of exposure the Bank might lose in case the customer defaults. These losses are usually shown as a percentage of Exposure at Default ("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 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 ("CCF")

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group or the Bank measures 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 or the Bank considers a longer period. The maximum contractual period extends to the date at which the Group or the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for credit card facilities that include both a loan and an undrawn commitment component, the Group or the Bank measures ECL over a period longer than the maximum contractual period if the Group's or the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group or 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 or 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 or the Bank becomes 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 or the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see (iv)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group or the Bank on terms that the Group or 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.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Presentation of allowance for ECL in the statement of financial position

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group or the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group or the Bank presents 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 or the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

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

Non-integral financial guarantee contracts

The Group or the Bank assesses 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 or the Bank considers when making this assessment include whether:

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Presentation of allowance for ECL in the statement of financial position (continued)

Non-integral financial guarantee contracts (continued)

If the Group or the Bank determines 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 or the Bank considers 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 neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Group or the Bank presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

(f) Cash and cash equivalents

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

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

(g) Loans and advances

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

(h) Financial investments

The 'financial securities' caption in the statement of financial position includes:

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

2. Summary of significant accounting policies (continued)

(h) Financial investments (continued)

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

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

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

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

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

(i) Share capital

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

(j) Property and equipment

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

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 or the Bank and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the statements of profit or loss during the financial period in which they are incurred.

2. Summary of significant accounting policies (continued)

(j) Property and equipment (continued)

Land is not depreciated. Other property and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

	Years
Land improvement	3 - 20
Building and improvement	3 - 30
Leasehold improvements	1 - 3
Office equipment	1 - 10
Computer equipment	1 - 10
Motor vehicles	3 - 5

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

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

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

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

(k) Intangible asset

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

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

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

2. Summary of significant accounting policies (continued)

(l) 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.

(m) Reserves

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

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

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

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

(n) Current and deferred income tax

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

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group 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.

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.

2. Summary of significant accounting policies (continued)

(o) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Post-employment benefits

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

Seniority benefits

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

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.

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

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

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

2. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Retirement benefits

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

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

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

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

The liability is recognised in the statement of financial position at the present value of defined obligation at the reporting period using the projected unit credit method to estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods. The Group and the Bank attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expect to pay in future reporting periods.

The present value of the retirement benefit obligations is determined by discounting the estimated future payments by reference to the Bank’s six years fixed deposit interest rate, as there is no deep high-quality corporate bond market nor government bonds.

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

Career development benefits

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

Management position level	Benefits
Level 6	US$1,250
Level 7	US$2,500
Level 8	US$3,375 to US$3,750

2. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Career development benefits (continued)

They are eligible to receive membership unless 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 membership on the first day of their third year.

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

(p) 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.

(q) Interest

Effective interest rate

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

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

2. Summary of significant accounting policies (continued)

(q) 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/the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

Amortised cost and gross carrying amount

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(q) Interest (continued)

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

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

Interest expense presented in the statement of profit or loss and OCI includes:

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

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

(r) Fee and commission

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

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

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

2. Summary of significant accounting policies (continued)

(s) Recognition of fee and other income

(i) Dividends

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

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

(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 or the Bank and the amount of revenue can be reliably measured. Revenue from training services and consultancy services are recognised when services are delivered.

(t) 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.

This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

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.

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

As a lessee (continued)

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Bank's incremental borrowing rate. Generally, the Group and the Bank use its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- 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.

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

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

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

As a lessee (continued)

Short-term leases and leases of low-value assets

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

(u) 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 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.

3. 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 below:

(a) Judgements

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

- Note 2(e)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

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

(a) Judgements (continued)

- Note 35.1(f): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

(b) Assumptions and estimation uncertainties

- Note 35.1(f): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 35.4: determination of the fair value of financial instruments with significant unobservable inputs.
- Note 22(a)(iv): measurement of defined benefit obligations: key actuarial assumptions.
- Note 32: 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.

Coronavirus and impact on ECL

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. The impact on GDP and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL. Management estimates that the additional ECL of US$7.4 million recorded as at 31 December 2020 resulting from the overlay has been determined based on possible forward-looking scenarios, considering the facts, circumstances and forecast of the future economic conditions and supportable information that is available as at the reporting date.

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of Covid-19 on the Group and the Bank, however, this estimate may move materially as events unfold. Consequently, this number should not be seen as firm guidance or a forecast as to the final financial impacts expected. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Group and the Bank.

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

(b) Assumptions and estimation uncertainties (continued)

Retirement benefits

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

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

Taxes

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

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

4. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars ("US$"). The translations of US$ amounts into Khmer Riel ("KHR") are included solely for compliance with the Law on Accounting and Auditing.

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

The Group and the Bank have used the exchange rates:

			Closing rate	Average rate
31 December 2020	US$1	=	KHR4,045	KHR4,077
31 December 2019	US$1	=	KHR4,075	KHR4,052

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riels at this or any other rate of exchange.

5. Cash on hand

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
By currency:								
In US$	284,892,098	328,112,584	1,152,388,536	1,337,058,780	283,028,828	326,481,164	1,144,851,609	1,330,410,743
In KHR	103,488,247	73,832,938	418,609,959	300,869,222	103,480,325	73,824,417	418,577,915	300,834,499
In Thai Baht	12,247,160	9,820,413	49,539,762	40,018,183	9,927,044	7,846,913	40,154,893	31,976,170
In Euro	2,967,502	1,697,804	12,003,546	6,918,551	2,965,106	1,640,057	11,993,854	6,683,232
In other currencies	9,164,044	8,063,499	37,068,558	32,858,759	1,414,823	1,163,316	5,722,959	4,740,514
	412,759,051	421,527,238	1,669,610,361	1,717,723,495	400,816,126	410,955,867	1,621,301,230	1,674,645,158

6. Deposits and placements with other banks

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Balances with local banks:								
The National Bank of Cambodia	264,197,563	448,591,990	1,068,679,142	1,828,012,359	264,197,563	448,591,990	1,068,679,142	1,828,012,359
Other banks	10,803,730	1,579,492	43,701,088	6,436,430	3,318,751	452,223	13,424,348	1,842,809
	275,001,293	450,171,482	1,112,380,230	1,834,448,789	267,516,314	449,044,213	1,082,103,490	1,829,855,168
Balances with overseas banks:								
Bank of Laos	19,771,444	19,037,298	79,975,491	77,576,989	-	-	-	-
Other banks	240,462,853	119,111,707	972,672,240	485,380,206	240,254,636	109,613,368	971,830,003	446,674,475
	260,234,297	138,149,005	1,052,647,731	562,957,195	240,254,636	109,613,368	971,830,003	446,674,475
	535,235,590	588,320,487	2,165,027,961	2,397,405,984	507,770,950	558,657,581	2,053,933,493	2,276,529,643
Allowance for impairment losses	(582,444)	(589,956)	(2,355,985)	(2,404,070)	(141,543)	(45,241)	(572,542)	(184,357)
	534,653,146	587,730,531	2,162,671,976	2,395,001,914	507,629,407	558,612,340	2,053,360,951	2,276,345,286

6. Deposits and placements with other banks (continued)

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Current	534,653,146	587,730,531	2,162,671,976	2,395,001,914	507,629,407	558,612,340	2,053,360,951	2,276,345,286
Non-current	-	-	-	-	-	-	-	-
	534,653,146	587,730,531	2,162,671,976	2,395,001,914	507,629,407	558,612,340	2,053,360,951	2,276,345,286

a) By account types

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Balances with local banks:								
Current accounts	270,348,210	449,044,213	1,093,558,509	1,829,855,168	264,481,054	449,044,213	1,069,825,863	1,829,855,168
Fixed deposits	4,653,083	1,127,269	18,821,721	4,593,621	3,035,260	-	12,277,627	-
	275,001,293	450,171,482	1,112,380,230	1,834,448,789	267,516,314	449,044,213	1,082,103,490	1,829,855,168
Balances with overseas banks:								
Current accounts	260,234,297	137,313,244	1,052,647,731	559,551,469	239,751,958	108,777,608	969,796,670	443,268,753
Savings accounts	-	835,761	-	3,405,726	-	835,760	-	3,405,722
Fixed deposits	-	-	-	-	502,678	-	2,033,333	-
	260,234,297	138,149,005	1,052,647,731	562,957,195	240,254,636	109,613,368	971,830,003	446,674,475
	535,235,590	588,320,487	2,165,027,961	2,397,405,984	507,770,950	558,657,581	2,053,933,493	2,276,529,643
Allowance for impairment loss	(582,444)	(589,956)	(2,355,985)	(2,404,070)	(141,543)	(45,241)	(572,542)	(184,357)
	534,653,146	587,730,531	2,162,671,976	2,395,001,914	507,629,407	558,612,340	2,053,360,951	2,276,345,286

6. Deposits and placements with other banks (continued)

b) By interest rate (per annum)

	The Group		The Bank	
	2020	2019	2020	2019
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.20% - 0.50%	0.00% - 0.50%	Nil	0.00% - 0.50%
Fixed deposits	0.12% - 7.50%	1.00% - 8.25%	0.12% - 3.30%	1.00% - 8.25%

7. Financial investments

		The Group				The Bank			
	Note	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Unlisted equity securities – at FVOCI:									
Credit Bureau Holding (Cambodia) Ltd	(a)	153,529	153,529	621,025	625,631	153,529	153,529	621,025	625,631
Total financial investments at FVOCI		153,529	153,529	621,025	625,631	153,529	153,529	621,025	625,631
Unquoted:									
Negotiable Certificate of Deposit with NBC	(b)	566,520,994	527,321,447	2,291,577,421	2,148,834,896	566,520,994	527,321,447	2,291,577,421	2,148,834,896
Total financial investments at amortised cost		566,520,994	527,321,447	2,291,577,421	2,148,834,896	566,520,994	527,321,447	2,291,577,421	2,148,834,896
		566,674,523	527,474,976	2,292,198,446	2,149,460,527	566,674,523	527,474,976	2,292,198,446	2,149,460,527

(a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly at 5% and indirectly at 1% through the Association of Banks in Cambodia ("ABC").

(b) The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US$14,374,871 (31 December 2019: US$36,899,080) with the National Bank of Cambodia ("NBC") as collateral for settlement clearing facility. The other NCD amounting to US$552,146,123 (31 December 2019: US$490,422,367) with NBC is for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to three months. As at 31 December 2020, the Bank had yet to utilise the overdraft on settlement clearing facility.

8. Loans and advances, net

	The Group											
	2020			2019			2020			2019		
	Gross carrying amount	ECL allowance	Carrying amount	Gross 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 4)	**(Note 4)**	**(Note 4)**	**(Note 4)**	**(Note 4)**	**(Note 4)**
Small Loan	2,211,197,272	17,353,773	2,193,843,499	2,008,369,258	9,463,573	1,998,905,685	8,944,292,965	70,196,012	8,874,096,953	8,184,104,726	38,564,060	8,145,540,666
Staff Housing Loan	25,239,763	17,009	25,222,754	33,180,111	916,490	32,263,621	102,094,841	68,801	102,026,040	135,208,952	3,734,697	131,474,255
Public Housing Loan	135,555,361	1,032,605	134,522,756	150,111,757	264,862	149,846,895	548,321,435	4,176,887	544,144,548	611,705,410	1,079,313	610,626,097
Staff Loan	221,923,761	225,841	221,697,920	169,349,467	870,973	168,478,494	897,681,613	913,527	896,768,086	690,099,078	3,549,215	686,549,863
Overdraft Loan	58,036,302	352,950	57,683,352	47,931,865	847,009	47,084,856	234,756,842	1,427,683	233,329,159	195,322,350	3,451,562	191,870,788
Home Improvement Loan	47,780,295	334,644	47,445,651	74,837,579	219,986	74,617,593	193,271,293	1,353,635	191,917,658	304,963,134	896,443	304,066,691
Personal & Others Loan	158,300,284	1,061,972	157,238,312	119,745,789	356,437	119,389,352	640,324,649	4,295,676	636,028,973	487,964,090	1,452,480	486,511,610
Credit Card Loan	25,641,962	667,345	24,974,617	16,891,237	767,318	16,123,919	103,721,736	2,699,411	101,022,325	68,831,791	3,126,821	65,704,970
Trade Loan	9,632,656	21,578	9,611,078	12,462,385	72,255	12,390,130	38,964,094	87,283	38,876,811	50,784,219	294,439	50,489,780
Revolving Loan	33,296,272	23,512	33,272,760	38,731,317	3,825,256	34,906,061	134,683,420	95,106	134,588,314	157,830,117	15,587,918	142,242,199
Medium Loan	1,580,039,237	14,251,318	1,565,787,919	1,207,852,809	15,838,896	1,192,013,913	6,391,258,714	57,646,581	6,333,612,133	4,922,000,197	64,543,501	4,857,456,696
	4,506,643,165	35,342,547	4,471,300,618	3,879,463,574	33,443,055	3,846,020,519	18,229,371,602	142,960,602	18,086,411,000	15,808,814,064	136,280,449	15,672,533,615

(*): In 2019, included allowance for impairment loss on off-balance sheet commitments amounting US$207,479. See Note 35.1(f) for the detail movements of ECL allowance.

8. Loans and advances, net (continued)

	The Bank											
	2020			2019			2020			2019		
	Gross carrying amount US$	ECL allowance US$	Carrying amount US$	Gross amount US$	ECL allowance (*) US$	Carrying amount US$	Gross carrying amount KHR'000 (Note 4)	ECL allowance KHR'000 (Note 4)	Carrying amount KHR'000 (Note 4)	Gross amount KHR'000 (Note 4)	ECL allowance (*) KHR'000 (Note 4)	Carrying amount KHR'000 (Note 4)
Small Loan	2,048,936,412	13,343,552	2,035,592,860	1,864,513,590	8,357,249	1,856,156,341	8,287,947,787	53,974,668	8,233,973,119	7,597,892,879	34,055,790	7,563,837,089
Staff Housing Loan	25,108,879	16,907	25,091,972	32,995,773	916,314	32,079,459	101,565,416	68,389	101,497,027	134,457,775	3,733,980	130,723,795
Public Housing Loan	135,084,056	1,016,789	134,067,267	149,985,838	264,595	149,721,243	546,415,007	4,112,912	542,302,095	611,192,290	1,078,225	610,114,065
Staff Loan	214,389,121	209,906	214,179,215	163,227,924	848,346	162,379,578	867,203,994	849,070	866,354,924	665,153,790	3,457,010	661,696,780
Overdraft Loan	57,948,236	351,432	57,596,804	47,931,865	847,009	47,084,856	234,400,615	1,421,542	232,979,073	195,322,350	3,451,562	191,870,788
Home Improvement Loan	44,261,421	294,401	43,967,020	73,114,585	213,423	72,901,162	179,037,448	1,190,852	177,846,596	297,941,934	869,699	297,072,235
Personal & Others Loan	157,228,541	1,083,793	156,144,748	118,408,444	481,072	117,927,372	635,989,448	4,383,941	631,605,507	482,514,409	1,960,366	480,554,043
Credit Card Loan	25,641,962	667,345	24,974,617	16,891,237	767,318	16,123,919	103,721,736	2,699,411	101,022,325	68,831,791	3,126,821	65,704,970
Trade Loan	9,632,656	21,578	9,611,078	12,462,385	72,255	12,390,130	38,964,094	87,283	38,876,811	50,784,219	294,439	50,489,780
Revolving Loan	33,296,272	23,512	33,272,760	38,731,317	3,825,256	34,906,061	134,683,420	95,106	134,588,314	157,830,117	15,587,918	142,242,199
Medium Loan	1,572,330,992	14,180,174	1,558,150,818	1,201,161,387	16,252,565	1,184,908,822	6,360,078,861	57,358,804	6,302,720,057	4,894,732,651	66,229,202	4,828,503,449
	4,323,858,548	31,209,389	4,292,649,159	3,719,424,345	32,845,402	3,686,578,943	17,490,007,826	126,241,978	17,363,765,848	15,156,654,205	133,845,012	15,022,809,193

(*) In 2019, included allowance for impairment loss on off-balance sheet commitments amounting US$655,822. See Note 35.1(f) for the detail movements of ECL allowance.

8. Loans and advances, net (continued)

(a) Loans and advances in gross amount by maturity

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Within one year	1,199,583,002	1,109,302,433	4,852,313,243	4,520,407,415	1,114,810,801	1,028,250,540	4,509,409,690	4,190,120,951
Later than one year but not later than three years	1,669,992,109	1,485,415,071	6,755,118,081	6,053,066,414	1,607,487,035	1,426,804,862	6,502,285,057	5,814,229,813
Later than three years but not later than five years	1,074,597,753	933,058,442	4,346,747,911	3,802,213,151	1,049,075,704	913,087,341	4,243,511,223	3,720,830,915
Later than five years	562,470,301	351,687,628	2,275,192,367	1,433,127,084	552,485,008	351,281,602	2,234,801,856	1,431,472,527
	4,506,643,165	3,879,463,574	18,229,371,602	15,808,814,064	4,323,858,548	3,719,424,345	17,490,007,826	15,156,654,206

8. 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			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Allowance for/(reversal of) impairments on:								
Loans and advances	20,852,357	22,600,280	85,015,059	91,576,335	16,204,462	21,462,297	66,065,592	86,965,228
Deposit and placement with other banks	(7,786)	523,753	(31,744)	2,122,248	96,083	31,153	391,730	126,232
Other receivables	(50,540)	287,172	(206,051)	1,163,620	(52,869)	287,182	(215,547)	1,163,661
	20,794,031	23,411,205	84,777,264	94,862,203	16,247,676	21,780,632	66,241,775	88,255,121
Off-balance sheet commitments	(54,156)	(87,989)	(220,794)	(356,531)	(132,082)	360,354	(538,498)	1,460,154
	20,739,875	23,323,216	84,556,470	94,505,672	16,115,594	22,140,986	65,703,277	89,715,275

Movements of impairment losses during the year were as follows:

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
At the beginning of the year	33,443,055	34,188,330	136,280,449	138,462,737	32,845,402	32,845,673	133,845,012	131,865,791
ECL on off-balance sheet commitment	(207,479)	-	(839,253)	-	(655,822)	-	(2,652,800)	-
Allowance for impairment loss during the year	20,852,357	22,512,291	85,015,059	91,219,804	16,204,462	21,822,651	66,065,592	88,425,382
Written off during the year	(18,676,459)	(23,994,329)	(76,143,923)	(97,225,021)	(17,158,054)	(22,436,319)	(69,953,386)	(90,911,965)
Currency translation difference	(68,927)	736,763	(281,015)	2,985,364	(26,599)	613,397	(108,444)	2,485,484
Exchange differences	-	-	(1,070,715)	837,565	-	-	(953,996)	1,980,320
At the end of the year	35,342,547	33,443,055	142,960,602	136,280,449	31,209,389	32,845,402	126,241,978	133,845,012

9. Other assets

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Prepayments and advances	12,866,459	11,368,223	52,044,827	46,325,509	10,782,460	9,913,152	43,615,051	40,396,094
Stationery supplies	2,423,780	1,855,397	9,804,190	7,560,743	2,248,392	1,651,725	9,094,746	6,730,779
Receivable from Western Union	3,755,064	922,302	15,189,234	3,758,381	3,666,021	904,263	14,829,055	3,684,872
Others	3,721,610	3,383,911	15,053,912	13,789,437	3,559,237	3,198,400	14,397,113	13,033,481
	22,766,913	17,529,833	92,092,163	71,434,070	20,256,110	15,667,540	81,935,965	63,845,226

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Current	17,170,584	17,178,153	69,455,012	70,000,973	15,353,807	15,441,828	62,106,149	62,925,449
Non-current	5,596,329	351,680	22,637,151	1,433,097	4,902,303	225,712	19,829,816	919,777
	22,766,913	17,529,833	92,092,163	71,434,070	20,256,110	15,667,540	81,935,965	63,845,226

10. Statutory deposits

		The Group				The Bank			
		2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
With the Central Bank	(a)	357,000,975	583,195,741	1,444,068,944	2,376,522,645	356,753,756	583,195,741	1,443,068,943	2,376,522,645
With other central bank	(b)	3,376,033	3,894,959	13,656,053	15,871,958	-	-	-	-
Others	(c)	-	245,399	-	1,000,000	-	-	-	-
		360,377,008	587,336,099	1,457,724,997	2,393,394,603	356,753,756	583,195,741	1,443,068,943	2,376,522,645

10. Statutory deposits (continued)

(a) With the Central Bank

(i) Reserve requirement

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

On 18 March 2020, NBC issued a press release announcing the reduction of the Reserve Requirement Rate ("RRR") on KHR from 8% to 7%. For foreign currencies, the RRR is reduced from 12.50% to 7%. in order to mitigate the impact of the COVID-19 pandemic on Cambodia's economy.

(ii) Capital guarantee

Pursuant to the National Bank of Cambodia'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 Central Bank. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia.

(b) With other central bank

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

(c) Others

In compliance with Securities and Exchange Commission of Cambodia ("SECC")'s Prakas No. 009 on the licensing of securities firms and securities representatives, ACLEDA Securities Plc. is required to place a security deposit into SECC's bank account maintained with the National Bank of Cambodia amounting to KHR1,000,000,000 (equivalent to US$247,709) for operating as a securities broker in the Kingdom of Cambodia.

11. Investments in subsidiaries

		The Bank			
		2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Unquoted ordinary shares, at cost					
ACLEDA Bank Lao Ltd.	(a)	49,389,566	49,389,566	199,780,794	201,262,481
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,130,450	8,190,750
ACLEDA Institute of Business	(c)	19,805,000	19,805,000	80,111,225	80,705,375
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,911,005	19,911,005	80,540,016	81,137,346
ACLEDA Properties Ltd.	(e)	-	20,000	-	81,500
Total investments in subsidiaries - Non-current		91,115,571	91,135,571	368,562,485	371,377,452

(a) ACLEDA Bank Lao Ltd.

ACLEDA Bank Lao Ltd. (“ABL”) was established in Lao PDR on 13 December 2007 under a preliminary license from the Bank of Lao PDR (“BOL”). The Bank owned 99.90% of ACLEDA Lao’s shares.

ABL obtained approval from the Bank of Lao PDR for the Capital Injection for the 1st of Year 2020 amounting to Kip40,000,000,000 (Forty billion Kip) (equivalent to US$4,451,864), resulting in an increase in ABL's registered capital from Kip300,000,000,000 (Three Hundred billion Kip) (equivalent to US$ 36,409,467) to be Kip340,000,000,000 (Three Hundred and Forty billion Kip) (equivalent to US$40,861,331) through a conversion of the retained earnings with approval from the Bank of Lao PDR on 6 May 2020.

ACLEDA Bank Lao’s principal business is providing banking and related financial services in Lao PDR.

(b) ACLEDA Securities Plc.

On 1 March 2010, ACLEDA Securities Plc. (“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 Securities and Exchange Commission of Cambodia (“SECC”) granted a brokerage license to ACLEDA Securities. The registered share capital of ACLEDA Securities is US$2,010,000, divided into 2,010,000 shares with par value of US$1 each. ACS is wholly owned by ACLEDA Bank Plc.

ACLEDA Securities’ principal business is providing securities brokerage and other services approved by SECC.

(c) ACLEDA Institute of Business

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

11. Investments in subsidiaries (continued)

(d) ACLEDA Institute of Business (continued)

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

(e) ACLEDA MFI Myanmar Co., Ltd.

ACLEDA MFI Myanmar Co., Ltd. ("ACLEDA MFI") was incorporated in the Republic of Union of Myanmar under the Republic of the Union of Myanmar Companies Law on 6 September 2012 to provide services per the Registration No. 143715094. The financial year of the statutory financial statements of ACLEDA MFI is from 1 October to 30 September.

ACLEDA MFI 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.

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

ACLEDA MFI started its operations on 18 February 2013. The Bank owns 99.99% of common stock MYR20,140,000,000 of ACLEDA MFI shares (2019: 99.99% of MYR8,000,000,000).

On 23 September 2019, ACLEDA Bank Plc. injected cash capital amounting to US$3,969,923.20, equivalent MYR6,099,390,000 and on 3 December 2019, injected additional cash capital of US$3,995,366.50 equivalent MYR6,039,396,000.

11. Investments in subsidiaries (continued)

(f) ACLEDA Properties Ltd.

ACLEDA Properties Ltd. ("ACLEDA Properties") was established in the Kingdom of Cambodia with MoC under the Registration No. Co.0651KH/2015 dated 16 February 2015 with the registered capital of KHR20 million (equivalent to US$5,000) by issuing 5,000 shares at KHR4,000 each. ACLEDA Properties is wholly owned by ACLEDA Bank Plc. In 2018, ACLEDA Properties increased its share capital by US$15,000 to US$20,000. The revised Memorandum and Articles of Association was endorsed by MoC on 4 May 2018.

ACLEDA Properties's principal business is purchasing, selling, renting of movable and immovable assets, purchasing, selling and supplying office supplies; other businesses permitted by laws aiming to improve the progress of the ACLEDA Properties, and all other activities reasonably incident to that objective in the judgment of the Board of Directors.

On 26 April 2019, the Board of Directors of ACLEDA Properties approved to liquidate the Company, and the Company obtained approval from National Bank of Cambodia and General Department of Taxation ("GDT") on 19 June 2019 and 2 December 2019, respectively. The Company filed for the liquidation and is awaiting the final approval from MoC.

On 19 June 2019, the Bank obtained approval from the NBC through Letter No: B7-019-717 Chhor.Tor, dated 19 June 2019 on ACLEDA Bank Plc. requests for processing procedure for voluntary dissolution of ACLEDA Properties Ltd.

On 11 July 2019, ACP requested to the General Department of Taxation ("GDT") for voluntary dissolution and liquidation of ACP. On 02 December 2019, ACP obtained Certificate No: 26680 GDT of Tax Situation for the complete closure of the company from the GDT.

On 10 February 2020, ACP noticed to the MOC on the intention to dissolve and liquidate the company. On 3 September 2020, ACP obtained approval from the MOC on "File Article of Dissolution".

(g) ACLEDA Bank Plc. (Representative Office)

On 7 April 2016, ACLEDA Bank Plc. received the foreign bank representative office registration certificate FB/R.O-1/(04)2016 from the central bank of Myanmar and received certificate of incorporation as representative office from the Ministry of Planning and Finance in the Republic of the Union of Myanmar on 6 May 2016 with permit Nº 58FC/2016-2017 (YGN), the validity of certificate is until 5 May 2021. The representation office is permit on the following activities:

a. Marketing, promotion, negotiation and documentation for business purposes for customers of ACLEDA Bank Plc;

b. Referring customer of ACLEDA Bank Plc. to banks operating in Myanmar; and monitoring and supervising offshore loans granted by ACLEDA Bank Plc.

12. Property and equipment

	The Group								
2020	**Land**	**Land improvement**	**Building and improvement**	**Leasehold improvement**	**Office equipment**	**Computer equipment**	**Motor vehicles**	**Capital in progress**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Cost									
As at 1 January	14,542,280	1,747,179	98,787,485	4,963,887	61,119,729	70,923,892	18,205,263	1,658,194	271,947,909
Additions	-	4,755	18,875	331,388	4,785,198	6,621,164	1,921,732	4,021,377	17,704,489
Disposals/written off	-	-	-	(178,518)	(999,004)	(1,157,711)	(1,032,407)	-	(3,367,640)
Reclassifications	-	-	-	100,327	121,063	20,790	54,000	(296,180)	-
Currency translation difference	-	-	-	(12,631)	(50,480)	(290,420)	(47,339)	-	(400,870)
Adjustments	-	-	-	800	(800)	-	-	(18,534)	(18,534)
As at 31 December	14,542,280	1,751,934	98,806,360	5,205,253	64,975,706	76,117,715	19,101,249	5,364,857	285,865,354
Less: **Accumulated depreciation**									
As at 1 January	-	427,535	17,527,768	4,267,941	45,436,998	57,210,873	15,917,002	-	140,788,117
Charge for the year	-	224,770	4,609,099	360,291	6,986,939	7,787,738	1,280,381	-	21,249,218
Disposals	-	-	-	(171,136)	(975,097)	(1,137,236)	(1,027,207)	-	(3,310,676)
Currency translation difference	-	(115)	(11,694)	(14,589)	(88,375)	(235,903)	(57,070)	-	(407,746)
Adjustments	-	-	-	800	(800)	-	-	-	-
As at 31 December	-	652,190	22,125,173	4,443,307	51,359,665	63,625,472	16,113,106	-	158,318,913
Carrying value	14,542,280	1,099,744	76,681,187	761,946	13,616,041	12,492,243	2,988,143	5,364,857	127,546,441
In KHR' 000 equivalent (Note 4)	58,823,523	4,448,464	310,175,401	3,082,072	55,076,886	50,531,123	12,087,038	21,700,847	515,925,354

As at 31 December 2020, the fully depreciated property and equipment with historical costs amounting to US$107,342,671 (2019: US$91,082,789) are still in active use.

12. Property and equipment (continued)

The Group									
2019	**Land US$**	**Land improvement US$**	**Building and improvement US$**	**Leasehold improvement US$**	**Office equipment US$**	**Computer equipment US$**	**Motor vehicles US$**	**Capital in progress US$**	**Total US$**
Cost									
As at 1 January	14,542,280	1,685,934	98,763,743	4,768,777	57,239,460	64,615,575	18,254,256	776,023	260,646,048
Additions	-	66,000	23,742	242,783	5,032,595	7,359,632	669,261	1,436,484	14,830,497
Disposals/written off	-	-	-	(219,500)	(1,137,585)	(1,087,781)	(680,729)	-	(3,125,595)
Reclassifications	-	-	-	205,033	39,119	265,532	9,697	(519,381)	-
Currency translation difference	-	-	-	(25,334)	(53,860)	(229,066)	(47,222)	-	(355,482)
Adjustments	-	(4,755)	-	(7,872)	-	-	-	(34,932)	(47,559)
As at 31 December	14,542,280	1,747,179	98,787,485	4,963,887	61,119,729	70,923,892	18,205,263	1,658,194	271,947,909
Less: Accumulated depreciation									
As at 1 January	-	206,737	12,899,157	4,141,969	39,623,449	50,414,594	15,498,045	-	122,783,951
Charge for the year	-	220,858	4,634,160	359,384	7,000,991	8,062,194	1,148,883	-	21,426,470
Disposals/written off	-	-	-	(208,623)	(1,123,100)	(1,081,929)	(673,012)	-	(3,086,664)
Currency translation difference	-	(60)	(5,549)	(24,782)	(64,342)	(183,986)	(56,914)	-	(335,633)
Adjustments	-	-	-	(7)	-	-	-	-	(7)
As at 31 December	-	427,535	17,527,768	4,267,941	45,436,998	57,210,873	15,917,002	-	140,788,117
Carrying value	14,542,280	1,319,644	81,259,717	695,946	15,682,731	13,713,019	2,288,261	1,658,194	131,159,792
In KHR' 000 equivalent (Note 4)	59,259,791	5,377,549	331,133,347	2,835,980	63,907,129	55,880,552	9,324,664	6,757,141	534,476,153

12. Property and equipment (continued)

2020	Land US$	Land improvement US$	Building and improvement US$	Leasehold improvement US$	The Bank Office equipment US$	Computer equipment US$	Motor vehicles US$	Capital in progress US$	Total US$
Cost									
As at 1 January	2,328,344	282,726	76,874,326	4,075,689	58,357,695	63,010,144	16,796,997	1,597,366	223,323,287
Additions	-	-	18,875	306,764	4,675,924	6,290,587	1,891,851	3,909,790	17,093,791
Disposals/written off	-	-	-	(165,474)	(929,740)	(1,068,364)	(941,978)	-	(3,105,556)
Reclassifications	-	-	-	100,327	70,167	20,790	54,000	(245,284)	-
Currency translation difference	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	800	(800)	-	-	(18,534)	(18,534)
As at 31 December	2,328,344	282,726	76,893,201	4,318,106	62,173,246	68,253,157	17,800,870	5,243,338	237,292,988
Less: Accumulated depreciation									
As at 1 January	-	108,392	16,672,292	3,565,265	43,454,637	52,041,450	14,569,907	-	130,411,943
Charge for the year	-	39,175	3,874,782	347,009	6,678,042	6,995,015	1,247,128	-	19,181,151
Disposals	-	-	-	(159,341)	(924,023)	(1,055,872)	(940,242)	-	(3,079,478)
Currency translation difference	-	(115)	(11,694)	(1,026)	(19,473)	(21,042)	(3,700)	-	(57,050)
Adjustments	-	-	-	800	(800)	-	-	-	-
As at 31 December	-	147,452	20,535,380	3,752,707	49,188,383	57,959,551	14,873,093	-	146,456,566
Carrying value	2,328,344	135,274	56,357,821	565,399	12,984,863	10,293,606	2,927,777	5,243,338	90,836,422
In KHR' 000 equivalent (Note 4)	9,418,151	547,183	227,967,386	2,287,040	52,523,771	41,637,636	11,842,858	21,209,302	367,433,327

As at 31 December 2020, the fully depreciated property and equipment with historical costs amounting to US$99,652,456 (2019: US$85,190,502) are still in active use.

12. Property and equipment (continued)

	The Bank								
2019	**Land US$**	**Land improvement US$**	**Building and improvement US$**	**Leasehold improvement US$**	**Office equipment US$**	**Computer equipment US$**	**Motor vehicles US$**	**Capital in progress US$**	**Total US$**
Cost									
As at 1 January	2,328,344	282,726	76,858,608	3,825,002	54,612,838	57,668,077	16,783,184	570,488	212,929,267
Additions	-	-	15,718	188,157	4,750,129	5,991,671	645,569	1,581,191	13,172,435
Disposals/written off	-	-	-	(134,631)	(1,044,391)	(915,136)	(641,453)	-	(2,735,611)
Reclassifications	-	-	-	205,033	39,119	265,532	9,697	(519,381)	-
Adjustments	-	-	-	(7,872)	-	-	-	(34,932)	(42,804)
As at 31 December	2,328,344	282,726	76,874,326	4,075,689	58,357,695	63,010,144	16,796,997	1,597,366	223,323,287
Less: Accumulated depreciation									
As at 1 January	-	66,393	12,775,218	3,388,187	37,782,563	45,767,306	14,109,478	-	113,889,145
Charge for the year	-	42,059	3,902,623	308,834	6,721,394	7,197,424	1,103,453	-	19,275,787
Disposals	-	-	-	(131,306)	(1,039,411)	(913,051)	(641,453)	-	(2,725,221)
Currency translation difference	-	(60)	(5,549)	(443)	(9,909)	(10,229)	(1,571)	-	(27,761)
Adjustments	-	-	-	(7)	-	-	-	-	(7)
As at 31 December	-	108,392	16,672,292	3,565,265	43,454,637	52,041,450	14,569,907	-	130,411,943
Carrying value	2,328,344	174,334	60,202,034	510,424	14,903,058	10,968,694	2,227,090	1,597,366	92,911,344
In KHR' 000 equivalent (Note 4)	9,488,002	710,411	245,323,289	2,079,979	60,729,961	44,697,428	9,075,392	6,509,266	378,613,728

13. Intangible assets

2020	The Group Computer software US$	 Work in progress US$	 Total US$	The Bank Computer software US$	 Work in progress US$	 Total US$
Cost						
As at 1 January	31,080,505	1,659,641	32,740,146	27,573,361	1,572,896	29,146,257
Additions	8,948,687	740,544	9,689,231	8,885,500	717,797	9,603,297
Disposals	(880,227)	-	(880,227)	(880,227)	-	(880,227)
Reclassifications	276,996	(276,996)	-	259,286	(259,286)	-
Currency translation difference	(156,883)	-	(156,883)	-	-	-
Adjustments	-	(290,284)	(290,284)	-	(290,284)	(290,284)
As at 31 December	39,269,078	1,832,905	41,101,983	35,837,920	1,741,123	37,579,043
Less: Accumulated amortisation						
As at 1 January	23,741,153	-	23,741,153	21,230,895	-	21,230,895
Charge for the year	3,667,583	-	3,667,583	3,339,510	-	3,339,510
Disposals	(865,291)	-	(865,291)	(865,291)	-	(865,291)
Currency translation difference	(132,137)	-	(132,137)	(10,629)	-	(10,629)
Adjustments	-	-	-	-	-	-
As at 31 December	26,411,308	-	26,411,308	23,694,485	-	23,694,485
Carrying value	12,857,770	1,832,905	14,690,675	12,143,435	1,741,123	13,884,558
In KHR' 000 equivalent (Note 4)	52,009,680	7,414,101	59,423,780	49,120,195	7,042,843	56,163,037

As at 31 December 2020, the fully amortised intangible assets with historical costs amounting to US$14,290,466 and US$13,996,797 (2019: US$13,596,110 and US$12,348,410, respectively) are still in active use by the Group and the Bank, respectively.

13. Intangible assets (continued)

2019	The Group Computer software US$	 Work in progress US$	 Total US$	The Bank Computer software US$	 Work in progress US$	 Total US$
Cost						
As at 1 January	32,596,750	1,518,857	34,115,607	29,200,608	1,438,832	30,639,440
Additions	558,382	1,468,869	2,027,251	303,948	1,446,708	1,750,656
Disposals	(2,854,263)	-	(2,854,263)	(2,852,689)	-	(2,852,689)
Reclassifications	921,494	(921,494)	-	921,494	(921,494)	-
Currency translation difference	(126,427)	-	(126,427)	-	-	-
Adjustments	(15,431)	(406,591)	(422,022)	-	(391,150)	(391,150)
As at 31 December	31,080,505	1,659,641	32,740,146	27,573,361	1,572,896	29,146,257
Less: **Accumulated amortisation**						
As at 1 January	22,917,720	-	22,917,720	20,652,904	-	20,652,904
Charge for the year	3,537,457	-	3,537,457	3,182,821	-	3,182,821
Disposals	(2,600,357)	-	(2,600,357)	(2,600,357)	-	(2,600,357)
Currency translation difference	(96,662)	-	(96,662)	(4,473)	-	(4,473)
Adjustments	(17,005)	-	(17,005)	-	-	-
As at 31 December	23,741,153	-	23,741,153	21,230,895	-	21,230,895
Carrying value	7,339,352	1,659,641	8,998,993	6,342,466	1,572,896	7,915,362
***In KHR' 000 equivalent* (Note 4)**	29,907,859	6,763,037	36,670,896	25,845,549	6,409,551	32,255,100

14. Right-of-use assets

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Right-of-use assets	29,529,768	32,569,457	119,447,912	132,720,537	26,182,172	28,847,850	105,906,886	117,554,989

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			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
At the beginning of the year	32,569,457	30,621,838	132,720,537	123,038,545	28,847,850	26,889,967	117,554,989	108,043,887
Additions during the year	7,966,867	13,068,149	32,480,917	52,952,140	7,404,513	12,239,172	30,188,200	49,593,125
Depreciation for the year	(10,627,120)	(10,469,819)	(43,326,768)	(42,423,707)	(9,770,638)	(9,647,871)	(39,834,891)	(39,093,173)
Lease termination during the year	(426,655)	(678,486)	(1,739,472)	(2,749,225)	(311,776)	(665,335)	(1,271,111)	(2,695,937)
Exchange differences	47,219	27,775	192,512	112,544	12,223	31,917	49,833	129,328
Currency translation difference	-	-	(879,814)	1,790,240	-	-	(780,134)	1,577,759
At the end of the year	29,529,768	32,569,457	119,447,912	132,720,537	26,182,172	28,847,850	105,906,886	117,554,989

15. Deferred tax assets, net

	The Group				The Bank			
	2020	2019	2020	2019	2020	2019	2020	2019
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Deferred tax assets	32,324,548	28,701,473	130,752,797	116,958,502	31,015,663	27,538,165	125,458,357	112,218,023
Deferred tax liabilities	(21,128,703)	(13,887,119)	(85,465,604)	(56,590,008)	(18,329,716)	(13,530,422)	(74,143,701)	(55,136,470)
	11,195,845	14,814,354	45,287,193	60,368,494	12,685,947	14,007,743	51,314,656	57,081,553

The movements in net deferred tax assets during the year were as follows:

	The Group				The Bank			
	2020	2019	2020	2019	2020	2019	2020	2019
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
At the beginning of the year	14,814,354	11,616,105	60,368,494	46,673,510	14,007,743	10,933,258	57,081,553	43,929,831
Charged/(credited) to profit or loss	(3,645,153)	3,198,249	(14,861,291)	12,959,305	(1,321,796)	3,074,485	(5,388,963)	12,457,813
Exchange differences	26,644	-	(220,010)	735,679	-	-	(377,934)	693,909
At the end of the year	11,195,845	14,814,354	45,287,193	60,368,494	12,685,947	14,007,743	51,314,656	57,081,553

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

15. Deferred tax assets, net (continued)

The components and movements of deferred tax assets and liabilities during the year were as follows:

Deferred tax assets of the Group:

	Unamortised loan fees US$	Unearned revenue US$	Provision for loan loss US$	Other provision US$	Staff bonus US$	Unrealised exchange loss US$	Accelerated depreciation US$	Lease US$	Others US$	Total US$
As at 31 December 2020										
As at 1 January 2020	6,641,624	-	7,866,254	6,754,038	426,528	656,882	1,188,937	190,389	4,976,821	28,701,473
Credited/(charged) to profit or loss	919,039	50,295	1,560,602	581,216	(165,094)	157,404	413,647	126,820	(20,931)	3,623,075
As at 31 December 2020	7,560,663	50,295	9,426,856	7,335,254	261,434	814,286	1,602,584	317,209	4,955,890	32,324,548
In KHR'000 equivalent (Note 4)	30,582,882	203,444	38,131,633	29,671,102	1,057,501	3,293,787	6,482,452	1,283,111	21,329,685	130,752,797
As at 31 December 2019										
As at 1 January 2019	5,806,687	56,087	7,222,846	6,853,483	433,084	594,279	1,213,116	-	324,780	22,504,362
Credited/(charged) to profit or loss	834,937	(56,087)	643,408	(99,445)	(6,556)	62,603	(24,179)	190,389	4,652,041	6,197,111
As at 31 December 2019	6,641,624	-	7,866,254	6,754,038	426,528	656,882	1,188,937	190,389	4,976,821	28,701,473
In KHR'000 equivalent (Note 4)	27,064,618	-	32,054,985	27,522,706	1,738,102	2,676,794	4,844,919	775,835	20,280,543	116,958,502

Deferred tax assets of the Bank:

	Unamortised loan fees US$	Provision for loan loss US$	Other provision US$	Staff bonus US$	Unrealised exchange loss US$	Accelerated depreciation US$	Lease US$	Others US$	Total US$
As at 31 December 2020									
As at 1 January 2020	6,641,624	7,866,254	6,646,409	416,745	609,664	1,182,635	161,750	4,013,084	27,538,165
Credited/(charged) to profit or loss	919,039	1,560,602	573,834	(155,311)	204,622	418,107	108,419	(151,814)	3,477,498
As at 31 December 2020	7,560,663	9,426,856	7,220,243	261,434	814,286	1,600,742	270,169	3,861,270	31,015,663
In KHR'000 equivalent (Note 4)	30,582,882	38,131,633	29,205,883	1,057,501	3,293,787	6,475,001	1,092,834	15,618,836	125,458,357
As at 31 December 2019									
As at 1 January 2019	5,806,687	7,222,846	6,713,298	433,084	593,813	1,203,762	-	(913,974)	21,059,516
Credited/(charged) to profit or loss	834,937	643,408	(66,889)	(16,339)	15,851	(21,127)	161,750	4,927,058	6,478,649
As at 31 December 2019	6,641,624	7,866,254	6,646,409	416,745	609,664	1,182,635	161,750	4,013,084	27,538,165
In KHR'000 equivalent (Note 4)	27,064,618	32,054,985	27,084,117	1,698,236	2,484,381	4,819,238	659,131	16,353,317	112,218,023

15. Deferred tax assets, net (continued)

Deferred tax liabilities of the Group:

	Accelerated depreciation US$	Unrealised exchange US$	Others US$	Total US$
As at 31 December 2020				
As at 1 January 2020	-	640,179	13,246,940	13,887,119
Credited to profit or loss	295,901	(640,179)	7,585,822	7,241,585
As at 31 December 2020	295,901	-	20,832,761	21,128,703
In KHR'000 equivalent (Note 4)	1,196,920	-	84,268,518	85,465,604
As at 31 December 2019				
As at 1 January 2019	239,665	-	10,648,592	10,888,257
Credited to profit or loss	(239,665)	640,179	2,598,348	2,998,862
As at 31 December 2019	-	640,179	13,246,940	13,887,119
In KHR'000 equivalent (Note 4)	-	2,608,729	53,981,279	56,590,008

Deferred tax liabilities of the Bank:

	Accelerated depreciation US$	Unrealised exchange US$	Others US$	Total US$
As at 31 December 2020				
As at 1 January 2020	-	639,392	12,891,030	13,530,422
Charged to profit or loss	-	(639,392)	5,438,686	4,799,294
As at 31 December 2020	-	-	18,329,716	18,329,716
In KHR'000 equivalent (Note 4)	-	-	74,143,701	74,143,701
As at 31 December 2019				
As at 1 January 2019	21,127	-	10,105,131	10,126,258
Credited to profit or loss	(21,127)	639,392	2,785,899	3,404,164
As at 31 December 2019	-	639,392	12,891,030	13,530,422
In KHR'000 equivalent (Note 4)	-	2,605,522	52,530,948	55,136,470

16. Deposits and placements of other banks and financial institutions

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Current accounts	106,606,626	103,433,585	431,223,802	421,491,859	108,155,568	108,664,584	437,489,273	442,808,180
Savings deposits	47,551,861	47,739,916	192,347,278	194,540,158	46,816,912	46,465,723	189,374,409	189,347,821
Fixed deposits	162,850,972	134,001,644	658,732,182	546,056,699	141,792,074	119,147,414	573,548,939	485,525,712
	317,009,459	285,175,145	1,282,303,262	1,162,088,716	296,764,554	274,277,721	1,200,412,621	1,117,681,713

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

a) By maturity

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Within six months	195,717,857	192,616,757	791,678,732	784,913,285	183,717,176	187,268,370	743,135,977	763,118,608
Later than six months but not later than one year	30,105,199	6,614,117	121,775,530	26,952,527	21,860,975	2,809,351	88,427,644	11,448,105
Later than one year but not later than three years	5,648,815	6,194,271	22,849,457	25,241,654	5,648,815	4,450,000	22,849,457	18,133,750
Later than three years	85,537,588	79,750,000	345,999,543	324,981,250	85,537,588	79,750,000	345,999,543	324,981,250
	317,009,459	285,175,145	1,282,303,262	1,162,088,716	296,764,554	274,277,721	1,200,412,621	1,117,681,713

16. 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			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Related parties	72,774	-	294,371	-	1,670,695	5,303,651	6,757,961	21,612,378
Non-related parties	316,936,685	285,175,145	1,282,008,891	1,162,088,716	295,093,859	268,974,070	1,193,654,660	1,096,069,335
	317,009,459	285,175,145	1,282,303,262	1,162,088,716	296,764,554	274,277,721	1,200,412,621	1,117,681,713

c) By interest (per annum)

	The Group		The Bank	
	2020	2019	2020	2019
Current accounts	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 1.90%	0.00% - 1.90%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	1.00% - 7.95%	0.75% - 7.95%	1.00% - 7.95%	0.75% - 7.95%

17. Deposits from customers

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Current accounts	525,179,976	489,596,024	2,124,353,003	1,995,103,798	515,353,012	479,925,715	2,084,602,934	1,955,697,289
Savings deposits	1,866,624,777	1,766,834,632	7,550,497,223	7,199,851,125	1,824,684,515	1,732,155,639	7,380,848,863	7,058,534,229
Margin deposits	13,134,176	16,434,050	53,127,742	66,968,754	13,134,176	16,407,246	53,127,741	66,859,527
Fixed deposits	1,889,347,119	1,809,858,147	7,642,409,096	7,375,171,949	1,827,097,034	1,753,657,959	7,390,607,503	7,146,156,183
	4,294,286,048	4,082,722,853	17,370,387,064	16,637,095,626	4,180,268,737	3,982,146,559	16,909,187,041	16,227,247,228

The deposits from customers are analysed as follows:

a) By maturity

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Within six months	3,120,269,849	3,023,328,814	12,621,491,539	12,320,064,917	3,048,458,637	2,965,667,840	12,331,015,187	12,085,096,448
Later than six months but not later than one year	618,538,572	642,364,991	2,501,988,524	2,617,637,338	601,304,341	627,119,253	2,432,276,059	2,555,510,956
Later than one year but not later than three years	405,355,305	259,821,698	1,639,662,209	1,058,773,419	387,858,729	239,505,383	1,568,888,559	975,984,436
Later than three years	150,122,322	157,207,350	607,244,792	640,619,952	142,647,030	149,854,083	577,007,236	610,655,388
	4,294,286,048	4,082,722,853	17,370,387,064	16,637,095,626	4,180,268,737	3,982,146,559	16,909,187,041	16,227,247,228

17. Deposits from customers (continued)

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

b) By relationship

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Related parties	18,251,604	6,663,367	73,827,738	27,153,221	19,478,074	10,177,937	78,788,809	41,475,093
Non-related parties	4,276,034,444	4,076,059,486	17,296,559,326	16,609,942,405	4,160,790,663	3,971,968,622	16,830,398,232	16,185,772,135
	4,294,286,048	4,082,722,853	17,370,387,064	16,637,095,626	4,180,268,737	3,982,146,559	16,909,187,041	16,227,247,228

c) By interest rate

	The Group		The Bank	
	2020	2019	2020	2019
Current accounts	Nil	Nil	Nil	Nil
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	0.50% - 12.00%	0.05% - 13.25%	0.50% - 8.25%	0.05% - 8.25%

18. Other liabilities

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Accrued annual leave	20,063,310	18,076,954	81,156,089	73,663,588	19,626,620	17,648,290	79,389,678	71,916,782
Accrued bonuses	11,046,280	9,718,649	44,682,203	39,603,495	10,454,999	9,500,000	42,290,471	38,712,500
Fund transfers	16,060,460	16,373,343	64,964,561	66,721,373	16,026,656	15,744,953	64,827,824	64,160,683
Tax payables	1,563,901	1,472,101	6,325,980	5,998,812	1,478,413	1,352,880	5,980,181	5,512,986
Others	15,017,157	13,169,828	60,744,399	53,667,048	14,822,194	12,351,428	59,955,774	50,332,070
	63,751,108	58,810,875	257,873,232	239,654,316	62,408,882	56,597,551	252,443,928	230,635,021

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Current	44,050,514	40,733,921	178,184,329	165,990,728	42,782,263	38,949,261	173,054,254	158,718,238
Non-current	19,700,594	18,076,954	79,688,903	73,663,588	19,626,619	17,648,290	79,389,674	71,916,783
	63,751,108	58,810,875	257,873,232	239,654,316	62,408,882	56,597,551	252,443,928	230,635,021

19. Borrowings

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

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Unsecured:								
Current	124,629,071	183,682,266	504,124,592	748,505,234	104,886,698	166,692,481	424,266,693	679,271,860
Non-current	417,769,845	381,289,435	1,689,879,023	1,553,754,448	402,466,218	351,375,647	1,627,975,852	1,431,855,762
	542,398,916	564,971,701	2,194,003,615	2,302,259,682	507,352,916	518,068,128	2,052,242,545	2,111,127,622

The borrowings are analysed as follows:

a) By relationship

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Related parties	-	699,680	-	2,851,196	-	-	-	-
Non-related parties	542,398,916	564,272,021	2,194,003,615	2,299,408,486	507,352,916	518,068,128	2,052,242,545	2,111,127,622
	542,398,916	564,971,701	2,194,003,615	2,302,259,682	507,352,916	518,068,128	2,052,242,545	2,111,127,622

b) By interest rate

	The Group		The Bank	
	2020	2019	2020	2019
Annual interest rates	2.00% - 14.50%	2.50% - 13.00%	2.00% - 8.00%	2.60% - 7.69%

20. Subordinated debts

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

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Current	11,408,413	7,374,945	46,147,031	30,052,901	11,408,413	7,374,945	46,147,031	30,052,901
Non-current	155,750,210	131,927,635	630,009,599	537,605,113	155,750,210	131,927,635	630,009,599	537,605,113
	167,158,623	139,302,580	676,156,630	567,658,014	167,158,623	139,302,580	676,156,630	567,658,014

The subordinated debts are analysed as follows:

a) By relationship

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	167,158,623	139,302,580	676,156,630	567,658,014	167,158,623	139,302,580	676,156,630	567,658,014
	167,158,623	139,302,580	676,156,630	567,658,014	167,158,623	139,302,580	676,156,630	567,658,014

b) By interest rate

	The Group		The Bank	
	2020	2019	2020	2019
Annual interest rates	5.38% - 8.48%	7.00% - 8.48%	5.38% - 8.48%	7.00% - 8.48%

21. Lease liabilities

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Undiscounted lease liabilities								
Less than one year	10,261,902	10,068,098	41,509,394	41,027,499	9,655,602	9,300,532	39,056,910	37,899,668
One to five years	20,581,294	23,121,979	83,251,334	94,222,064	18,888,896	21,444,212	76,405,584	87,385,164
More than five years	3,816,462	4,760,054	15,437,589	19,397,220	655,929	1,373,972	2,653,233	5,598,936
Total undiscounted lease liabilities	34,659,658	37,950,131	140,198,317	154,646,783	29,200,427	32,118,716	118,115,727	130,883,768
Present value of lease liabilities								
Current	10,309,865	9,755,994	41,703,404	39,755,676	9,711,879	9,023,433	39,284,551	36,770,489
Non-current	18,308,037	21,159,945	74,056,010	86,226,775	16,060,506	18,765,735	64,964,746	76,470,371
Total present value of lease liabilities	28,617,902	30,915,939	115,759,414	125,982,451	25,772,385	27,789,168	104,249,297	113,240,860

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

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Interest on lease liabilities	2,109,253	2,091,046	8,599,425	8,472,918	1,875,776	1,858,700	7,647,538	7,531,453

Amounts recognised in the statement of cash flows:

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Total cash outflow for leases payments	11,833,274	11,282,470	48,244,258	45,716,568	10,883,406	10,452,195	44,371,646	42,352,294

22. Employee benefits

	Note	The Group 2020 US$	The Group 2019 US$	The Group 2020 KHR'000 (Note 4)	The Group 2019 KHR'000 (Note 4)	The Bank 2020 US$	The Bank 2019 US$	The Bank 2020 KHR'000 (Note 4)	The Bank 2019 KHR'000 (Note 4)
Provident fund		-	35,903	-	146,305	-	-	-	-
Retirement benefits	(a)	11,010,471	9,723,367	44,537,355	39,622,721	10,498,190	9,143,295	42,465,178	37,258,926
Career development benefits	(b)	1,307,172	2,083,726	5,287,511	8,491,183	1,307,172	2,083,726	5,287,511	8,491,185
Seniority indemnity benefits	(c)	6,036,412	6,498,800	24,417,286	26,482,610	5,976,401	6,440,456	24,174,542	26,244,858
		18,354,055	18,341,796	74,242,152	74,742,819	17,781,763	17,667,477	71,927,231	71,994,969

	The Group 2020 US$	The Group 2019 US$	The Group 2020 KHR'000 (Note 4)	The Group 2019 KHR'000 (Note 4)	The Bank 2020 US$	The Bank 2019 US$	The Bank 2020 KHR'000 (Note 4)	The Bank 2019 KHR'000 (Note 4)
Current	1,307,172	2,083,726	5,287,511	8,491,183	1,307,172	2,083,726	5,287,511	8,491,183
Non-current	17,046,883	16,258,070	68,954,641	66,251,636	16,474,591	15,583,751	66,639,720	63,503,786
	18,354,055	18,341,796	74,242,152	74,742,819	17,781,763	17,667,477	71,927,231	71,994,969

(a) Retirement benefits

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

	The Group 2020 US$	The Group 2019 US$	The Group 2020 KHR'000 (Note 4)	The Group 2019 KHR'000 (Note 4)	The Bank 2020 US$	The Bank 2019 US$	The Bank 2020 KHR'000 (Note 4)	The Bank 2019 KHR'000 (Note 4)
Present value of defined benefit obligation	11,010,471	9,723,367	44,537,355	39,622,721	10,498,190	9,143,295	42,465,178	37,258,926
Fair value of plan assets	-	-	-	-	-	-	-	-
Net liability recognised in statement of financial position	11,010,471	9,723,367	44,537,355	39,622,721	10,498,190	9,143,295	42,465,178	37,258,926

22. Employee benefits (continued)

(a) Retirement benefits (continued)

(ii) The movements in the defined benefit obligation over the year were as follows:

	The Group				The Bank			
	2020	2019	2020	2019	2020	2019	2020	2019
	US$	US$	KHR'000	KHR'000	US$	US$	KHR'000	KHR'000
			(Note 4)	(Note 4)			(Note 4)	(Note 4)
At 1 January	9,723,367	8,415,302	39,622,721	33,812,684	9,143,295	7,756,116	37,258,926	31,164,074
Current service cost	827,768	800,914	3,374,810	3,245,304	799,408	729,554	3,259,186	2,956,153
Interest cost	662,553	584,396	2,701,229	2,367,973	637,591	541,818	2,599,459	2,195,447
Benefits paid	(216,840)	(195,444)	(884,057)	(791,939)	(143,004)	(148,350)	(583,027)	(601,114)
Settlement loss	207,020	172,344	844,021	698,338	140,678	130,705	573,544	529,617
Remeasurement gain arising during the year	(169,447)	(34,908)	(690,835)	(141,447)	(72,593)	136,012	(295,962)	551,121
Currency translation difference	(23,950)	(19,237)	(97,644)	(77,948)	(7,185)	(2,560)	(29,293)	(10,373)
Exchange differences	-	-	(332,890)	509,756	-	-	(317,655)	474,001
At 31 December	11,010,471	9,723,367	44,537,355	39,622,721	10,498,190	9,143,295	42,465,178	37,258,926

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

	The Group				The Bank			
	2020	2019	2020	2019	2020	2019	2020	2019
	US$	US$	KHR'000	KHR'000	US$	US$	KHR'000	KHR'000
			(Note 4)	(Note 4)			(Note 4)	(Note 4)
Current service cost	827,768	800,914	3,374,810	3,245,304	799,408	729,554	3,259,186	2,956,153
Interest cost	662,553	584,396	2,701,229	2,367,973	637,591	541,818	2,599,459	2,195,447
Settlement loss	207,020	172,344	844,021	698,338	140,678	130,705	573,544	529,618
	1,697,341	1,557,654	6,920,060	6,311,615	1,577,677	1,402,077	6,432,189	5,681,218

22. Employee benefits (continued)

(a) Retirement benefits (continued)

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

	2020	2019
Salary growth rate	3.46%	3.44%
Inflation rate	1.20%	1.20%
Discount rates	7.00%	7.00%
Mortality rate (*) and staff turnover rate (**)		

(*) Mortality rate table is as follows:

Age	2020		2019	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.42	0 - 0.22	0 - 0.42
30-39	0 - 0.10	0 - 0.32	0 - 0.10	0 - 0.58
40-49	-	-	-	-
50-59	-	0 - 6.67	-	-
60	-	-	-	-

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

Age	2020		2019	
	Staff turnover rate (% per annum)		Staff turnover rate (% per annum)	
	Females	Males	Females	Males
18-29	2.3 - 9.10	4.29 - 9.24	0 - 7.39	4.42 - 7.38
30-39	1.68 - 4.68	2.74 - 5.76	2.31 - 5.26	2.82 - 5.40
40-49	0 - 6.67	0 - 4.38	0 - 14.07	0 - 5.02
50-59	-	0 - 8.33	-	0 - 6.06
60	-	-	-	-

22. Employee benefits (continued)

(a) Retirement benefits (continued)

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

	Change in assumption		Impact on defined benefit obligation					
			Increase in assumption			Decrease in assumption		
	2020	2019		2020	2019		2020	2019
Salary growth rate	1%	1%	Increase by	20.80%	20.79%	Decrease by	16.67%	16.59%
Discount rate	1%	1%	Decrease by	16.61%	16.54%	Increase by	20.75%	20.74%
Inflation rate	1%	1%	Increase by	20.84%	20.83%	Decrease by	16.69%	16.62%
Mortality rate	0.10%	0.10%	Decrease by	1.91%	1.91%	Increase by	0.09%	0.06%
Staff turnover rate	1%	1%	Decrease by	12.73%	12.79%	Increase by	7.39%	7.85%

(b) Career development benefits

Movements in career development benefits were as follows:

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
At 1 January	2,083,726	2,165,423	8,491,183	8,700,670	2,083,726	2,165,423	8,491,185	8,700,670
Additions (Note 28)	1,312,641	1,385,493	5,351,637	5,614,018	1,312,641	1,385,493	5,351,637	5,614,018
Benefits paid	(2,085,315)	(1,465,393)	(8,501,829)	(5,937,772)	(2,085,315)	(1,465,393)	(8,501,829)	(5,937,772)
Currency translation difference	(3,880)	(1,797)	(15,819)	(7,281)	(3,880)	(1,797)	(15,821)	(7,281)
Exchange differences	-	-	(37,661)	121,548	-	-	(37,661)	121,550
At 31 December	1,307,172	2,083,726	5,287,511	8,491,183	1,307,172	2,083,726	5,287,511	8,491,185

22. Employee benefits (continued)

(c) Seniority indemnity benefits

Movements in Seniority indemnity benefits were as follows:

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
At 1 January	6,498,800	9,499,738	26,482,610	38,169,947	6,440,456	9,390,636	26,244,858	37,731,575
Additions (Note 28)	6,563,719	3,233,915	26,760,282	13,103,824	6,378,738	3,171,116	26,006,115	12,849,362
Benefits paid	(6,998,257)	(6,225,869)	(28,531,894)	(25,227,221)	(6,815,248)	(6,112,312)	(27,785,766)	(24,767,088)
Currency translation difference	(27,850)	(8,984)	(113,544)	(36,403)	(27,545)	(8,984)	(112,301)	(36,403)
Exchange differences	-	-	(180,168)	472,463		-	(178,364)	467,412
At 31 December	6,036,412	6,498,800	24,417,286	26,482,610	5,976,401	6,440,456	24,174,542	26,244,858

23. Share capital and share premium

As at 31 December 2020, the authorised share capital comprised 433,163,019 ordinary shares (2019: 428,818,154) at par value of US$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank are:

Share capital

	As at 31 December 2020			As at 31 December 2019		
	Number of shares	US$	% of shareholding	Number of shares	US$	% of shareholding
ACLEDA Financial Trust	111,492,719	111,492,719	25.7392%	111,492,719	111,492,719	26.0000%
ASA Plc.	107,204,547	107,204,547	24.7492%	107,204,547	107,204,547	25.0000%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.2500%
COFIBRED S.A	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.2500%
ORIX Corporation	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.2500%
Triodos Microfinance Fund	10,938,339	10,938,339	2.5252%	10,938,339	10,938,339	2.5508%
Triodos Fair Share Fund	9,354,157	9,354,157	2.1595%	9,354,157	9,354,157	2.1814%
Triodos Sustainable Finance Foundation	6,508,636	6,508,636	1.5026%	6,508,636	6,508,636	1.5178%
Other investors in CSX	4,344,865	4,344,865	1.0031%	-	-	-
	433,163,019	433,163,019	100%	428,818,154	428,818,154	100%
In KHR'000 equivalent (Note 4)		*1,752,144,412*			*1,747,433,978*	

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 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 IPO amounting to US$17,082,105 and incurred IPO costs of US$1,031,025, resulting in share premium of US$11,706,215 (KHR47,726,239 thousand).

24. Interest income calculated using the effective interest method

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Loans and advances:								
- Interest income	512,683,813	475,961,781	2,090,211,906	1,928,597,137	476,367,776	445,071,958	1,942,151,423	1,803,431,574
Financial Investments	1,464,244	5,582,893	5,969,723	22,621,882	1,464,244	5,576,930	5,969,723	22,597,720
Deposits and placements with other banks:								
- Banks outside Cambodia	527,686	1,894,524	2,151,376	7,676,611	534,098	1,912,027	2,177,519	7,747,533
- Banks inside Cambodia	418,733	104,268	1,707,174	422,494	373,223	90,374	1,521,628	366,196
	515,094,476	483,543,466	2,100,040,179	1,959,318,124	478,739,341	452,651,289	1,951,820,293	1,834,143,023

25. Interest expense

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	8,190,938	7,490,473	33,394,454	30,351,397	7,147,400	6,781,482	29,139,950	27,478,565
Savings deposits	38,667	37,923	157,645	153,664	23,553	21,970	96,026	89,022
Deposits from customers:								
Fixed deposits	87,880,604	82,093,075	358,289,223	332,641,140	83,847,163	78,679,634	341,844,884	318,809,877
Savings deposits	6,003,502	5,862,572	24,476,278	23,755,142	4,700,755	4,809,851	19,164,978	19,489,516
Current accounts	47,316	48,178	192,907	195,217	47,316	48,178	192,907	195,217
Subordinated debts	12,058,447	7,526,693	49,162,288	30,498,160	12,058,447	7,526,693	49,162,288	30,498,160
Borrowings	34,448,590	51,722,720	140,446,901	209,580,461	30,155,737	46,757,479	122,944,940	189,461,305
Interest expenses on lease	2,109,253	2,091,046	8,599,425	8,472,918	1,875,776	1,858,700	7,647,538	7,531,453
	150,777,317	156,872,680	614,719,121	635,648,099	139,856,147	146,483,987	570,193,511	593,553,115

26. Fee and commission income

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Commission fees	16,297,957	17,728,899	66,446,771	71,837,499	15,848,285	17,489,501	64,613,458	70,867,458
Commission fee collected for assurance agency	4,367,568	7,807,088	17,806,575	31,634,321	4,155,100	7,627,351	16,940,343	30,906,026
ATM Fee	7,260,221	7,254,974	29,599,921	29,397,155	7,178,009	7,156,586	29,264,743	28,998,486
Early loan redemption fees	6,762,569	6,482,079	27,570,994	26,265,384	5,382,843	5,449,183	21,945,851	22,080,090
Deposit fee charged	1,462,641	1,552,286	5,963,187	6,289,863	1,341,315	1,512,200	5,468,541	6,127,434
Fee income from guarantee	1,059,745	633,402	4,320,580	2,566,545	1,057,581	632,494	4,311,758	2,562,866
Training fees	1,101,889	1,053,824	4,492,401	4,270,095	26,417	25,548	107,702	103,520
Others	7,462,575	6,222,067	30,424,919	25,211,814	7,364,544	6,155,361	30,025,245	24,941,524
	45,775,165	48,734,619	186,625,348	197,472,676	42,354,094	46,048,224	172,677,641	186,587,404

There were settlement fees amounting to KHR6,073,600 (equivalent to US$1,502) and US$12,169 for operation of cash settlement agent.

27. Other incomes

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Foreign exchange gain	9,834,586	9,383,469	40,095,607	38,021,816	9,820,545	9,339,015	40,038,362	37,841,689
Recovery from loans and advances written off	6,403,750	6,938,680	26,108,089	28,115,531	5,460,909	6,427,702	22,264,126	26,045,049
Gain on disposals of property and equipment	369,528	76,481	1,506,566	309,901	326,299	84,637	1,330,321	342,949
Dividends on financial investments	174,479	-	711,351	-	174,479	-	711,351	-
Others	1,569,015	1,451,093	6,396,874	5,879,830	880,516	382,410	3,589,864	1,549,525
	18,351,358	17,849,723	74,818,487	72,327,078	16,662,748	16,233,764	67,934,024	65,779,212

28. General and administrative expenses

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Salaries and wages	104,491,311	99,255,909	426,011,075	402,184,943	95,451,391	90,560,200	389,155,321	366,949,930
Other employee benefits	35,479,412	32,314,297	144,649,563	130,937,531	34,870,101	31,616,916	142,165,402	128,111,744
Seniority indemnity	6,563,719	3,233,915	26,760,282	13,103,824	6,378,738	3,171,116	26,006,115	12,849,362
Retirement benefits	1,697,381	1,558,012	6,920,222	6,313,065	1,577,677	1,402,382	6,432,189	5,682,452
Career development expense	1,312,641	1,385,493	5,351,637	5,614,018	1,312,641	1,385,493	5,351,637	5,614,018
Depreciation of right-of-use assets	10,627,120	10,472,238	43,326,768	42,433,509	9,770,638	9,648,626	39,834,891	39,096,232
Depreciation charges	21,249,218	21,426,470	86,633,062	86,820,056	19,181,151	19,275,787	78,201,553	78,105,489
Repairs and maintenance	11,581,510	11,538,393	47,217,816	46,753,568	11,053,765	10,730,382	45,066,200	43,479,508
Utilities	5,203,989	5,345,689	21,216,663	21,660,732	4,812,487	4,875,541	19,620,509	19,755,692
Amortisation charges	3,667,583	3,537,457	14,952,736	14,333,776	3,339,510	3,182,821	13,615,182	12,896,791
Communication	3,717,757	4,573,061	15,157,295	18,530,043	2,755,106	3,745,992	11,232,567	15,178,760
Office supplies	5,280,235	5,206,046	21,527,518	21,094,898	4,677,362	4,533,968	19,069,605	18,371,638
Travelling expenses	2,011,396	2,438,327	8,200,461	9,880,101	1,733,487	2,015,788	7,067,426	8,167,973
License fees	1,175,271	1,132,371	4,791,580	4,588,367	1,135,316	1,108,699	4,628,683	4,492,448
Others	11,867,677	11,994,716	48,384,521	48,602,589	10,054,387	10,160,199	40,991,737	41,169,126
	225,926,220	215,412,394	921,101,199	872,851,020	208,103,757	197,413,910	848,439,017	799,921,163

There were salaries and wages expenses of ACLEDA Bank's staff who is responsible for operation of cash settlement agent amounting to US$35,701.

Above expenses include costs incurred for operation of cash settlement agent, consisting of the repairs and maintenance amounting to US$8,101, office supplies amounting to US$630, furniture and fixtures amounting to US$512 and membership fees amounting to US$12,773 (KHR51,666,667).

29. Taxation

(a) Current income tax liabilities

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
At 1 January	30,459,303	13,810,997	124,121,660	55,492,586	29,175,560	12,901,983	118,890,407	51,840,168
Income tax expense	34,897,719	35,861,058	142,278,000	145,309,007	32,490,343	33,414,108	132,463,128	135,393,966
Income tax paid	(35,064,652)	(19,216,756)	(142,958,586)	(77,866,295)	(33,715,569)	(17,140,531)	(137,458,375)	(69,453,432)
Currency translation difference	-	4,004	-	16,224	-	-	-	-
Exchange difference	-	-	(908,437)	1,170,138	-	-	(836,059)	1,109,705
At 31 December	30,292,370	30,459,303	122,532,637	124,121,660	27,950,334	29,175,560	113,059,101	118,890,407

(b) Income tax expense

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Current income tax	34,897,719	35,861,058	142,278,000	145,309,007	32,490,343	33,414,108	132,463,128	135,393,966
Deferred tax expense/(benefit)	3,645,153	(3,198,249)	14,861,291	(12,959,305)	1,321,796	(3,074,485)	5,388,963	(12,457,813)
	38,542,872	32,662,809	157,139,291	132,349,702	33,812,139	30,339,623	137,852,091	122,936,153

29. Taxation (continued)

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Profit before income tax	180,035,462	153,522,621	734,004,580	622,073,660	172,154,315	148,226,402	701,873,143	600,613,382
Tax calculated at domestic tax rates applicable to profits in the respective countries	36,455,146	30,886,544	148,627,630	125,152,276	34,430,863	29,645,280	140,374,628	120,122,675
Effect of non-deductible expense	2,087,726	1,447,340	8,511,661	5,864,622	(618,724)	694,343	(2,522,537)	2,813,478
Utilisation of tax losses	-	328,925	-	1,332,804	-	-	-	-
	38,542,872	32,662,809	157,139,291	132,349,702	33,812,139	30,339,623	137,852,091	122,936,153

29. Taxation (continued)

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

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

On 28 May 2020, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive related to the waiver of the tax liabilities for the period from N-3 to N-10. Subsequently on 20 October 2020, the SECC submitted a letter to the GDT requesting for written approval for the said tax incentive for the period from N-3 to N-10. The actual amounts of tax liabilities to be waived will be determined by the GDT. As of the date of these financial statements, the Bank is awaiting written approval from the GDT.

On 27 October 2020, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on temporary postponement on the prepayment of profit tax for the period of 3 years after listing. On 15 December 2020, GDT approved temporarily postponing on paying prepayment of profit tax for the Bank from November 2020 until the end of tax incentive period.

In addition, on 6 January 2021, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive following the Prakas No. 183 on the implementation guidance on the incentive on tax on profit for the IPO enterprise. As of the date of these financial statements, the Bank is awaiting response from the SECC.

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 at a later date, upon final determination by the respective tax authorities.

30. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of Bank by the weighted average numbers of ordinary shares in issue during the respective year.

	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Profit attributable to shareholders	141,662,037	120,894,720	569,396,098	497,195,570
Weighted average numbers of shares	431,441,693	413,263,649	431,441,693	413,263,649
Basic earnings per share	0.33	0.29	1.32	1.20
Diluted earnings per share	0.33	0.29	1.32	1.20

Diluted earnings per share are calculated by adjusting the weighted average numbers of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

31. Cash and cash equivalents

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Cash on hand (Note 5)	412,759,051	421,527,238	1,669,610,361	1,717,723,495	400,816,126	410,955,867	1,621,301,230	1,674,645,158
Deposits and placements with other banks:								
Balances with the National Bank of Cambodia:								
- Current accounts	284,119,485	467,629,288	1,149,263,317	1,905,589,349	264,197,563	448,591,990	1,068,679,142	1,828,012,359
- Negotiable certificate of deposits, maturities of three months or less	552,146,123	490,000,000	2,233,431,068	1,996,750,000	552,146,123	490,000,000	2,233,431,068	1,996,750,000
Balances with other banks:	-	-						
- Current accounts	246,463,022	118,728,169	996,942,924	483,817,288	240,035,449	109,229,831	970,943,391	445,111,562
- Savings accounts	-	835,762	-	3,405,730	-	835,760	-	3,405,722
- Fixed deposits, maturities of three months or less	1,617,823	-	6,544,094	-	502,678	-	2,033,332	-
	1,497,105,504	1,498,720,457	6,055,791,764	6,107,285,862	1,457,697,939	1,459,613,448	5,896,388,163	5,947,924,801

32. Commitment and contingencies

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

(a) Loan commitment, guarantee and other financial liabilities

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Unused portion of overdrafts	120,937,607	93,060,063	489,192,620	379,219,757	120,108,962	93,060,063	485,840,751	379,219,757
Bank guarantees	47,038,166	38,432,397	190,269,381	156,612,018	46,831,662	38,405,593	189,434,073	156,502,791
Letters of credit	7,862,818	8,948,350	31,805,099	36,464,526	7,862,818	8,948,350	31,805,099	36,464,526
	175,838,591	140,440,810	711,267,100	572,296,301	174,803,442	140,414,006	707,079,923	572,187,074

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

32. Commitments and contingencies (continued)

(b) Capital expenditure commitments

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Not later than 1 year	4,601,832	2,700,631	18,614,410	11,005,071	4,589,155	2,182,187	18,563,132	8,892,412
Later than 1 but not later than 5 years	146,498	-	592,584	-	-	-	-	-
	4,748,330	2,700,631	19,206,994	11,005,071	4,589,155	2,182,187	18,563,132	8,892,412

The balances of these commitments are related to the purchases of property and equipment and intangible assets at the Bank amounting to US$4,589,155, the construction contract to build AIB's building and purchases of other equipment amounting to US$12,677, the purchases of computer software at ACLEDA Bank Laos Ltd. amounting to US$146,498.

(c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US$13,000,000 maturing on 15 June 2026. The Bank has made allowance for impairment loss of US$370,448 (2019: US$448,343) with respect to this guarantee.

33. Reserves

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2020	398,373,767	1,623,373,099	38,630,578	157,419,606	(22,255,619)	(90,691,647)	-	-	17,984,208	414,748,726	1,708,085,266
Comprehensive income:											
Other comprehensive income - currency translation difference	-	-	-	-	-	-	-	-	(8,160,026)	-	(8,160,026)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	(8,160,026)	-	(8,160,026)
Transactions with owners:											
Conversion of retained earnings to share capital	(4,451,864)	(18,150,250)	-	-	-	-	-	-	-	(4,451,864)	(18,150,250)
Transfers from retained earnings to general reserves	66,285,795	270,247,186	-	-	-	-	-	-	-	66,285,795	270,247,186
Transfer from retained earnings to regulatory reserves	-	-	25,897,174	105,582,778	-	-	-	-	-	25,897,174	105,582,778
Currency translation difference - foreign subsidiaries	-	-	-	-	614,405	2,504,929	-	-	-	614,405	2,504,929
Currency translation differences	-	(13,929,899)	-	(1,987,626)	-	648,007	-	-	3,868,632	-	(11,400,886)
Total transactions with owners:	61,833,931	238,167,037	25,897,174	103,595,152	614,405	3,152,936	-	-	3,868,632	88,345,510	348,783,757
As at 31 December 2020	460,207,698	1,861,540,136	64,527,752	261,014,758	(21,641,214)	(87,538,711)	-	-	13,692,814	503,094,236	2,048,708,997

33. Reserves (continued)

The Group

	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2019	348,162,807	1,398,918,155	51,036,569	205,064,934	(7,121,746)	(28,615,175)	(14,279,344)	(57,374,404)	11,233,393	377,798,286	1,529,226,903
Comprehensive income:											
Other comprehensive income-currency translation differences	-	-	-	-	-	-	-	-	7,330,165	-	7,330,165
Total comprehensive income for the year	-	-	-	-	-	-	-	-	7,330,165	-	7,330,165
Transactions with owners:											
Transfers from retained earnings to general reserves	50,210,960	204,408,818	-	-	-	-	-	-	-	50,210,960	204,408,818
Transfer from regulatory reserves to retained earnings	-	-	(12,405,991)	(50,554,413)	-	-	-	-	-	(12,405,991)	(50,554,413)
Acquisition of non-controlling interest in AMM	-	-	-	-	-	-	14,279,344	58,188,327	-	14,279,344	58,188,327
Currency translation differences - foreign subsidiaries	-	-	-	-	(15,133,873)	(61,670,532)	-	-	-	(15,133,873)	(61,670,532)
Currency translation differences	-	20,046,126	-	2,909,085	-	(405,940)	-	(813,923)	(579,350)	-	21,155,998
Total transactions with owners:	50,210,960	224,454,944	(12,405,991)	(47,645,328)	(15,133,873)	(62,076,472)	14,279,344	57,374,404	(579,350)	36,950,440	171,528,198
As at 31 December 2019	398,373,767	1,623,373,099	38,630,578	157,419,606	(22,255,619)	(90,691,647)	-	-	17,984,208	414,748,726	1,708,085,266

33. Reserves (continued)

	The Bank						
	General reserves		Regulatory reserves		Other reserves	Total	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Balance at 1 January 2020	388,464,324	1,582,992,120	37,245,288	151,774,549	17,601,987	425,709,612	1,752,368,656
Comprehensive income:							
Other comprehensive income-currency translation difference	-	-	-	-	(7,961,797)	-	(7,961,797)
Total comprehensive income for the year	-	-	-	-	(7,961,797)	-	(7,961,797)
Transactions with owners:							
Transfers from retained earnings to general reserves	66,949,305	272,952,316	-	-	-	66,949,305	272,952,316
Transfer from retained earnings to regulatory reserves	-	-	18,082,637	73,722,911	-	18,082,637	73,722,911
Currency translation differences	-	(13,796,307)	-	(1,696,001)	3,768,024	-	(11,724,284)
Total transactions with owners:	66,949,305	259,156,009	18,082,637	72,026,910	3,768,024	85,031,942	334,950,943
As at 31 December 2020	455,413,629	1,842,148,129	55,327,925	223,801,459	13,408,214	510,741,554	2,079,357,802
As at 1 January 2019	339,813,727	1,365,371,554	49,917,196	200,567,294	11,021,340	389,730,923	1,576,960,188
Comprehensive income:							
Other comprehensive income-currency translation difference	-	-	-	-	7,153,755	-	7,153,755
Total comprehensive income for the year	-	-	-	-	7,153,755	-	7,153,755
Transactions with owners:							
Transfers from retained earnings to general reserves	48,650,597	198,056,580	-	-	-	48,650,597	198,056,580
Transfer from regulatory reserves to retained earnings	-	-	(12,671,908)	(51,638,025)	-	(12,671,908)	(51,638,025)
Currency translation differences	-	19,563,986	-	2,845,280	(573,108)	-	21,836,158
Total transactions with owners:	48,650,597	217,620,566	(12,671,908)	(48,792,745)	(573,108)	35,978,689	168,254,713
As at 31 December 2019	388,464,324	1,582,992,120	37,245,288	151,774,549	17,601,987	425,709,612	1,752,368,656

34. Related party transactions and balances

(a) Related parties and relationships

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

Related parties	Relationship
ACLEDA Bank Plc.	Holding company
Subsidiaries of the Bank as disclosed in Note 11	Subsidiaries
Shareholders as disclosed in Note 23	Shareholders
Key management personnel	The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all Directors of the Group and the Bank and members of senior management of the Group and the Bank.

34. Related party transactions and balances (continued)

(b) Related parties balances

		The Group				The Bank			
		2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
i).	**Loans and advances**								
	Key management personnel	13,988,651	5,835,258	56,584,093	23,778,676	12,996,169	5,266,917	52,569,504	21,462,687
	Subsidiaries	-	-	-	-	6,440,590	4,975,201	26,052,187	20,273,944
		13,988,651	5,835,258	56,584,093	23,778,676	19,436,759	10,242,118	78,621,691	41,736,631
ii).	**Balances with related parties**								
	Shareholder	412,162	487,356	1,667,195	1,985,976	412,162	487,356	1,667,195	1,985,976
	Subsidiaries	-	-	-	-	502,678	-	2,033,333	-
		412,162	487,356	1,667,195	1,985,976	914,840	487,356	3,700,528	1,985,976
iii).	**Receivables from/(payables to) related parties**								
	Key management loan								
	Interest receivables	-	12,329	-	50,241	-	10,908	-	44,450
	Key management deposit								
	Interest payables	(28,375)	(16,830)	(114,777)	(68,582)	(28,375)	(16,828)	(114,777)	(68,574)
	Shareholders								
	Other payables	(500)	(1,474)	(2,023)	(6,007)	(500)	(1,474)	(2,023)	(6,007)
	Subsidiaries								
	Other receivables	-	-	-	-	169,544	163,206	685,806	665,064
	Other payables	-	-	-	-	(2,187)	(38,565)	(8,846)	(157,153)
		(28,875)	(5,975)	(116,800)	(24,348)	138,482	117,247	560,160	477,780

34. Related party transactions and balances (continued)

(b) Related parties balances (continued)

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
iv). Deposits from related parties								
Key management personnel	5,206,782	2,219,783	21,061,433	9,045,616	4,513,852	2,157,137	18,258,531	8,790,333
Shareholders								
Current accounts	12,867,384	4,180,078	52,048,568	17,033,818	12,867,384	4,180,078	52,048,568	17,033,818
Saving accounts	99,712	24,678	403,335	100,563	99,712	24,678	403,335	100,563
Fixed deposits	150,500	301,474	608,773	1,228,507	150,500	301,474	608,773	1,228,507
Subsidiaries								
Current accounts	-	-	-	-	1,637,224	5,777,256	6,622,571	23,542,318
Saving accounts	-	-	-	-	180,135	157,520	728,646	641,894
Fixed deposits	-	23,445	-	95,539	1,699,962	2,883,445	6,876,346	11,750,039
	18,324,378	6,749,458	74,122,109	27,504,043	21,148,769	15,481,588	85,546,770	63,087,472
v). Borrowings from related parties								
Shareholders	-	699,680	-	2,851,196	-	-	-	-

34. Related party transactions and balances (continued)

(c) Related parties transactions

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
i). Interest income from related parties								
Loans and advances to key management	1,118,336	188,530	4,559,456	768,260	1,074,031	132,479	4,378,824	539,852
Deposit from shareholder	16,989	-	69,264	-	16,989	-	69,264	-
Deposits with subsidiary	-	-	-	-	6,720	23,978	27,397	97,710
Loan to subsidiary	-	-	-	-	392,804	229,167	1,601,462	933,856
	1,135,325	188,530	4,628,720	768,260	1,490,544	385,624	6,076,947	1,571,418
ii). Fee and commission income from related parties								
Shareholders	28,063	28,063	114,413	114,357	28,063	28,063	114,413	114,357
Subsidiaries	-	-	-	-	12,288	7,570	50,099	30,848
	28,063	28,063	114,413	114,357	40,351	35,633	164,512	145,205
iii). Interest expenses to related parties								
Deposits of key management	147,282	136,889	600,469	557,823	135,704	133,304	553,265	543,214
Borrowing from shareholders	44,373	219,350	180,909	893,851	-	-	-	-
Deposits of shareholders	201,670	15,501	822,208	63,167	201,670	15,501	822,208	63,167
Deposits of subsidiaries	-	-	-	-	95,393	104,564	388,917	426,098
	393,325	371,740	1,603,586	1,514,841	432,767	253,369	1,764,390	1,032,479
iv). Fee and remuneration expenses to related parties								
Board of Directors	829,387	1,022,611	3,381,411	4,167,140	527,704	577,284	2,151,449	2,352,432
Key management	7,682,706	7,592,063	31,322,392	30,937,657	5,990,537	5,832,800	24,423,419	23,768,660
Subsidiary	-	-	-	-	2,200,796	1,411,007	8,972,645	5,749,854
	8,512,093	8,614,674	34,703,803	35,104,797	8,719,037	7,821,091	35,547,513	31,870,946
v). Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	448,343	-	1,826,998	370,448	448,343	1,510,316	1,826,998

35. Financial risk management

(a) Introduction and overview

For the purpose of the risk management policy, risk is defined as the possibility that the outcome of an action or event could adversely affect the ability to meet business objectives or capital of the Bank.

The Bank's approach to the identification and assessment of key risk and controls is undertaken across all business areas of the Bank. This risk management process is effected by the Group's and the Bank's Board of Directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within the risk appetite, provide reasonable assurance regarding the achievement of objectives.

Changes in certain macro-economic variables represent environmental stresses which may reveal systemic credit, market risk sensitivities and risk contagion. These stress tests do include worst case scenarios to test the (combined) risks that could break the Bank and to test what combined set of events would be needed to break the Bank (reverse stress test).

(b) Objective and principles

The objective of the risk management policy is to set standards for the Bank's enterprise-wide risk management in a way that optimally balances managing risk while adding value to the Bank, and this policy is applicable to all levels of the Bank.

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

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

The risk management policy distinguishes different risk categories in line with the categories identified by the Basel Accords as issued by the Basel Committee on Banking Supervision. The policy sets risk tolerance/internal targets per individual risk category.

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

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

35. Financial risk management (continued)

The Group's and the Bank's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, and interest rate risk), and liquidity risk. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

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

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Financial assets								
Cash on hand	412,759,051	421,527,238	1,669,610,361	1,717,723,495	400,816,126	410,955,867	1,621,301,230	1,674,645,158
Deposits and placements with other banks	534,653,146	587,730,531	2,162,671,976	2,395,001,914	507,629,407	558,612,340	2,053,360,951	2,276,345,286
Financial investments	566,674,523	527,474,976	2,292,198,446	2,149,460,527	566,674,523	527,474,976	2,292,198,446	2,149,460,527
Loans and advances	4,471,300,618	3,846,020,519	18,086,411,000	15,672,533,615	4,292,649,159	3,686,578,943	17,363,765,848	15,022,809,193
Other assets	6,921,852	5,918,866	27,998,891	24,119,379	6,923,222	5,935,692	28,004,433	24,187,945
Total financial assets	5,992,309,190	5,388,672,130	24,238,890,674	21,958,838,930	5,774,692,437	5,189,557,818	23,358,630,908	21,147,448,109
Financial liabilities								
Deposits and placements of other banks and financial institutions	317,009,459	285,175,145	1,282,303,262	1,162,088,716	296,764,554	274,277,721	1,200,412,621	1,117,681,713
Deposits from customers	4,294,286,048	4,082,722,853	17,370,387,064	16,637,095,626	4,180,268,737	3,982,146,559	16,909,187,041	16,227,247,228
Other liabilities	28,699,228	27,251,397	116,088,377	111,049,443	28,488,959	26,115,905	115,237,839	106,422,313
Lease liabilities	28,617,902	30,915,939	115,759,414	125,982,451	25,772,385	27,789,168	104,249,297	113,240,860
Borrowings	542,398,916	564,971,701	2,194,003,615	2,302,259,682	507,352,916	518,068,128	2,052,242,545	2,111,127,622
Subordinated debts	167,158,623	139,302,580	676,156,630	567,658,014	167,158,623	139,302,580	676,156,630	567,658,014
Total financial liabilities	5,378,170,176	5,130,339,615	21,754,698,362	20,906,133,932	5,205,806,174	4,967,700,061	21,057,485,973	20,243,377,750
Net financial assets	614,139,014	258,332,515	2,484,192,312	1,052,704,998	568,886,263	221,857,757	2,301,144,935	904,070,359

35. Financial risk management (continued)

35.1 Credit risk

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

Principles of the credit risk:

- The Board recognises that the loan book is the main sources of income for the Bank and, conversely, also constitutes the greatest risk of losses.
- The Board 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 considers the risk return equation favourable for loans provided to the lower segments in the market and considers this the core product of the Bank.
- The Board considers that 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.
- The day-to-day responsibility for the credit risk lies with the senior management of the Credit Division and with branch management and branch credit officers.
- The credit risk is regularly measured by calculating the expected loss taking probability of customer defaults, exposure in the event of default and severity of loss given default of the customer base where credit scoring is applied for.
- The Board requires that credit risk is spread across different sectors (like trade, agriculture, services, industrial, infrastructure etc.) and products to avoid undue over exposure to one particular sector or industry.
- Systemic risk is the risk of system wide breakdown of the financial sector. The Board requires that credit risk on counterparty financial institutions should be subject to the same principles of the prudential assessment and controls as with other forms of lending and prudential position limits should be set to sufficiently protect the Bank for a systemic risk.

Internal targets of the credit risk:

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

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

35. Financial risk management (continued)

35.1 Credit risk (continued)

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 Bank's 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 Bank's net worth.
- Counterparty financial institutions.

(a) Credit risk management

The Boards of Directors has delegated responsibility for oversight of credit risk to its Board of Risk Management and IT Committee ("BRIC"). Credit Division is responsible for management of the credit risk based on the following:

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

35. Financial risk management (continued)

35.1 Credit risk (continued)

(b) Internal targets and mitigation policies

The Group and the Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia, Lao PDR, and the Republic of the Union of Myanmar. The Group and the Bank manages limits and controls concentration of credit risk whenever they are identified. Large exposure is defined by the National Bank of Cambodia 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 National Bank of Cambodia, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth.

The Group and the Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans and advances to customers, which is common practice. The Group and the Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

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

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

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

35. Financial risk management (continued)

35.1 Credit risk (continued)

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

	The Group				The Bank			
	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)	2020 US$	2019 US$	2020 KHR'000 (Note 4)	2019 KHR'000 (Note 4)
Credit exposure for on-balance sheet financial assets:								
Cash on hand	412,759,051	421,527,238	1,669,610,361	1,717,723,495	400,816,126	410,955,867	1,621,301,230	1,674,645,158
Deposits and placements with other banks	534,653,146	587,730,531	2,162,671,976	2,395,001,914	507,629,407	558,612,340	2,053,360,951	2,276,345,286
Financial investments	566,674,523	527,474,976	2,292,198,446	2,149,460,527	566,674,523	527,474,976	2,292,198,446	2,149,460,527
Loans and advances	4,471,300,618	3,846,020,519	18,086,411,000	15,672,533,615	4,292,649,159	3,686,578,943	17,363,765,848	15,022,809,193
Other assets	6,921,852	5,918,866	27,998,891	24,119,379	6,923,222	5,935,692	28,004,433	24,187,945
	5,992,309,190	5,388,672,130	24,238,890,674	21,958,838,930	5,774,692,437	5,189,557,818	23,358,630,908	21,147,448,109
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	120,937,607	93,060,063	489,192,620	379,219,757	120,108,962	93,060,063	485,840,751	379,219,757
Bank guarantees	47,038,166	38,432,397	190,269,381	156,612,018	46,831,662	38,405,593	189,434,073	156,502,791
Letters of credit	7,862,818	8,948,350	31,805,099	36,464,526	7,862,818	8,948,350	31,805,099	36,464,526
	175,838,591	140,440,810	711,267,100	572,296,301	174,803,442	140,414,006	707,079,923	572,187,074
Total maximum credit risk exposure	6,168,147,781	5,529,112,940	24,950,157,774	22,531,135,231	5,949,495,879	5,329,971,824	24,065,710,831	21,719,635,183

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank at 31 December 2020 and 31 December 2019, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

35. Financial risk management (continued)

35.1 Credit risk (continued)

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

As shown above, 72.49% for the Group and 72.15% for the Bank of total maximum exposure is derived from loans and advances to customers (2019: 69.56% and 69.17% for the Group and for the Bank).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loans and advances on the followings. Approximately 98.59% of loans and advances of the Bank are collateralised. According to Credit Operating Manual, loan size must not exceed 75% of estimated saleable value of the pledged collateral.

(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 as follows:

35. Financial risk management (continued)

35.1 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 2020 and 31 December 2019 are as follows:

	The Group								
	Cambodia US$	France US$	Germany US$	Lao US$	Singapore US$	USA US$	Myanmar US$	Other US$	Total US$
As at 31 December 2020									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	400,829,300	-	-	11,624,911	-	-	304,840	-	412,759,051
Deposits and placements with other banks	269,022,932	631,569	568,916	20,612,267	263,969	232,975,901	4,823,475	5,754,117	534,653,146
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances	4,286,426,601	-	-	140,902,367	-	-	43,971,650	-	4,471,300,618
Other assets	6,774,532	-	-	147,320	-	-	-	-	6,921,852
	5,529,727,888	631,569	568,916	173,286,865	263,969	232,975,901	49,099,965	5,754,117	5,992,309,190
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	120,108,962	-	-	828,645	-	-	-	-	120,937,607
Bank guarantees	46,831,662	-	-	206,504	-	-	-	-	47,038,166
Letters of credit	7,862,818	-	-	-	-	-	-	-	7,862,818
	174,803,442	-	-	1,035,149	-	-	-	-	175,838,591
Total maximum credit risk exposure	5,704,531,330	631,569	568,916	174,322,014	263,969	232,975,901	49,099,965	5,754,117	6,168,147,781
In KHR'000 equivalent (Note 4)	23,074,829,230	2,554,697	2,301,265	705,132,547	1,067,755	942,387,520	198,609,358	23,275,403	24,950,157,775

35. Financial risk management (continued)

35.1 Credit risk (continued)

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

(i) Geographical sector (continued)

	The Group								
	Cambodia US$	France US$	Germany US$	Lao US$	Singapore US$	USA US$	Myanmar US$	Other US$	Total US$
As at 31 December 2019									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	410,967,945	-	-	9,921,052	-	-	638,241	-	421,527,238
Deposits and placements with other banks	448,941,957	2,151,232	706,870	20,994,697	1,234,919	96,971,492	6,636,667	10,092,697	587,730,531
Financial investments	527,474,976	-	-	-	-	-	-	-	527,474,976
Loans and advances	3,682,243,140	-	-	127,268,578	-	-	36,508,801	-	3,846,020,519
Other assets	5,869,891	-	-	48,975	-	-	-	-	5,918,866
	5,075,497,909	2,151,232	706,870	158,233,302	1,234,919	96,971,492	43,783,709	10,092,697	5,388,672,130
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	93,060,063	-	-	-	-	-	-	-	93,060,063
Bank guarantees	38,405,593	-	-	26,804	-	-	-	-	38,432,397
Letters of credit	8,948,350	-	-	-	-	-	-	-	8,948,350
	140,414,006	-	-	26,804	-	-	-	-	140,440,810
Total maximum credit risk exposure	5,215,911,915	2,151,232	706,870	158,260,106	1,234,919	96,971,492	43,783,709	10,092,697	5,529,112,940
In KHR'000 equivalent (Note 4)	21,254,841,054	8,766,270	2,880,495	644,909,932	5,032,295	395,158,830	178,418,614	41,127,740	22,531,135,230

35. Financial risk management (continued)

35.1 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$	Lao US$	Singapore US$	USA US$	Myanmar US$	Other US$	Total US$
As at 31 December 2020									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	400,816,126	-	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks	267,444,421	631,569	568,916	499,861	263,969	232,975,901	46,873	5,197,897	507,629,407
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances	4,292,649,159	-	-	-	-	-	-	-	4,292,649,159
Other assets	6,756,356	-	-	-	-	-	166,866	-	6,923,222
	5,534,340,585	631,569	568,916	499,861	263,969	232,975,901	213,739	5,197,897	5,774,692,437
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	120,108,962	-	-	-	-	-	-	-	120,108,962
Bank guarantees	46,831,662	-	-	-	-	-	-	-	46,831,662
Letters of credit	7,862,818	-	-	-	-	-	-	-	7,862,818
	174,803,442	-	-	-	-	-	-	-	174,803,442
Total maximum credit risk exposure	5,709,144,027	631,569	568,916	499,861	263,969	232,975,901	213,739	5,197,897	5,949,495,879
In KHR'000 equivalent (Note 4)	23,093,487,589	2,554,697	2,301,265	2,021,938	1,067,755	942,387,520	864,574	21,025,493	24,065,710,831

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35. Financial risk management (continued)

35.1 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$**	**Germany US$**	**Lao US$**	**Singapore US$**	**USA US$**	**Myanmar US$**	**Other US$**	**Total US$**
As at 31 December 2019									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	410,955,867	-	-	-	-	-	-	-	410,955,867
Deposits and placements with other banks	448,876,239	2,151,232	706,870	-	1,234,919	96,971,492	46,944	8,624,644	558,612,340
Financial investments	527,474,976	-	-	-	-	-	-	-	527,474,976
Loans and advances	3,686,578,943	-	-	-	-	-	-	-	3,686,578,943
Other assets	5,772,701	-	-	798	-	-	162,193	-	5,935,692
	5,079,658,726	2,151,232	706,870	798	1,234,919	96,971,492	209,137	8,624,644	5,189,557,818
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	93,060,063	-	-	-	-	-	-	-	93,060,063
Bank guarantees	38,405,593	-	-	-	-	-	-	-	38,405,593
Letters of credit	8,948,350	-	-	-	-	-	-	-	8,948,350
Forward foreign exchange	-	-	-	-	-	-	-	-	-
	140,414,006	-	-	-	-	-	-	-	140,414,006
Total maximum credit risk exposure	5,220,072,732	2,151,232	706,870	798	1,234,919	96,971,492	209,137	8,624,644	5,329,971,824
In KHR'000 equivalent (Note 4)	21,271,796,383	8,766,270	2,880,495	3,252	5,032,295	395,158,830	852,233	35,145,424	21,719,635,182

35. Financial risk management (continued)

35.1 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 2020 and 31 December 2019 based on the industry sectors of the counterparty are as follows:

	The Group							
	Financial institutions US$	Wholesale and retail US$	Services US$	Housing US$	Manufacturing US$	Agriculture US$	Other US$	Total US$
As at 31 December 2020								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	412,759,051	-	-	-	-	-	-	412,759,051
Deposits and placements with other banks	534,653,146	-	-	-	-	-	-	534,653,146
Financial investments	566,520,994	-	-	-	-	-	153,529	566,674,523
Loans and advances	22,672,936	1,511,327,042	1,086,409,481	160,232,558	130,933,136	888,839,788	670,885,677	4,471,300,618
Other assets	3,787,686	-	-	-	-	-	3,134,166	6,921,852
	1,540,393,813	1,511,327,042	1,086,409,481	160,232,558	130,933,136	888,839,788	674,173,372	5,992,309,190
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	120,937,607	120,937,607
Bank guarantees	-	-	-	-	-	-	47,038,166	47,038,166
Letters of credit	-	-	-	-	-	-	7,862,818	7,862,818
	-	-	-	-	-	-	175,838,591	175,838,591
Total maximum credit risk exposure	1,540,393,813	1,511,327,042	1,086,409,481	160,232,558	130,933,136	888,839,788	850,011,963	6,168,147,781
In KHR'000 equivalent (Note 4)	6,230,892,974	6,113,317,885	4,394,526,351	648,140,697	529,624,535	3,595,356,942	3,438,298,390	24,950,157,774

35. Financial risk management (continued)

35.1 Credit risk (continued)

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

(ii) Industry sectors (continued)

	The Group							
	Financial institutions US$	Wholesale and retail US$	Services US$	Housing US$	Manufacturing US$	Agriculture US$	Other US$	Total US$
As at 31 December 2019								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	421,527,238	-	-	-	-	-	-	421,527,238
Deposits and placements with other banks	587,730,531	-	-	-	-	-	-	587,730,531
Financial investments	527,321,447	-	-	-	-	-	153,529	527,474,976
Loans and advances	7,892,238	1,348,508,445	1,042,121,138	183,308,546	103,528,643	751,254,104	409,407,405	3,846,020,519
Other assets	3,996,131	-	-	-	-	-	1,922,735	5,918,866
	1,548,467,585	1,348,508,445	1,042,121,138	183,308,546	103,528,643	751,254,104	411,483,669	5,388,672,130
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	93,060,063	93,060,063
Bank guarantees	-	-	-	-	-	-	38,432,397	38,432,397
Letters of credit	-	-	-	-	-	-	8,948,350	8,948,350
	-	-	-	-	-	-	140,440,810	140,440,810
Total maximum credit risk exposure	1,548,467,585	1,348,508,445	1,042,121,138	183,308,546	103,528,643	751,254,104	551,924,479	5,529,112,940
In KHR'000 equivalent (Note 4)	6,310,005,409	5,495,171,913	4,246,643,637	746,982,325	421,879,220	3,061,360,474	2,249,092,252	22,531,135,230

35. Financial risk management (continued)

35.1 Credit risk (continued)

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

(ii) Industry sectors (continued)

	The Bank							
	Financial institutions US$	Wholesale and retail US$	Services US$	Housing US$	Manufacturing US$	Agriculture US$	Other US$	Total US$
As at 31 December 2020								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	400,816,126	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks	507,629,407	-	-	-	-	-	-	507,629,407
Financial investments	566,520,994	-	-	-	-	-	153,529	566,674,523
Loans and advances	22,672,936	1,433,948,336	1,056,238,093	159,289,851	124,058,057	848,241,547	648,200,339	4,292,649,159
Other assets	3,832,887	-	-	-	-	-	3,090,335	6,923,222
	1,501,472,350	1,433,948,336	1,056,238,093	159,289,851	124,058,057	848,241,547	651,444,203	5,774,692,437
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	120,108,962	120,108,962
Bank guarantees	-	-	-	-	-	-	46,831,662	46,831,662
Letters of credit	-	-	-	-	-	-	7,862,818	7,862,818
	-	-	-	-	-	-	174,803,442	174,803,442
Total maximum credit risk exposure	1,501,472,350	1,433,948,336	1,056,238,093	159,289,851	124,058,057	848,241,547	826,247,645	5,949,495,879
In KHR'000 equivalent (Note 4)	6,073,455,656	5,800,321,019	4,272,483,086	644,327,447	501,814,841	3,431,137,058	3,342,171,724	24,065,710,831

35. Financial risk management (continued)

35.1 Credit risk (continued)

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

(ii) Industry sectors (continued)

	The Bank							
	Financial institutions	Wholesale and retail	Services	Housing	Manufacturing	Agriculture	Other	Total
	US$	US$	US$	US$	US$	US$	US$	US$
As at 31 December 2019								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	410,955,867	-	-	-	-	-	-	410,955,867
Deposits and placements with other banks	558,612,340	-	-	-	-	-	-	558,612,340
Financial investments	527,321,447	-	-	-	-	-	153,529	527,474,976
Loans and advances	7,892,238	1,277,549,332	1,014,175,262	181,800,701	97,393,627	715,961,507	391,806,276	3,686,578,943
Other assets	4,127,246	-	-	-	-	-	1,808,446	5,935,692
	1,508,909,138	1,277,549,332	1,014,175,262	181,800,701	97,393,627	715,961,507	393,768,251	5,189,557,818
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	93,060,063	93,060,063
Bank guarantees	-	-	-	-	-	-	38,405,593	38,405,593
Letters of credit	-	-	-	-	-	-	8,948,350	8,948,350
	-	-	-	-	-	-	140,414,006	140,414,006
Total maximum credit risk exposure	1,508,909,138	1,277,549,332	1,014,175,262	181,800,701	97,393,627	715,961,507	534,182,257	5,329,971,824
In KHR'000 equivalent (Note 4)	6,148,804,737	5,206,013,528	4,132,764,193	740,837,857	396,879,030	2,917,543,141	2,176,792,697	21,719,635,183

35. Financial risk management (continued)

35.1 Credit risk (continued)

(e) Write-off policy

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

a) All forms of securities or collateral have been called and realized but proceeds failed to cover the entire outstanding amount of the facility;

b) The Bank is unable to collect, or there is no longer reasonable assurance that the Bank will collect all amounts due according to the contractual terms of the facility's agreement;

c) The counterparty has become bankrupt or is undergoing other forms of financial restructuring the consequence of which it is unlikely that it may service the facility;

d) The facility has been classified under loss category.

(f) Credit quality of financial assets

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

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

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

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

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL

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

a) Financial assets measured at amortised cost;

b) Financial assets measured at fair value through other comprehensive income;

c) Financial assets measured at fair value through profit and loss.

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

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 Bank will assess credit risk of each account as compared to the risk level at origination date.

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

Long-term facilities (more than one year)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	0 ≤ DPD < 30	Performing
2	Credit risk increased significantly	Special Mention	30 ≤ DPD < 90	Underperforming
3	Credit impaired assets	Substandard	90 ≤ DPD < 180	Nonperforming
		Doubtful	180 ≤ DPD <360	
		Loss	DPD ≥ 360	

Short-term facilities (one year or less)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	0 ≤ DPD ≤ 14	Performing
2	Credit risk increased significantly	Special Mention	15 ≤ DPD ≤ 30	Underperforming
3	Credit impaired assets	Substandard	31 ≤ DPD ≤ 60	Nonperforming
		Doubtful	61 ≤ DPD ≤ 90	
		Loss	DPD ≥ 91	

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL (continued)

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

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

Credit classification for financial assets

The Bank followed the mandatory loan classification and provisioning as required by the National Bank of Cambodia'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, other financial assets are classified into five classifications as described below:

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

35. Financial risk management (continued)

35.1 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**
2- SPECIAL MENTION A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the counterparty at a future date, and warrant close attention by the Bank. Examples of such weaknesses include, but are not limited to a declining trend in the operations of the counterparty or in its financial position, adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.	- When any facility is past due from 30 days to 89 days. - When interest payments for 30 to 89 days have been capitalized, refinanced, or rolled over into a new facility.	- When any facility is past due for maximum 30 days. - When interest payments for maximum 30 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 30 days, or the current account has been inactive for maximum 30 days, or the net inflows on the current account have not been enough to cover capitalized interests for maximum 30 days.

35. Financial risk management (continued)

35.1 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**
3- SUB-STANDARD A facility in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position of the counterparty and his repayment capacity. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources such as the realization of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include: ▪ Inability of the counterparty to meet the contractual repayments' terms, ▪ Unfavourable economic and market conditions that would affect the business and profitability of the counterparty in the future, ▪ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments. ▪ Difficulties experienced by the counterparty in repaying other facilities granted by the bank or by other institutions when the information is available. ▪ Breach of financial covenants by the counterparty.	- When any facility is past due from 90 days to 179 days. - When interest payments for 90 to 179 days have been capitalized, refinanced, or rolled over into a new facility.	- When any facility is past due for maximum 60 days. - When interest payments for maximum 60 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 60 days, or the current account has been inactive for maximum 60 days. - The overdraft that has had no net inflow for 60 days must be modified into a term loan.

35. Financial risk management (continued)

35.1 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**
4- DOUBTFUL A facility classified in this category faces similar but more severe weaknesses than one classified as Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.	- When any facility is past due from 180 days to 359 days. - When interest payment for 180 to 359 days have been capitalized or rolled over into a new facility.	- When any facility is past due for maximum 90 days. - When interest payment for maximum 90 days have been capitalized or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 90 days, or the current account has been inactive for maximum 90 days.
5- LOSS A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.	- When any facility is past due from 360 days. - When interest payment for 360 days or more have been capitalized or rolled over into a new facility.	- When any facility is past due for maximum 180 days. - When interest payment for maximum 180 days have been capitalized or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 180 days, or the current account has been inactive for maximum 180 days.

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

35. Financial risk management (continued)

35.1 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.

	2020				2019
Loans and advances at amortised cost	**Stage 1: 12-month ECL US$**	**Stage 2: Lifetime ECL not credit impaired US$**	**Stage 3: Lifetime ECL credit impaired US$**	**Total US$**	**Total US$**
The Group					
Normal	4,372,663,965	-	2,598,060	4,375,262,025	3,828,981,539
Special mention	963	25,757,483	711,864	26,470,310	2,815,219
Substandard	-	-	32,985,705	32,985,705	8,860,402
Doubtful	-	-	50,125,889	50,125,889	9,084,696
Loss	-	-	21,799,236	21,799,236	29,721,718
	4,372,664,928	25,757,483	108,220,754	4,506,643,165	3,879,463,574
ECL allowance	(11,905,500)	(3,303,698)	(20,133,349)	(35,342,547)	(33,235,577)
Carrying amount	4,360,759,428	22,453,785	88,087,405	4,471,300,618	3,846,227,997
In KHR'000 equivalent (Note 4)	17,639,271,886	90,825,560	356,313,553	18,086,411,000	15,673,379,088
The Bank					
Normal	4,198,757,317	-	-	4,198,757,317	3,671,937,563
Special mention	963	23,944,531	-	23,945,494	2,163,641
Substandard	-	-	31,773,683	31,773,683	8,241,134
Doubtful	-	-	48,178,299	48,178,299	8,004,588
Loss	-	-	21,203,755	21,203,755	29,077,419
	4,198,758,280	23,944,531	101,155,737	4,323,858,548	3,719,424,345
ECL allowance	(10,839,155)	(2,906,941)	(17,463,293)	(31,209,389)	(32,189,580)
Carrying amount	4,187,919,125	21,037,590	83,692,444	4,292,649,159	3,687,234,765
In KHR'000 equivalent (Note 4)	16,940,132,861	85,097,052	338,535,936	17,363,765,848	15,025,481,666

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Financial investments at amortised cost	2020 Stage 1: 12-month ECL US$	2020 Stage 2: Lifetime ECL not credit impaired US$	2020 Stage 3: Lifetime ECL credit impaired US$	2020 Total US$	2019 Total US$
The Group					
Normal	566,520,994	-	-	566,520,994	527,321,447
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	566,520,994	-	-	566,520,994	527,321,447
ECL allowance	-	-	-	-	-
Carrying amount – fair value	566,520,994	-	-	566,520,994	527,321,447
In KHR'000 equivalent (Note 4)	2,291,577,421	-	-	2,291,577,421	2,148,834,897
The Bank					
Normal	566,520,994	-	-	566,520,994	527,321,447
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	566,520,994	-	-	566,520,994	527,321,447
ECL allowance	-	-	-	-	-
Carrying amount – fair value	566,520,994	-	-	566,520,994	527,321,447
In KHR'000 equivalent (Note 4)	2,291,577,421	-	-	2,291,577,421	2,148,834,897

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Cash and deposit and placement with other banks	2020 Stage 1: 12-month ECL US$	2020 Stage 2: Lifetime ECL not credit impaired US$	2020 Stage 3: Lifetime ECL credit impaired US$	2020 Total US$	2019 Total US$
The Group					
Normal	1,308,371,649	-	-	1,308,371,649	1,597,183,824
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	1,308,371,649	-	-	1,308,371,649	1,597,183,824
ECL allowance	(582,444)	-	-	(582,444)	(589,956)
Carrying amount	1,307,789,205	-	-	1,307,789,205	1,596,593,868
In KHR'000 equivalent (Note 4)	5,290,007,334	-	-	5,290,007,334	6,506,120,012
The Bank					
Normal	1,265,340,832	-	-	1,265,340,832	1,552,809,189
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	1,265,340,832	-	-	1,265,340,832	1,552,809,189
ECL allowance	(141,543)	-	-	(141,543)	(45,241)
Carrying amount	1,265,199,289	-	-	1,265,199,289	1,552,763,948
In KHR'000 equivalent (Note 4)	5,117,731,124	-	-	5,117,731,124	6,327,513,088

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

	2020				2019
Other Receivables	**Stage 1: 12-month ECL US$**	**Stage 2: Lifetime ECL not credit impaired US$**	**Stage 3: Lifetime ECL credit impaired US$**	**Total US$**	**Total US$**
The Group					
Normal	6,921,852	-	-	6,921,852	5,918,866
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	6,921,852	-	-	6,921,852	5,918,866
ECL allowance	(199,393)	-	-	(199,393)	(295,027)
Carrying amount	6,722,459	-	-	6,722,459	5,623,839
In KHR'000 equivalent (Note 4)	27,192,347	-	-	27,192,347	22,917,144
The Bank					
Normal	6,923,222	-	-	6,923,222	5,935,692
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	6,923,222	-	-	6,923,222	5,935,692
ECL allowance	(197,045)	-	-	(197,045)	(295,009)
Carrying amount	6,726,177	-	-	6,726,177	5,640,683
In KHR'000 equivalent (Note 4)	27,207,386	-	-	27,207,386	22,985,783

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

	2020				2019
Financial guarantee contracts	**Stage 1: 12-month ECL US$**	**Stage 2: Lifetime ECL not credit impaired US$**	**Stage 3: Lifetime ECL credit impaired US$**	**Total US$**	**Total US$**
The Group					
Normal	44,810,466	-	-	44,810,466	38,788,330
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	44,810,466	-	-	44,810,466	38,788,330
ELC allowance	(154,907)	-	-	(154,907)	(207,479)
Carrying amount – fair value	44,655,559	-	-	44,655,559	38,580,851
In KHR'000 equivalent (Note 4)	180,631,736	-	-	180,631,736	157,216,968
The Bank					
Normal	57,603,962	-	-	57,603,962	51,788,330
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	57,603,962	-	-	57,603,962	51,788,330
ECL allowance	(525,324)	-	-	(525,324)	(655,822)
Carrying amount – fair value	57,078,638	-	-	57,078,638	51,132,508
In KHR'000 equivalent (Note 4)	230,883,091	-	-	230,883,091	208,364,970

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL

Significant increase in credit risk

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

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines 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 Bank monitors 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 30 or 15 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- 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).

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default

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

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

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

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

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

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

Incorporation of forward-looking information

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

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a 55% probability of occurring, and two less likely scenarios, 20% for one upside and 25% for one downside, each assigned a 20% probability of occurring. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

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

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

The economic scenarios of the Bank's portfolio used as at 31 December 2020 included the following key indicators for Cambodia for the years ending 31 December 2019 to 2022:

Exposure	2018	2019	2020	2021	2022
1- Small Loan					
- Domestic Private Sector Credit to GDP (%)					
Base	62.08%	63.76%	64.37%	50.87%	50.87%
Upside	35.79%	37.46%	38.07%	24.57%	24.57%
Downside	88.38%	90.06%	90.67%	77.17%	77.17%
- FDI (% of GDP)					
Base	10.69%	10.62%	10.68%	11.20%	11.20%
Upside	13.35%	13.28%	13.34%	13.86%	13.86%
Downside	8.03%	7.96%	8.02%	8.54%	8.54%
2- Medium Loan					
- Cambodia Commodity Imports Total Imports (in KHR billion)					
Base	4,311	4,337	4,337	3,263	3,263
Upside	2,835	2,862	2,862	1,788	1,788
Downside	5,787	5,813	5,813	4,739	4,739
- Nominal GDP (in KHR billions)					
Base	9.45%	9.40%	9.40%	9.52%	9.52%
Upside	12.97%	12.92%	12.91%	13.04%	13.04%
Downside	5.94%	5.89%	5.88%	6.01%	6.01%
3- Revolving					
- US 1 Year Treasury Yield Curve Rates					
Base	0.96743				
Upside	(0.37254)				
Downside	2.30741				
- Current account balance/GDP					
Base	0.17000				
Upside	14.24917				
Downside	(13.90917)				

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Exposure	2018	2019	2020	2021	2022
4- Trade Loan					
- FDI Net Inflow (USD)					
Base	1,956,347,705				
Upside	2,435,773,490				
Downside	1,476,921,919				
- Nominal GDP (in KHR billions)					
Base	74,100				
Upside	92,739				
Downside	55,460				
5- Credit Card					
- Interest rate fixed deposit 12 months (%)					
Base	-11.92%	-11.90%	-11.79%	1.20%	1.20%
Upside	4.55%	4.57%	4.67%	17.66%	17.66%
Downside	-28.38%	-28.36%	-28.25%	-15.26%	-15.26%
- Domestic Private Sector Credit to GDP (%)					
Base	62.08%	63.76%	64.37%	48.90%	48.90%
Upside	35.50%	37.17%	37.78%	22.31%	22.31%
Downside	88.67%	90.35%	90.96%	75.49%	75.49%
6- Personal Loan & Other					
- GDP at Current Price, Industry (YOY,%)					
Base	17.12%	17.40%	17.41%	15.88%	15.88%
Upside	21.42%	21.69%	21.70%	20.18%	20.18%
Downside	12.82%	13.10%	13.11%	11.59%	11.59%
- Interest rate fixed deposit 12 months (%)					
Base	1.39%	1.53%	1.40%	0.79%	0.79%
Upside	8.98%	9.13%	8.99%	8.39%	8.39%
Downside	-6.21%	-6.07%	-6.20%	-6.81%	-6.81%
- Total Unemployment Cambodia (ILO Est)					
Base	5.19%	1.41%	4.35%	9.18%	9.18%
Upside	-85.63%	-89.41%	-86.47%	-81.64%	-81.64%
Downside	96.01%	92.23%	95.16%	100.00%	100.00%
7- Home Improvement Loan					
- Current account balance/GDP					
Base	-8.01%	-8.00%	-7.97%	-1.05%	-1.05%
Upside	12.23%	12.24%	12.28%	19.19%	19.19%
Downside	-28.26%	-28.24%	-28.21%	-21.30%	-21.30%
- Nominal GDP (in KHR billions)					
Base	9.45%	9.40%	9.40%	9.82%	9.82%
Upside	13.75%	13.70%	13.69%	14.11%	14.11%
Downside	5.16%	5.11%	5.10%	5.53%	5.53%

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Exposure	2018	2019	2020	2021	2022
8- Overdraft					
- Crude Oil Brent (USD)					
Base	21.61%				
Upside	-31.67%				
Downside	74.90%				
- Interest rate fixed deposit 12 months (%)					
Base	-0.60%				
Upside	7.21%				
Downside	-8.41%				
- Interest rate loans 12 months (%)					
Base	-19.87%				
Upside	-67.51%				
Downside	27.76%				
9- Staff Loan					
- US 1 Year Treasury Yield Curve Rates					
Base	1.448000	1.493200	1.514680	0.231905	0.231905
Upside	1.138767	1.183967	1.205447	(0.077328)	(0.077328)
Downside	1.757233	1.802433	1.823913	0.541137	0.541137
10- Public Housing Loan					
- GDP at Current Price, Industry (YOY,%)					
Base	16.59%	16.48%	16.36%	15.88%	15.88%
Upside	20.89%	20.77%	20.65%	20.18%	20.18%
Downside	12.29%	12.18%	12.06%	11.59%	11.59%
- Crude Oil Brent (USD)					
Base	21.61%	23.81%	24.38%	-12.39%	-12.39%
Upside	-30.02%	-27.82%	-27.25%	-64.02%	-64.02%
Downside	73.24%	75.45%	76.01%	39.24%	39.24%
- Total Unemployment Cambodia (ILO Est)					
Base	3.33%	6.56%	6.73%	9.18%	9.18%
Upside	-87.49%	-84.26%	-84.09%	-81.64%	-81.64%
Downside	94.15%	97.38%	97.55%	100.00%	100.00%
11- Staff Housing Loan					
- USDKHR BGN Currency					
Base	4,072.57036	4,079.59914	4,085.50377	4,050.81903	4,050.81903
Upside	3,995.78516	4,002.81395	4,008.71857	3,974.03384	3,974.03384
Downside	4,149.35556	4,156.38434	4,162.28896	4,127.60423	4,127.60423
- FDI (% of GDP)					
Base	10.69%	10.62%	10.68%	11.24%	11.24%
Upside	13.34%	13.27%	13.33%	13.89%	13.89%
Downside	8.04%	7.97%	8.03%	8.59%	8.59%

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Exposure	2018	2019	2020	2021	2022
12- Guarantee					
- Domestic Private Sector Credit to GDP (%)					
Base	62.08%				
Upside	35.79%				
Downside	88.38%				
- FDI (% of GDP)					
Base	10.69%				
Upside	13.35%				
Downside	8.03%				
13- Import Loan					
- FDI Net Inflow (USD)					
Base	1,956,347,704.70				
Upside	2,435,773,490.17				
Downside	1,476,921,919.23				
- Nominal GDP (in KHR billions)					
Base	74,099.53				
Upside	92,739.47				
Downside	55,459.58				

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(f)(iv).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

35. Financial risk management (continued)

35.1 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 loss recognised on the profit or loss were as follows:

	The Group				The Bank			
Type	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	US$	**US$**	**KHR'000**	**KHR'000**	**US$**	**US$**	**KHR'000**	**KHR'000**
			(Note 4)	(Note 4)			(Note 4)	(Note 4)
Deposit and placements with banks	(7,786)	523,753	(31,744)	2,122,247	96,083	31,153	391,730	126,232
Loans and advances to customers	20,852,357	22,600,278	85,015,059	91,576,326	16,204,462	21,462,295	66,065,592	86,965,219
Other assets	(50,540)	287,174	(206,051)	1,163,630	(52,869)	287,184	(215,547)	1,163,670
	20,794,031	23,411,205	84,777,264	94,862,203	16,247,676	21,780,632	66,241,775	88,255,121
Financial guarantee contracts	(54,156)	(87,989)	(220,794)	(356,531)	(132,082)	360,354	(538,498)	1,460,154
Total	20,739,875	23,323,216	84,556,470	94,505,672	16,115,594	22,140,986	65,703,277	89,715,275

35. Financial risk management (continued)

35.1 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:

	2020				2019			
Loans and advances at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
The Group								
As at 1 January	24,627,422	344,453	8,263,701	33,235,576	14,976,248	862,530	18,061,054	33,899,832
Allowance for impairment loss during the year	(12,721,922)	2,959,245	30,615,034	20,852,357	9,651,174	(518,077)	13,467,181	22,600,278
Written off during the year	-	-	(18,676,459)	(18,676,459)	-	-	(23,994,329)	(23,994,329)
Currency translation difference	-	-	(68,927)	(68,927)	-	-	729,796	729,796
At 31 December	11,905,500	3,303,698	20,133,349	35,342,547	24,627,422	344,453	8,263,702	33,235,577
In KHR'000 equivalent (Note 4)	48,157,748	13,363,458	81,439,397	142,960,602	100,356,745	1,403,646	33,674,586	135,434,977

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Loss allowance (continued)

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

	2020				2019			
Loans and advances at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
The Bank								
As at 1 January	24,066,137	286,202	7,837,241	32,189,580	14,137,285	818,920	17,600,970	32,557,175
Allowance for impairment loss during the year	(13,226,982)	2,620,739	26,810,704	16,204,462	9,928,852	(532,718)	12,066,161	21,462,295
Written off during the year	-	-	(17,158,054)	(17,158,054)	-	-	(22,436,319)	(22,436,319)
Currency translation difference	-	-	(26,599)	(26,599)			606,429	606,429
At 31 December	10,839,155	2,906,941	17,463,293	31,209,389	24,066,137	286,202	7,837,241	32,189,580
In KHR'000 equivalent (Note 4)	43,844,382	11,758,576	70,639,020	126,241,978	98,069,508	1,166,273	31,936,757	131,172,538

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

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

	2020				2019
Cash and deposit and placement with other banks	**Stage 1 US$**	**Stage 2 US$**	**Stage 3 US$**	**Total US$**	**Total US$**
The Group					
At 1 January	589,956	-	-	589,956	69,999
Allowance for impairment loss during the year	(7,786)	-	-	(7,786)	523,753
Currency translation difference	274	-	-	274	(3,796)
At 31 December	582,444	-	-	582,444	589,956
In KHR'000 equivalent (Note 4)	2,355,986	-	-	2,355,986	2,404,071
The Bank					
At 1 January	45,241	-	-	45,241	14,059
Loss allowance during the year	96,083	-	-	96,083	31,153
Currency translation difference	219	-	-	219	29
At 31 December	141,543	-	-	141,543	45,241
In KHR'000 equivalent (Note 4)	572,541	-	-	572,541	184,357

	2020				2019
Other assets - other receivables	**Stage 1 US$**	**Stage 2 US$**	**Stage 3 US$**	**Total US$**	**Total US$**
The Group					
At 1 January	295,027	-	-	295,027	7,858
Loss allowance during the year	(50,540)	-	-	(50,540)	287,174
Currency translation difference	(45,094)	-	-	(45,094)	(5)
At 31 December	199,393	-	-	199,393	295,027
In KHR'000 equivalent (Note 4)	806,545	-	-	806,545	1,202,235
The Bank					
At 1 January	295,009	-	-	295,009	7,830
Loss allowance during the year	(52,869)	-	-	(52,869)	287,184
Currency translation difference	(45,095)	-	-	(45,095)	(5)
At 31 December	197,045	-	-	197,045	295,009
In KHR'000 equivalent (Note 4)	797,047	-	-	797,047	1,202,162

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

Financial guarantee contracts	2020 Stage 1 US$	2020 Stage 2 US$	2020 Stage 3 US$	2020 Total US$	2019 Total US$
The Group					
At 1 January	207,479	-	-	207,479	288,498
Reversal of allowance for impairment loss during the year	(54,156)	-	-	(54,156)	(87,989)
Currency translation difference	1,584	-	-	1,584	6,970
At 31 December	154,907	-	-	154,907	207,479
In KHR'000 equivalent (Note 4)	626,599	-	-	626,599	845,476
The Bank					
At 1 January	655,822	-	-	655,822	288,498
Loss allowance during the year	(132,082)	-	-	(132,082)	360,354
Currency translation difference	1,584	-	-	1,584	6,970
At 31 December	525,324	-	-	525,324	655,822
In KHR'000 equivalent (Note 4)	2,124,936	-	-	2,124,936	2,672,474

(h) COVID-19 Outbreak and Impact on ECL

The COVID-19 outbreak on the economic growth resulting the economic variables that are used in the models are out of the bounds for which CIFRS 9 models have been built and recalibrated to operate. Furthermore, the current government support programs and regulatory on loan restructuring, designed to mitigate the adverse impact of COVID-19 and related economic consequences, have partially been factored into the modelling. This results CIFRS 9 models under the current economic conditions could not measure the accurate outcomes. Hence, the post-model overlays based on a sensitive analysis and ACLEDA Bank's senior management's judgment are necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

Models will be recalibrated over time in order to overcome observed impacts of Covid-19. Therefore, we anticipate significant post-model adjustments over 2020 and for the foreseeable future when the economy resumes positive GDP growth.

The Group and the Bank also 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.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(h) COVID-19 Outbreak and Impact on ECL (continued)

Economic forecasts are subject to high degree of uncertainty in the current environment. This have resulted the forecasts and economic models may not be applicable. This requires a greater reliance on the forecast by the National Bank of Cambodia, Ministry of Economics and Finance, World Bank, or Asia Development Bank to incorporate into the analysis and assessment of ECL outcomes.

The Group and the Bank also generate three economic scenarios to reflect economic conditions, starting with baseline, good, and bad. Each scenario is consistent with a probability of 55%, 20% and 25%, according to the decision of ACLEDA Bank's senior management since COVID-19 outbreak in Mar-2020.

35.2 Market risk

The Group and the Bank take on exposure to market risk, which is the risk of changes in the level or volatility of market rates or prices such as interest rates, credit spreads, foreign currency exchange rates, commodity prices and equity prices that could adversely affect the Group's and the Bank's future earnings, capital, or ability to meet business objectives.

The primary categories of market risk for the Group and the Bank are:

(i) Interest rate risk: can lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals.

(ii) Foreign exchange rate risk: can lead to losses when there is an imbalance between assets and liabilities in any particular currency.

The Board Risk Management and IT Committee ("BRIC") is established by the board of directors to assist the Board in the effective discharge of its responsibilities for risk management and to regularly review management's ability to assess and manage the Bank's risks. The market risk is managed based on the following principles and internal targets.

35. Financial risk management (continued)

35.2 Market risk (continued)

Principles of the market risk:

- In line with sound banking principles the Group and the Bank will actively manage currencies and interest rate risk positions to hedge positions by matching assets and liabilities.
- The Group and the Bank shall not engage in activities to derive income from proprietary trading or speculation on the movements of exchange rates, interest rates or value of securities.
- The position limits as set by the central banks are meant to limit the adverse impact of market risk and are not meant to create an opportunity for proprietary trading.
- The day to day responsibility for market risk lies with the senior management of the treasury group.

Internal targets of the market risk:

- The regulatory limits on foreign exchange currency mismatch per currency and cumulative should be observed at all times.
- The Bank will have, at all times, internal targets that are lower than the regulatory limits to allow for a safety margin to ensure permanent full compliance with regulatory limits.
- Setting the level of the internal targets is at the discretion of the Assets and Liabilities Committee ("ALCO") and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.

Internal targets of the market risk: (continued)

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the targets. Any breaches of internal targets should be reported to the ALCO and President & Group Managing Directors.
- Any change in level of internal targets will need to be reported by e-mail to the Chair of the Board Risk Management and IT Committee ("BRIC") on the same day the change has been made.
- At all time, the Bank will have a contingency plan to be executed when it is perceived by the 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.

As of 31 December 2020 and 31 December 2019, the Group and the Bank did not have financial instruments carried at fair value. The Group uses derivative financial instruments such as foreign exchange contract and interest rate swaps to hold its risk exposures.

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk

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 management of the Group and the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

The Group's and the Bank's interest rate risk arise from borrowings. Borrowings issued at variable rates expose the Group and the Bank to cash flow interest rate risk. The Group and the Bank manage cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates and recognising the interest expense based on that fixed interest rate. The Group and the Bank raise borrowings at floating rates and swaps them into fixed rate that are lower than those available if the Group and the Bank borrowed at fixed rates directly. Under the interest rate swaps, the Group agreed with other parties to exchange, at specified intervals (primarily semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.

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

35. Financial risk management (continued)

35.2 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$
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	412,759,051	412,759,051
Deposits and placements with other banks	234,738,355	4,076,310	-	-	-	295,838,481	534,653,146
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances							
- Performing	114,672,830	239,865,582	845,044,589	2,744,589,864	454,249,545	-	4,398,422,410
- Non performing	-	-	-	-	-	108,220,753	108,220,753
- Loss allowance	-	-	-	-	-	(35,342,545)	(35,342,545)
Other assets	-	-	-	-	-	6,921,852	6,921,852
Total financial assets	915,549,627	243,941,892	845,417,086	2,744,589,864	454,249,545	788,561,176	5,992,309,190
Financial liabilities							
Deposits and placements of other banks and financial institutions	68,526,232	8,347,174	40,716,070	18,855,000	71,556,029	109,008,954	317,009,459
Deposits from customers	1,998,279,203	254,562,597	923,043,532	532,634,286	21,296,683	564,469,747	4,294,286,048
Other liabilities	-	-	-	-	-	28,699,228	28,699,228
Lease liabilities	1,722,414	1,483,344	7,104,107	16,334,766	1,973,271	-	28,617,902
Borrowings	1,784,756	74,857,377	121,085,450	332,042,951	5,860,858	6,767,524	542,398,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
Total financial liabilities	2,070,312,605	339,250,492	1,102,922,750	998,620,003	157,684,051	709,380,275	5,378,170,176
Net interest sensitivity gap	(1,154,762,978)	(95,308,600)	(257,505,664)	1,745,969,861	296,565,494	79,180,901	614,139,014
In KHR'000 equivalent (Note 4)	(4,671,016,246)	(385,523,287)	(1,041,610,411)	7,062,448,088	1,199,607,423	320,286,745	2,484,192,312
Unused portion of overdrafts	-	-	-	-	-	120,937,607	120,937,607
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,900,984	54,900,984
Net interest sensitivity gap	-	-	-	-	-	175,838,591	175,838,591
In KHR'000 equivalent (Note 4)	-	-	-	-	-	711,267,100	711,267,100

35. Financial risk management (continued)

35.2 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$
As at 31 December 2019							
Financial assets							
Cash on hand	-	-	-	-	-	421,527,238	421,527,238
Deposits and placements with other banks	101,015,402	1,127,269	-	-	-	485,587,860	587,730,531
Financial investments	177,298,469	330,089,942	19,933,035	-	-	153,530	527,474,976
Loans and advances							
- Performing	113,123,281	228,380,504	767,798,648	2,417,544,191	305,180,685	-	3,832,027,309
- Non performing	-	-	-	-	-	48,075,664	48,075,664
- Loss allowance (*)	-	-	-	-	-	(34,082,454)	(34,082,454)
Other assets	-	-	-	-	-	5,918,866	5,918,866
Total financial assets	391,437,152	559,597,715	787,731,683	2,417,544,191	305,180,685	927,180,704	5,388,672,130
Financial liabilities							
Deposits and placements of other banks and financial institutions	69,219,725	9,732,929	16,835,620	15,794,271	70,150,000	103,442,600	285,175,145
Deposits from customers	1,906,967,792	270,961,829	983,609,388	400,528,294	15,795,723	504,859,827	4,082,722,853
Other liabilities	-	-	-	-	-	27,251,397	27,251,397
Lease liabilities	1,058,400	1,354,080	7,343,514	18,337,639	2,822,306	-	30,915,939
Borrowings	26,053,241	33,059,455	134,562,903	367,062,751	4,233,351	-	564,971,701
Subordinated debts	-	-	81,243,447	25,964,271	32,094,862	-	139,302,580
Total financial liabilities	2,003,299,158	315,108,293	1,223,594,872	827,687,226	125,096,242	635,553,824	5,130,339,615
Net interest sensitivity gap	(1,611,862,006)	244,489,422	(435,863,189)	1,589,856,965	180,084,443	291,626,880	258,332,515
In KHR'000 equivalent (Note 4)	(6,568,337,674)	996,294,395	(1,776,142,495)	6,478,667,132	733,844,105	1,188,379,536	1,052,704,999
Unused portion of overdrafts	-	-	-	-	-	93,060,063	93,060,063
Guarantees, acceptances and other financial facilities	-	-	-	-	-	47,380,747	47,380,747
Net interest sensitivity gap	-	-	-	-	-	140,440,810	140,440,810
In KHR'000 equivalent (Note 4)	-	-	-	-	-	572,296,301	572,296,301

(*) Included provision for off balance sheet commitment.

35. Financial risk management (continued)
35.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank						
	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$
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	400,816,126	400,816,126
Deposits and placements with other banks	234,700,199	3,000,000	-	-	-	269,929,208	507,629,407
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances							
- Performing	105,939,266	220,918,625	787,952,910	2,656,562,739	451,329,271	-	4,222,702,811
- Non performing	-	-	-	-	-	101,155,737	101,155,737
- Loss allowance	-	-	-	-	-	(31,209,389)	(31,209,389)
Other assets	-	-	-	-	-	6,923,222	6,923,222
Total financial assets	906,777,907	223,918,625	788,325,407	2,656,562,739	451,329,271	747,778,488	5,774,692,437
Financial liabilities							
Deposits and placements of other banks and financial institutions	67,683,651	6,356,000	22,429,557	18,855,000	71,556,029	109,884,317	296,764,554
Deposits from customers	1,955,317,026	246,232,704	896,537,310	511,760,130	17,564,763	552,856,804	4,180,268,737
Other liabilities	-	-	-	-	-	28,488,959	28,488,959
Lease liabilities	1,620,943	1,443,572	6,647,364	15,123,119	937,387	-	25,772,385
Borrowings	193,560	71,157,818	107,238,207	318,846,331	3,753,850	6,163,150	507,352,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
Total financial liabilities	2,024,815,180	325,190,094	1,043,826,029	963,337,580	150,809,239	697,828,052	5,205,806,174
Net interest sensitivity gap	(1,118,037,273)	(101,271,469)	(255,500,622)	1,693,225,159	300,520,032	49,950,436	568,886,263
In KHR'000 equivalent (Note 4)	(4,522,460,769)	(409,643,092)	(1,033,500,016)	6,849,095,768	1,215,603,529	202,049,515	2,301,144,935
Unused portion of overdrafts	-	-	-	-	-	120,108,962	120,108,962
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,694,480	54,694,480
Net interest sensitivity gap	-	-	-	-	-	174,803,442	174,803,442
In KHR'000 equivalent (Note 4)	-	-	-	-	-	707,079,923	707,079,923

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank						
	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$
As at 31 December 2019							
Financial assets							
Cash on hand	-	-	-	-	-	410,955,867	410,955,867
Deposits and placements with other banks	100,430,774	-	-	-	-	458,181,566	558,612,340
Financial investments	177,298,469	330,089,942	19,933,035	-	-	153,530	527,474,976
Loans and advances							
- Performing	104,137,506	210,501,398	713,611,636	2,339,892,203	305,551,912	-	3,673,694,655
- Non performing	-	-	-	-	-	45,729,690	45,729,690
- Loss allowance (*)	-	-	-	-	-	(32,845,402)	(32,845,402)
Other assets	-	-	-	-	-	5,935,692	5,935,692
Total financial assets	381,866,749	540,591,340	733,544,671	2,339,892,203	305,551,912	888,110,943	5,189,557,818
Financial liabilities							
Deposits and placements of other banks and financial institutions	67,367,305	7,631,767	6,405,050	14,050,000	70,150,000	108,673,599	274,277,721
Deposits from customers	1,875,484,798	265,335,713	960,119,470	376,717,663	11,928,271	492,560,644	3,982,146,559
Other liabilities	-	-	-	-	-	26,115,905	26,115,905
Lease liabilities	1,001,066	1,336,787	6,685,580	16,988,942	1,776,793	-	27,789,168
Borrowings	25,698,680	28,185,890	122,807,911	341,375,647	-	-	518,068,128
Subordinated debts	-	-	81,243,447	25,964,271	32,094,862	-	139,302,580
Total financial liabilities	1,969,551,849	302,490,157	1,177,261,458	775,096,523	115,949,926	627,350,148	4,967,700,061
Net interest sensitivity gap	(1,587,685,100)	238,101,183	(443,716,787)	1,564,795,680	189,601,986	260,760,795	221,857,757
In KHR'000 equivalent (Note 4)	(6,469,816,783)	970,262,321	(1,808,145,907)	6,376,542,396	772,628,093	1,062,600,240	904,070,360
Unused portion of overdrafts	-	-	-	-	-	93,060,063	93,060,063
Guarantees, acceptances and other financial facilities	-	-	-	-	-	47,353,943	47,353,943
Net interest sensitivity gap	-	-	-	-	-	140,414,006	140,414,006
In KHR'000 equivalent (Note 4)	-	-	-	-	-	572,187,074	572,187,074

(*) Included provision for off balance sheet commitment.

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk (continued)

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

Statement of profit or loss is sensitive to higher/lower interest expenses from borrowings as a result of changes in interest rates. The change of 25 basis points ("bp") in interest rates of borrowings at the reporting date would not have material effect on statement of profit or loss of the Group and the Bank.

(ii) Foreign exchange risk

The Group operates in Cambodia, Lao PDR, and Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to Khmer Riel, Euro, Thai Baht, LAK, JPY, AUD, VND, CAD, Kyat and others.

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

Management monitors their foreign exchange risk against functional currencies. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group use forward contracts.

The table below summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at 31 December 2020 and 31 December 2019. Included in the table are the financial instruments at carrying amount by currency in US$ equivalent.

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							
	In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2020								
Financial assets								
Cash on hand	103,488,247	284,892,098	12,247,160	2,967,502	226,620	7,446,734	1,490,690	412,759,051
Deposits and placements with other banks	78,882,898	431,103,914	4,323,331	1,200,340	78,488	15,945,738	3,118,437	534,653,146
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances	605,355,296	3,653,522,729	27,594,434	-	-	140,856,509	43,971,650	4,471,300,618
Other assets	112,607	6,661,885	23,341	-	-	124,019	-	6,921,852
Total financial assets	820,201,667	4,910,492,530	44,188,266	4,167,842	305,108	164,373,000	48,580,777	5,992,309,190
Financial liabilities								
Deposits and placements of other banks and financial institutions	34,696,856	260,231,181	272,131	-	-	21,809,291	-	317,009,459
Deposits from customers	731,620,195	3,415,853,729	39,841,991	3,824,001	-	94,515,122	8,631,010	4,294,286,048
Other liabilities	1,156,153	27,287,797	34,800	112,286	-	96,196	11,996	28,699,228
Lease liabilities	-	27,913,335	141,356	-	-	410,237	152,974	28,617,902
Borrowings	40,101,721	477,440,120	-	-	-	10,910,412	13,946,663	542,398,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
Total financial liabilities	807,574,925	4,375,884,785	40,290,278	3,936,287	-	127,741,258	22,742,643	5,378,170,176
Net on-balance sheet position	12,626,742	534,607,745	3,897,988	231,555	305,108	36,631,742	25,838,134	614,139,014
In KHR'000 equivalent (Note 4)	51,075,171	2,162,488,329	15,767,361	936,640	1,234,162	148,175,396	104,515,253	2,484,192,312
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	828,645	-	120,937,607
Guarantees, acceptances and other financial facilities	5,551,196	45,784,145	2,810,817	349,515	-	205,141	200,170	54,900,984
Credit commitment	7,882,943	162,489,420	3,882,757	349,515	-	1,033,786	200,170	175,838,591
In KHR'000 equivalent (Note 4)	31,886,504	657,269,704	15,705,752	1,413,788	-	4,181,664	809,688	711,267,100

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							
	In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2019								
Financial assets								
Cash on hand	73,832,938	328,112,584	9,820,413	1,697,804	259,264	6,253,302	1,550,933	421,527,238
Deposits and placements with other banks	134,547,685	425,145,989	9,133,078	2,857,189	-	14,830,882	1,215,708	587,730,531
Financial investments	49,132	527,425,844	-	-	-	-	-	527,474,976
Loans and advances	490,616,838	3,163,835,145	27,858,301	-	-	127,201,433	36,508,802	3,846,020,519
Other assets	137,705	5,729,950	2,418	-	-	48,793	-	5,918,866
Total financial assets	699,184,298	4,450,249,512	46,814,210	4,554,993	259,264	148,334,410	39,275,443	5,388,672,130
Financial liabilities								
Deposits and placements of other banks and financial institutions	28,342,365	240,639,132	371,838	-	-	15,821,810	-	285,175,145
Deposits from customers	592,801,497	3,358,536,818	41,962,783	4,009,451	96	79,724,173	5,688,035	4,082,722,853
Other liabilities	3,647,241	21,854,120	609,168	1,022,705	-	104,186	13,977	27,251,397
Lease liabilities	-	30,062,178	131,805	-	-	417,690	304,266	30,915,939
Borrowings	65,414,272	464,694,714	-	-	-	17,950,971	16,911,744	564,971,701
Subordinated debts	-	139,302,580	-	-	-	-	-	139,302,580
Total financial liabilities	690,205,375	4,255,089,542	43,075,594	5,032,156	96	114,018,830	22,918,022	5,130,339,615
Net on-balance sheet position	8,978,923	195,159,970	3,738,616	(477,163)	259,168	34,315,580	16,357,421	258,332,515
In KHR'000 equivalent (Note 4)	36,589,111	795,276,878	15,234,860	(1,944,439)	1,056,110	139,835,989	66,656,490	1,052,704,999
Unused portion of overdrafts	1,498,045	91,495,024	66,994	-	-	-	-	93,060,063
Guarantees, acceptances and other financial facilities	4,229,904	42,756,751	43,550	70,000	-	-	280,542	47,380,747
Credit commitment	5,727,949	134,251,775	110,544	70,000	-	-	280,542	140,440,810
In KHR'000 equivalent (Note 4)	23,341,392	547,075,983	450,467	285,250	-	-	1,143,209	572,296,301

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							
	In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2020								
Financial assets								
Cash on hand	103,480,325	283,028,828	9,927,044	2,965,106	226,023	3,227	1,185,573	400,816,126
Deposits and placements with other banks	78,882,898	426,153,616	613,723	1,200,340	78,488	-	700,342	507,629,407
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances	605,355,297	3,659,699,428	27,594,434	-	-	-	-	4,292,649,159
Other assets	111,994	6,811,221	7	-	-	-	-	6,923,222
Total financial assets	820,193,133	4,910,004,997	38,135,208	4,165,446	304,511	3,227	1,885,915	5,774,692,437
Financial liabilities								
Deposits and placements of other banks and financial institutions	34,696,856	261,794,286	273,412	-	-	-	-	296,764,554
Deposits from customers	731,889,478	3,411,404,278	33,150,980	3,824,001	-	-	-	4,180,268,737
Other liabilities	1,150,276	27,196,955	29,335	112,286	-	-	107	28,488,959
Lease liabilities	-	25,772,385	-	-	-	-	-	25,772,385
Borrowings	40,101,721	467,251,195	-	-	-	-	-	507,352,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
Total financial liabilities	807,838,331	4,360,577,722	33,453,727	3,936,287	-	-	107	5,205,806,174
Net on-balance sheet position	12,354,802	549,427,275	4,681,481	229,159	304,511	3,227	1,885,808	568,886,263
In KHR'000 equivalent (Note 4)	49,975,174	2,222,433,327	18,936,591	926,948	1,231,747	13,053	7,628,095	2,301,144,935
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	-	-	120,108,962
Guarantees, acceptances and other financial facilities	5,551,196	45,782,782	2,810,817	349,515	-	-	200,170	54,694,480
Credit commitment	7,882,943	162,488,057	3,882,757	349,515	-	-	200,170	174,803,442
In KHR'000 equivalent (Note 4)	31,886,504	657,264,191	15,705,752	1,413,788	-	-	809,688	707,079,923

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							
	In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2019								
Financial assets								
Cash on hand	73,824,417	326,481,164	7,846,913	1,640,057	255,318	1,533	906,465	410,955,867
Deposits and placements with other banks	134,547,685	416,769,673	3,254,084	2,857,189	-	-	1,183,709	558,612,340
Financial investments	49,132	527,425,844	-	-	-	-	-	527,474,976
Loans and advances	490,616,838	3,168,103,804	27,858,301	-	-	-	-	3,686,578,943
Other assets	110,416	5,822,858	2,418	-	-	-	-	5,935,692
Total financial assets	699,148,488	4,444,603,343	38,961,716	4,497,246	255,318	1,533	2,090,174	5,189,557,818
Financial liabilities								
Deposits and placements of other banks and financial institutions	28,342,365	242,258,492	3,676,864	-	-	-	-	274,277,721
Deposits from customers	592,856,864	3,355,015,800	30,264,348	4,009,451	96	-	-	3,982,146,559
Other liabilities	3,646,652	21,433,839	11,342	1,022,705	-	181	1,186	26,115,905
Lease liabilities	-	27,789,168	-	-	-	-	-	27,789,168
Borrowings	65,414,272	452,653,856	-	-	-	-	-	518,068,128
Subordinated debts	-	139,302,580	-	-	-	-	-	139,302,580
Total financial liabilities	690,260,153	4,238,453,735	33,952,554	5,032,156	96	181	1,186	4,967,700,061
Net on-balance sheet position	8,888,335	206,149,608	5,009,162	(534,910)	255,222	1,352	2,088,988	221,857,757
In KHR'000 equivalent (Note 4)	36,219,966	840,059,653	20,412,335	(2,179,758)	1,040,030	5,509	8,512,626	904,070,360
Unused portion of overdrafts	1,498,045	91,495,024	66,994	-	-	-	-	93,060,063
Guarantees, acceptances and other financial facilities	4,229,904	42,729,947	43,550	70,000	-	-	280,542	47,353,943
Credit commitment	5,727,949	134,224,971	110,544	70,000	-	-	280,542	140,414,006
In KHR'000 equivalent (Note 4)	23,341,392	546,966,757	450,467	285,250	-	-	1,143,208	572,187,074

35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

Sensitivity analysis

The Group and the Bank is exposed to changes in US dollar and other foreign currencies exchange rate. Due to a reasonably possible strengthening (weakening) of the US dollar against foreign currencies, the Group and the Bank's exposure to other foreign exchange movement is not material.

(iii) Price risk

The Group and the Bank is not exposed to securities price risk because it does not hold any investment held and classified on the statement of financial position at fair value.

35.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations or payment or offset positions in a given economic and financial context and specific market situation. Typically, it is the risk of loss arising from situation where 1) the Bank has not enough cash and/or cash equivalents to meet the needs of depositors, borrowers, and contingent liabilities, 2) the sale of illiquid assets lower than market price, and 3) illiquid assets would not be sold at the desired time due to a lack of buyers.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity and funding management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand, and fixed deposits. This provides the Group a large stable funding base.

(a) Liquidity risk management process

The day-to-day responsibility for liquidity risk management and control is delegated to the ALCO which monthly report to executive committee.

For day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis. Besides, the process of managing liquidity risk also includes:

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Principles of the liquidity risk:

- At all times the related senior management of the treasury group shall ensure that the Bank's operations can meet its current and future funding needs. The Treasury Department shall stress-test its liquidity position on a daily basis

- The related senior management of treasury group has established a risk control framework and procedures to ensure it maintains sufficient liquidity at all time, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources such as deposits, borrowings, capital raising that liquidity risk is managed in accordance with the requirements of the Board.

- Stress testing is performed regularly to assess various scenarios includes short, medium and long-term, institution-specific and market-wide stress which may put the Bank's liquidity at risk.

- The Treasury Department identifies, monitors, manages and controls the risk associated intraday liquidity as well as short, medium and long-term liquidity as these are key periods for liquidity management. The Treasury Department develops and implements stress tests on the projected cash flows. The outputs are used to inform the Bank's contingency funding plan.

- The Bank incorporates liquidity cost, benefits and risks in the internal pricing, performance measurement, and new products/services approval process for all significant business activities (both on and off balance sheet) in order to align with the benefits from accepting risks of each business unit and liquidity risks affecting the business activities of the Bank.

Internal targets of the liquidity risk:

- The regulatory limit on the Liquidity Coverage Ratio (LCR) should be observed at all times.

- The Bank will have, at all times, an internal targets that is higher than the regulatory limit to allow for a safety margin to ensure permanent full compliance with regulatory limit.

- Setting the level of the internal targets is at the discretion of the ALCO and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.

- The risk tolerance/internal targets must be reviewed at least once a year to reflect the financial condition and the funding mobilization capacity

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the targets. Any breaches of internal targets should be reported to the ALCO for remedial actions and President & Group Managing Director for approval.

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Internal targets of the liquidity risk: (continued)

- Any change level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all time, the Bank will have a contingency plan to be executed when it is perceived by the Bank that the safety margin may not be sufficient and there is a risk that the regulatory limit on liquidity could be breached. Such contingency plan should be sufficient to ensure that the regulatory limits on liquidity will not be breached.
- In case, the Bank experiences a severe liquidity, the Bank must immediately notify NBC and advise the action that is being taken to address the situation.

The Bank has put in place a robust and comprehensive liquidity risk management framework in accordance with National Bank of Cambodia's Prakas No. B7-017-301 dated on 27 September 2017 on Liquidity Risk Management Framework (LRMF), which consists of risk appetite, risk tolerance, policies, early warning indicators, and monitoring mechanism which are reviewed and endorsed by BRMC and approved by the Board. The key elements of the framework are to ensure that the Bank maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources, either internally (as with deposits) or externally (as with borrowings or raising additional capital), and other issues. The Bank ensures that the business activities are mainly funded with stable sources of funding on an ongoing basis.

The management designs a set of early warning indicators to aid its daily liquidity risk management processes in identifying the emergence of increased risk or vulnerabilities in its liquidity risk position or potential funding needs.

The Bank’s contingency liquidity plan (CLP) is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The objective of contingency liquidity plan is to ensure that the bank has a framework for managing the liquidity sufficiently and robustly in the event of liquidity crisis based on the result of liquidity stress testing.

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Liquidity Coverage Ratio (LCR). The Bank shall calculate Liquidity Coverage Ratio (LCR) using new reporting template from 1 January 2016 via a phase-in period until fully comply by 1 January 2020. The Bank shall, at all time, maintain an adequate stock of eligible liquid assets to fulfil the LCR limits as determined in accordance with the following timeline:

With effect from	1 September 2016	1 September 2017	1 September 2018	1 June 2019	1 January 2020
Minimum LCR	60%	70%	80%	90%	100%

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

The purpose of the LCR aims at promoting short-term resilience of each institution's liquidity risk profile, ensuring that each institution has an adequate stock of unencumbered liquid assets that can be converted into cash at no or little loss of value in markets, to meet its liquidity needs for a 30-day liquidity stress scenario, and ensuring that prompt corrective actions are taken by the institution's management when the LCR potentially falls below the minimum requirement.

The Bank also uses a range of tools such as liquidity ratio, liquidity gap analysis, safety margin, and monthly cash flow projection to measure, monitor and manage its liquidity positions. In addition, The Bank also performs daily and monthly liquidity stress test in order to identify and quantify its exposures to possible future liquidity stresses, analysing possible impacts on the Bank's cash flows, liquidity position, profitability and solvency.

(b) Funding approach

The Group's main sources of liquidities arise from shareholder's paid-up capital, borrowings, subordinated debts, due to other banks and financial institutions and deposits from customers. The sources of liquidity are regularly reviewed daily through management's review of maturity of fixed deposits and key depositors. For borrowings and subordinated debts are also regularly reviewed daily via management's review of interest and principal repayments and maturity.

(c) Non-derivative cash flows

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on contractual undiscounted cash flows.

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group						
	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
As at 31 December 2020							
Financial liabilities							
Deposits and placements of other banks and financial institutions	175,970,349	9,215,069	13,017,546	33,584,422	40,747,725	103,351,755	375,886,866
Deposits from customers	2,531,089,539	272,332,376	336,468,086	653,630,934	592,339,778	25,243,282	4,411,103,995
Other liabilities	28,620,226	63,785	12,677	2,540	-	-	28,699,228
Lease liabilities	1,170,306	1,535,260	2,503,107	5,053,229	20,581,294	3,816,462	34,659,658
Borrowings	3,385,091	64,831,199	10,292,464	67,477,276	445,672,141	5,985,745	597,643,916
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
Total financial liabilities (contractual maturity dates)	2,740,235,511	348,023,523	366,852,476	776,525,323	1,227,308,516	207,953,623	5,666,898,972
In KHR'000 equivalent (Note 4)	11,084,252,642	1,407,755,151	1,483,918,265	3,141,044,932	4,964,462,947	841,172,405	22,922,606,342
Assets held for managing liquidity risk (contractual maturity dates)	1,669,790,664	317,803,320	423,641,084	718,599,200	3,405,850,353	620,482,217	7,156,166,838
In KHR'000 equivalent (Note 4)	6,754,303,236	1,285,514,429	1,713,628,185	2,906,733,764	13,776,664,678	2,509,850,568	28,946,694,860
As at 31 December 2019							
Financial liabilities							
Deposits and placements of other banks and financial institutions	172,835,944	10,288,815	11,750,142	9,602,863	36,520,215	105,936,955	346,934,934
Deposits from customers	2,402,381,760	279,218,632	359,057,249	673,746,233	448,897,971	19,882,611	4,183,184,456
Other liabilities	26,675,519	236,497	339,381	-	-	-	27,251,397
Lease liabilities	1,042,790	1,367,706	2,576,174	5,081,428	23,121,979	4,760,054	37,950,131
Borrowings	26,184,654	27,992,072	75,895,128	80,685,179	423,525,392	5,318,536	639,600,961
Subordinated debts	-	-	4,325,282	12,555,044	101,690,664	79,406,271	197,977,261
Total financial liabilities (contractual maturity dates)	2,629,120,667	319,103,722	453,943,356	781,670,747	1,033,756,221	215,304,427	5,432,899,140
In KHR'000 equivalent (Note 4)	10,713,666,718	1,300,347,667	1,849,819,176	3,185,308,294	4,212,556,601	877,365,540	22,139,063,996
Assets held for managing liquidity risk (contractual maturity dates)	1,343,277,244	632,545,967	404,176,750	663,729,352	3,005,271,271	369,127,493	6,418,128,077
in KHR'000 equivalent (Note 4)	5,473,854,769	2,577,624,816	1,647,020,256	2,704,697,109	12,246,480,429	1,504,194,534	26,153,871,913

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank						
	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
As at 31 December 2020							
Financial liabilities							
Deposits and placements of other banks and financial institutions	176,671,075	7,124,445	2,186,170	25,015,940	40,747,725	103,351,754	355,097,109
Deposits from customers	2,477,890,696	263,366,379	325,733,156	635,073,701	567,433,640	19,756,459	4,289,254,031
Other liabilities	28,434,359	54,600	-	-	-	-	28,488,959
Lease liabilities	1,082,083	1,494,995	2,374,137	4,704,387	18,888,896	655,929	29,200,427
Borrowings	1,442,209	60,301,229	3,999,653	58,135,533	430,242,996	3,753,850	557,875,470
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
Total financial liabilities (contractual maturity dates)	2,685,520,422	332,387,482	338,851,712	739,706,483	1,185,280,835	197,074,370	5,478,821,304
In KHR'000 equivalent (Note 4)	10,862,930,107	1,344,507,365	1,370,655,175	2,992,112,724	4,794,460,978	797,165,827	22,161,832,176
Assets held for managing liquidity risk (contractual maturity dates)	1,622,393,307	296,587,899	398,341,665	685,014,808	3,318,881,281	614,987,111	6,936,206,071
In KHR'000 equivalent (Note 4)	6,562,580,927	1,199,698,051	1,611,292,035	2,770,884,898	13,424,874,782	2,487,622,864	28,056,953,557
As at 31 December 2019							
Financial liabilities							
Deposits and placements of other banks and financial institutions	176,209,427	8,164,348	5,010,927	5,657,352	34,612,283	105,936,955	335,591,292
Deposits from customers	2,358,491,961	273,218,232	350,178,997	657,013,977	421,325,292	14,204,400	4,074,432,859
Other liabilities	26,115,905	-	-	-	-	-	26,115,905
Lease liabilities	987,076	1,350,145	2,290,717	4,672,594	21,444,212	1,373,972	32,118,716
Borrowings	25,752,724	22,647,953	69,429,074	72,502,200	391,929,778	-	582,261,729
Subordinated debts	-	-	4,325,282	12,555,044	101,690,664	79,406,271	197,977,261
Total financial liabilities (contractual maturity dates)	2,587,557,093	305,380,678	431,234,997	752,401,167	971,002,229	200,921,598	5,248,497,762
In KHR'000 equivalent (Note 4)	10,544,295,154	1,244,426,263	1,757,282,613	3,066,034,756	3,956,834,083	818,755,512	21,387,628,381
Assets held for managing liquidity risk (contractual maturity dates)	1,293,027,835	608,704,366	374,962,240	624,041,709	2,909,086,466	367,983,735	6,177,806,351
In KHR'000 equivalent (Note 4)	5,269,088,428	2,480,470,291	1,527,971,128	2,542,969,964	11,854,527,349	1,499,533,720	25,174,560,880

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items

i. Loan commitments and guarantee

The dates of the contractual amounts of the Group's and the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 32) are summarised in table below:

	The Group					
	Up to 1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
At 31 December 2020						
Unused portion of overdrafts	120,937,607	-	-	-	-	120,937,607
Bank guarantees	2,525,862	8,901,002	20,652,127	14,959,175	-	47,038,166
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- outflow	-	526,497	2,200,304	4,501,866	12,583	7,241,250
Net	-	470,592	1,703,236	3,479,603	5,014	5,658,445
Total	125,489,463	14,900,149	22,663,632	18,438,778	5,014	181,497,036

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. Loan commitments and guarantee (continued)

	The Group					
	Up to 1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
At 31 December 2019						
Unused portion of overdrafts	93,060,063	-	-	-	-	93,060,063
Bank guarantees	4,160,581	8,694,805	21,218,165	4,358,846	-	38,432,397
Letters of credit	1,596,300	3,982,916	3,369,134	-	-	8,948,350
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	(207,366)	(51,621)	(1,805,889)	(1,197,379)	-	(3,262,255)
- outflow	150,582	39,248	2,100,484	1,702,899	-	3,993,213
Net	(56,784)	(12,373)	294,595	505,520	-	730,958
Total	98,760,160	12,665,348	24,881,894	4,864,366	-	141,171,768

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. Loan commitments and guarantee (continued)

	The Bank					
	Up to 1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
At 31 December 2020						
Unused portion of overdrafts	120,108,962	-	-	-	-	120,108,962
Bank guarantees	2,525,862	8,901,002	20,446,986	14,957,812	-	46,831,662
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- Outflow	-	526,497	2,200,304	4,501,866	12,583	7,241,250
Net	-	470,592	1,703,236	3,479,603	5,014	5,658,445
Total	124,660,818	14,900,149	22,458,491	18,437,415	5,014	180,461,887

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. Loan commitments and guarantee (continued)

	The Bank					
	Up to 1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
At 31 December 2019						
Unused portion of overdrafts	93,060,063	-	-	-	-	93,060,063
Bank guarantees	4,160,581	8,670,727	21,215,439	4,358,846	-	38,405,593
Letters of credit	1,596,300	3,982,916	3,369,134	-	-	8,948,350
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	(207,366)	(51,621)	(1,805,889)	(1,197,379)	-	(3,262,255)
- outflow	150,582	39,248	2,100,484	1,702,899	-	3,993,213
Net	(56,784)	(12,373)	294,595	505,520	-	730,958
Total	98,760,160	12,641,270	24,879,168	4,864,366	-	141,144,964

ii. Other financial facilities

Other financial facilities are also included as above based on the earliest contractual date.

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(e) COVID-19 pandemic and impact on liquidity

In line with the additional measures of the National Bank of Cambodia which set out to provide an additional liquidity to the banking and financial sector to mitigate the impact of COVID-19 pandemic, the Bank has also continued to place greater emphasis on liquidity management with introduced risk management measures to reduce liquidity risk and maintain business continuity such as:

- The Bank has maintained the optimal level of fund or cash-on-hand for operation at headquarters, branches, and ATMs in order to deal with the unprecedented events resulted from the COVID-19 pandemic;
- As part of the implementation of the contingency funding plan, the Bank has signed facility agreements with lenders for long-term loans (senior loans);
- Additionally, the Bank has communicated and negotiated with potential lenders for acquiring long-term loans (senior loans) for the year of 2021.

35.4 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. The Group and the Bank have an established framework and policies which provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation of financial instruments are determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgment is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group and the Bank follow methodologies that consider factors such as liquidity, bid-offer spread, and unobservable prices and inputs in the market and uncertainties in the assumptions and parameters.

The Group and the Bank continuously enhance its design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for its intended use.

35. Financial risk management (continued)

35.4 Fair value of financial instruments (continued)

Determination of fair value:

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

35. Financial risk management (continued)

35.4 Fair value of financial instruments (continued)

Determination of fair value: (continued)

(a) Financial instruments measured at fair value

The Group and the Bank did not have significant amounts of financial instruments measured at fair value.

(b) Financial instruments not measured at fair value

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

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

i. *Deposits and placements with other banks*

Deposits and placements with other banks include current accounts which are non-interest bearing, savings deposits and short-term deposits. The fair value of deposits and placements with other banks approximate their carrying values at the reporting date due to the relatively short maturity of these instruments.

ii. *Financial investments*

- *Financial investments at FVOCI*

  This represents the Bank's investment in Credit Bureau Holding (Cambodia) Ltd. with 5% as Equity Cash Investment and 1% through the Association of Banks in Cambodia. No fair value disclosures are provided for equity investment securities of US$153,529 (2019: US$153,529) that are measured at cost because their fair value cannot be reliably measured. The investment is neither redeemable nor transferable and there is no market for them. The Group and the Bank do not intend to dispose of the investment.

- *Financial investments at amortised cost*

  Financial investments at amortised cost include negotiable certificate of deposits ("NCD") with the National Bank of Cambodia with maturities of less than one year. The fair value of financial investments approximates their carrying values at the reporting date due to the relatively short maturity of these instruments.

iii. *Loans and advances*

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

35. Financial risk management (continued)

35.4 Fair value of financial instruments (continued)

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

iii. Loans and advances (continued)

Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

iv. Deposits and placements of other banks and financial institutions and deposits from customers

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

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

v. Other assets and other liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximates their fair values as these items are not materially sensitive to the shift in market interest rates.

vi. Borrowings and subordinated debts

The fair value of borrowings and subordinated debts are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Group and the Bank believed that the contractual interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration on the Group's and the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximates their carrying values at the reporting date.

35. Financial risk management (continued)

35.5 Capital management

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

- To comply with the capital requirement set by the National Bank of Cambodia;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of business.

The National Bank of Cambodia requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth at least equal to minimum capital, and iii) comply with solvency ratio, liquidity coverage ratio and other prudential ratios.

The table below summarises the composition of regulatory capital follows requirement of the National Bank of Cambodia, and the amounts are based on the separate financial statements for the year ended 31 December 2020.

	The Bank			
	2020 US$	**2019 US$**	**2020 KHR'000 (Note 4)**	**2019 KHR'000 (Note 4)**
Tier 1 capital				
Share capital	433,163,019	428,818,154	1,752,144,412	1,747,433,978
Share Premium	11,706,215	-	47,351,640	-
Retained earnings	138,414,769	117,886,779	559,887,741	480,388,624
General reserves	455,413,629	388,464,324	1,842,148,129	1,582,992,120
Less: Intangible assets	(13,884,558)	(7,915,362)	(56,163,037)	(32,255,100)
Less: Loans to related parties	(19,436,759)	(10,242,118)	(78,621,690)	(41,736,631)
	1,005,376,315	917,011,777	4,066,747,195	3,736,822,991
Tier 2 complementary capital				
General provision	44,467,660	37,843,403	179,871,685	154,211,867
Subordinated debts (*)	166,723,802	138,887,498	674,397,779	565,966,554
Less: Equity participation in banking or financial institutions	(71,310,571)	(71,310,571)	(288,451,260)	(290,590,577)
	139,880,891	105,420,330	565,818,204	429,587,844
	1,145,257,206	1,022,432,107	4,632,565,399	4,166,410,835

(*) This represents subordinated debts approved by the National Bank of Cambodia.

36. Tax contingencies

On 24 December 2018, the Bank obtained the letter on Tax Reassessment for the financial years ended 2009 to 2013 from Department of Enterprise Tax Audit ("DETA") of the General Department of Taxation ("GDT") which has requested the Bank to pay the tax liabilities on various tax matters.

On 11 January 2019, the Bank lodged the administrative protests against the reassessment in accordance with the tax provisions. The protest letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate.

On 17 September 2019, the Bank received Notification Letter for Tax Collection from GDT, requesting for payment on tax in arrears resulted from above Tax Reassessment. On 23 September 2019, the protest letter was prepared by the Bank again and submitted to the GDT on the grounds that the reassessment is not appropriate. On 10 February 2020, the Bank received the Notification Letter from GDT on the temporary delay over tax collection related to above tax re-assessment.

Additionally, on 10 March 2020, the Bank received the Notification Letter from GDT to conduct tax audit for the fiscal years from 2015 to 2018 in which the Bank provided some requested documents to GDT on 2 July 2020. There has been no official response on the protest letter above as well as the outcome of the tax audit for the fiscal years from 2015 to 2018 from GDT as at date of these financial statements. Management believes that the tax liability recorded by the Bank is adequate.

37. Significant event

Initial Public Offering ("IPO")

On 25 February 2020, the Bank obtained approval in principle for the Bank's IPO from the Board of the Securities and Exchange Commission of Cambodia ("SECC"). The Bank and Yuanta Securities (Cambodia) Plc. ("YSC"), the underwriter, conducted the Book Building process from 3 to 14 March 2020. On 20 March 2020, the result of the Book Building was released, with 2,180 investors participated, in which 95.55% and 4.45% are local and foreign investors, respectively. The final offering price has been set at KHR16,200 (US$3.97) in accordance with the Book Building and Subscription Procedure approved by the SECC.

The Subscription phase started from 24 March 2020 to 24 April 2020 and the result was released on 30 April 2020 with 4,344,865 shares were subscribed.

The shares of the Bank were listed on the Cambodia Securities Exchange ("CSX") on 25 May 2020.

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