



# Annual Report 2021



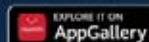


Shopping on

**ACLEDA mobile**



**ACLEDA mobile**



# 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	31/12/21 Audited	31/12/20 Audited	31/12/19 Audited	31/12/18 Audited	31/12/17 Audited	Change (%) <sup>1</sup>
<b>Consolidated Financial Highlights (CIFRS)</b>						
Assets	7,855,252	6,551,494	6,175,162	5,683,574	5,247,094	19.90%
Loans and Advances (net)	5,393,954	4,471,301	3,846,021	3,594,359	3,118,577	20.64%
Liabilities	6,650,217	5,461,868	5,210,700	4,830,734	4,496,871	21.76%
Deposits	5,716,020	4,611,296	4,367,898	3,864,455	3,358,968	23.96%
Share Capital	433,163	433,163	428,818	395,224	358,545	0.00%
Shareholders' Equity <sup>2</sup>	1,199,042	1,089,626	964,462	852,840	745,661	10.04%
Gross Income	636,698	579,221	550,128	510,655	493,879	9.92%
Profit Before Income Tax	204,753	180,035	153,523	150,832	108,924	13.73%
Net Profit After Tax	166,674	141,493	120,860	119,314	86,766	17.80%
Earnings Per Share	0.39	0.33	0.29	0.30	0.24	18.18%
Dividend <sup>3</sup>	0.1349	0.0981	0.0763	0.1063	0.1278	37.51%

## Financial Highlights (CIFRS)

Assets	7,695,163	6,379,484	6,017,303	5,567,595	5,123,428	20.62%
Loans and Advances (net)	5,232,059	4,292,649	3,686,579	3,459,566	2,970,967	21.88%
Liabilities	6,486,071	5,285,458	5,045,025	4,704,649	4,370,604	22.72%
Deposits	5,582,534	4,477,033	4,256,424	3,780,278	3,277,577	24.69%
Share Capital <sup>4</sup>	433,163	433,163	428,818	395,224	358,545	0.00%
Shareholders' Equity <sup>5</sup>	1,209,092	1,094,026	972,279	862,946	752,824	10.52%
Gross Income	594,625	537,756	514,933	482,317	462,465	10.58%
Profit Before Income Tax	201,662	172,154	148,226	146,565	99,784	17.14%
Net Profit After Tax	162,085	138,342	117,887	116,991	79,928	17.16%

## HIGHLIGHTS OF 2021 (THE GROUP)

- Assets rose 19.90% to US\$7,855.25 million.
- Loans (net) grew 20.64% to US\$5,393.95 million.
- Non performing loans to total loans was contained at 2.33%.
- Deposits increased by 23.96% to US\$5,716.02 million.
- Equity grew by 10.04% from US\$1,089.63 million to US\$1,199.04 million.
- Net profit after tax was US\$166.67 million.
- Return on equity was 13.90%.
- The Group had 319 offices operating in Cambodia, Lao PDR, and Republic of the Union of Myanmar.

1 Change from 2020 to 2021.

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 2021 was 100% (paid out in cash).

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

Description	2021	2020	2019	2018	2017
AFT share %	25.7392%	25.7392%	26.0000%	26.0000%	26.0000%
AFT Number of Shares	111,492,719	111,492,719	111,492,719	102,758,267	93,221,689
Legalized from ASA share (%)	20.7492%	24.7492%	25.0000%	25.0000%	25.0000%
Legalized ASA Number of Shares	89,878,026	107,204,547	107,204,547	98,806,034	89,636,246

5 Excluded Subordinated Debt.

# TRANSACTIONS AT COUNTER AND DIGITAL

Key Performance	2021	2020	2019	2018	2017
<b>AT COUNTER:</b>					
Number of Transaction	8,039,579	9,230,964	10,573,800	10,739,422	11,679,107
Value of Transaction (Million KHR)	49,209,509,489	45,559,726,559	50,614,357,692	46,837,356,181	40,794,517,267
<b>VIA DIGITAL:</b>					
Number of Transaction	102,139,904	73,906,160	50,449,524	33,542,019	19,297,347
Value of Transaction (Million KHR)	35,253,525,888	20,096,487,507	13,014,533,338	5,530,599,977	3,066,118,158

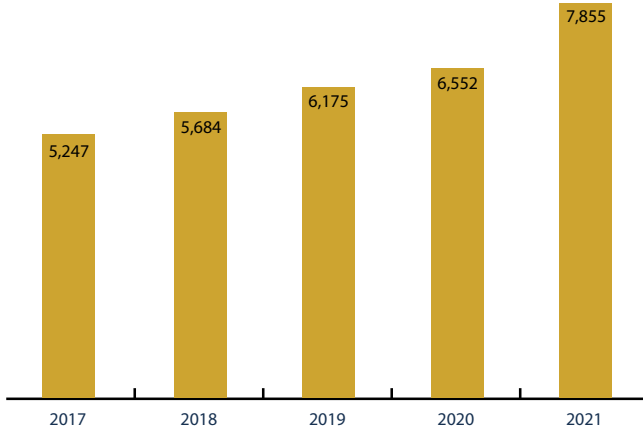
## TAX PAID REPORT

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

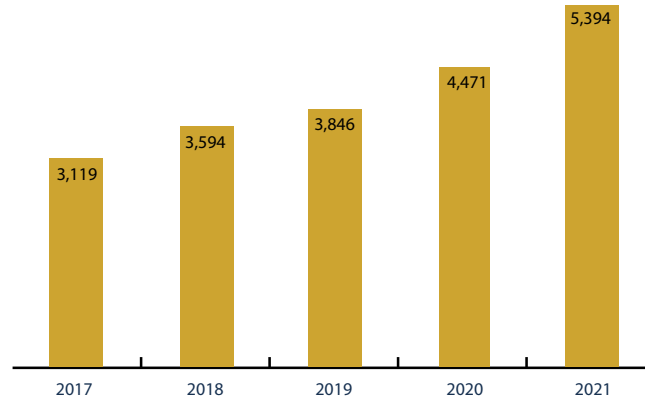
Units in US\$	2017	2018	2019	2020	2021	Total*
Patent tax	19,309	20,936	19,130	19,576	18,942	210,065
Signboard tax	36,983	57,695	64,096	83,562	49,965	849,616
Transportation tax	39,269	37,242	33,643	20,753	43,134	395,087
Property tax	22,964	23,094	7,673	7,636	7,683	127,410
Value Added Tax	-	1,266	5,749	22,181	195,574	233,060
Prepayment of profit tax	4,681,733	4,682,423	5,122,833	5,298,199	-	42,268,763
Profit tax	35,120,547	22,340,330	11,923,464	28,645,171	26,673,600	235,438,940
WHT-Salary	4,092,969	9,394,655	5,163,212	6,497,199	7,223,313	60,151,461
WHT-Saving Deposits	256,367	225,451	169,667	160,417	200,324	2,535,815
WHT-Fixed Deposits	4,410,819	4,208,320	4,758,442	5,129,096	6,310,737	42,209,402
WHT-Asset Rental	933,996	976,719	1,049,504	1,036,530	1,140,932	11,444,479
WHT-Local Services	344,495	327,390	335,193	298,033	256,376	4,334,690
WHT-Overseas Services	6,049,713	6,391,363	5,865,202	6,519,072	2,937,694	48,282,465
<b>Total paid</b>	<b>56,009,164</b>	<b>48,686,885</b>	<b>34,517,809</b>	<b>53,737,423</b>	<b>45,058,275</b>	<b>448,481,251</b>
<b>Accumulated amount*</b> (year to date)	<b>266,480,860</b>	<b>315,167,745</b>	<b>349,685,554</b>	<b>403,422,977</b>	<b>448,481,251</b>	

\* Total and Accumulated Amount from year 2000.

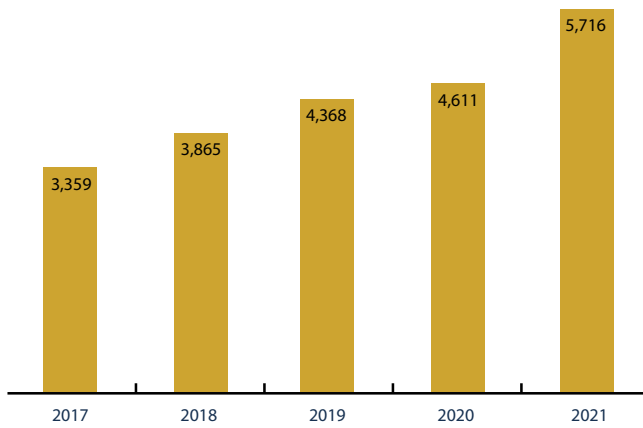
# PERFORMANCE



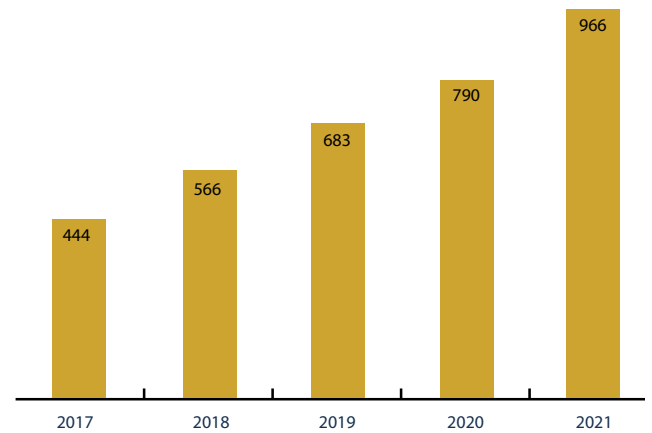
**Total Assets (US\$ Million)**



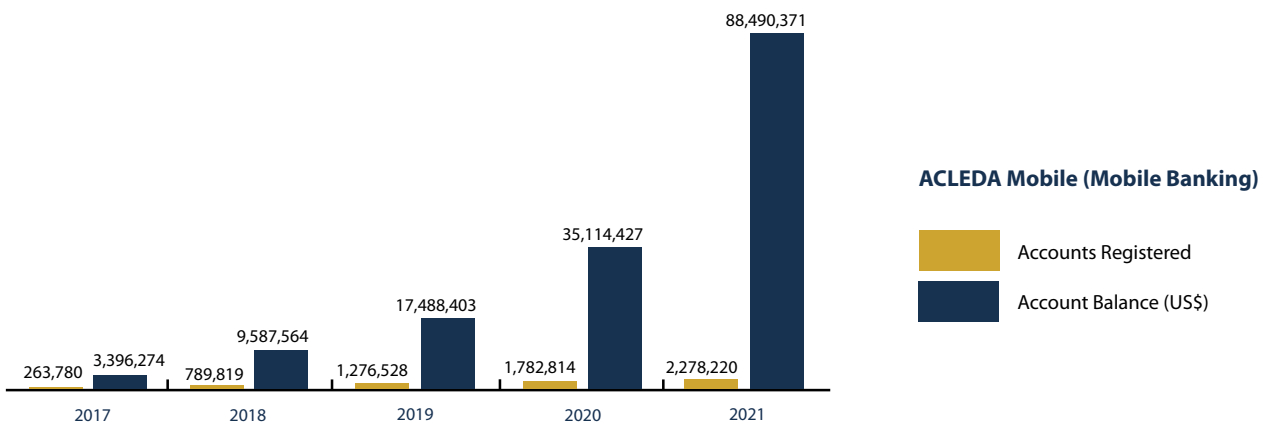
**Loans Outstanding (US\$ Million)**



**Deposits (US\$ Million)**



**Number of ATMs**



**ACLEDA Mobile (Mobile Banking)**

Accounts Registered  
Account Balance (US\$)

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# CAMBODIA'S KEY ECONOMIC INDICATORS

	2017	2018	2019	2020	2021e	2022f
1. GDP						
GDP % Change	7	7.5	7.1	-3.1	2.4	4.8
Per Capita GDP (in U.S. Dollars)	1,427	1,563	1,706	1,653	1,730	1,842
2. Inflation						
Inflation (Annual Average)	2.9	2.5	1.9	2.9	2.9	2.8
(End Year)	2.2	1.6	3.1	2.9	3.7	-
3. Government Budget (as a percent of GDP)						
Revenue	20.2	22.3	25.3	21.64	18.42	19.56
Expenditure	23.5	24.6	26.1	17.25	16.28	16.79
4. Money and Credit (12 months percentage change)						
M2	23.1	26.6	18.2	15.3	16.4	-
Total Deposits in the Banking System	25.1	27.9	15.1	18	17	-
Total Outstanding Loans in the Banking System	17.2	24.3	23.9	23.4	30.2	-
Loans as % of Deposits	95.3	92.2	99	103.5	115.1	-
Private Sector Credit	18.5	20.1	26.3	17.7	23.2	-
Deposits to GDP	85.6	91.1	93.3	110.9	123.8	-
Loans to GDP	80.7	83.5	92	114.8	142.5	-
5. Balance of Payments (US\$ Million)						
Exports	10,777	11,214	14,530	17,210	19,469	-
Imports	13,019	13,771	22,190	18,590	30,926	-
Trade Balance	-2,242	-2,557	-7,660	-1,380	-11,457	-
Current Account (excluding official transfers)	-2,140.5	-2,180.1	-2,632.5	-2,525.5	-2,663.3	-
Nominal GDP (Billions of U.S. Dollars)	22.16	24.61	27.22	26.73	28.34	30.54
Exchange Rate (Riel per Dollar end period)	4,045	4,037	4,055	4,080	4,065	4,065

Source: ABC, NBC, World Bank, MoEF, and <https://www.b2b-cambodia.com/articles/cambodias-economy-2020-summary-and-2021-predictions/>

e: estimate, f: forecast



# CHAIRMAN'S REPORT

## Mr. Chhay Soeun

Chairman

*On behalf of ACLEDA Bank and the Board of Directors, I am pleased to present the 2021 Annual Report to all stakeholders.*



The community outbreak prolongation of COVID-19 has caused genuine concerns to the government and people in Cambodia during 2021. To remedy these situations, the Royal Government of Cambodia has introduced social and economic protection measures with the rapid increase in vaccination as well as strong enforcement measures. Given the preventive measure implementation and the success of COVID-19 vaccination which covers over 90% of the total population, the government has loosened the restriction and re-opened the country since 01 November 2021. The recovery in domestic economic activities together with the positive effect of global economic growth have also fostered the Cambodia economic growth. Meanwhile, the NBC issued some prudent measures to relax the implementation of some foresight ratios including but not limited to: i)- Maintain the capital conservation buffer (CCB) at 1.25%, ii)- Reduce the reserve requirement rate (RRR) to 7% for all currencies, iii)- Allow banks and financial institutions to restructure viable loans, etc. in order to support banking and financial operations to provide concession to customers as well as to pour liquidity in banking sector, so that the Banks and Financial Institutions could provide more lending to SMEs in order to take part in the economic growth. Therefore, the Cambodia economy growth is estimated to grow around 3% in 2021 and is expected to grow around 5% in 2022 based on Macroeconomic and Banking Sector Development in 2021 and Outlook for 2022 by the NBC, December 31st, 2021. Even though, Cambodia was adversely affected by the pandemic, it maintains the positive economic growth in 2021 while the inflation rate remained low at 2.90%.

During 2021, given the transformation to leading digital Banking in Cambodia under COVID-19 context, technology innovation, and customers' needs, the Bank renovated a new logo, changed new interface and added new functions of ACLEDA Mobile, deployed self-service banking, and upgraded core banking system. The new logo was renovated to retain the Bank's original spirit, identity, and value accumulated over 29 years since its existence, modernize trademark to complement vision, mission, strategy, and advancement in financial technologies, and make it more modern, popular, and attractive. Meanwhile, more than 50 self-service banking were set up nationwide with modern and high secured technological

machines to ease customers into self-operation banking services 24/7—cash deposit and withdrawal, fund transfer, foreign exchange, bill payment, ATM card printing, account information updating, term deposit opening, certificate of deposit printing, and others. Moreover, the Bank also upgraded core banking system to support all banking operations more smoothly, high securely, and effectively. In order to make active/active system to support all digital services and its core banking operations, the Bank has settled up the data disaster recovery centre in Mukh Kampul district, Kandal Province, Cambodia.

As of 31 December 2021, total deposit increased by USD1,104.72 million while total loan outstanding grew by USD921.93 million, if compared to the year ended 2020. The annual performance 2021 compared to the year 2020, the Group achieved a profit attributable to the Shareholders of USD166.91 million, an increase of 17.97% equivalent to USD25.42 million. Return on Average Assets (ROAA) was 2.32%, an increase of 0.09%, and Return on Average Equity (ROAE) was 14.61%, an increase of 0.78% while the operating efficiency ratio was 38.66%, decreased of 0.64%, if compared to the year ended 2020.

Finally, I would like to express my sincerest gratitude to all shareholders, customers, employees, the public at large, and especially relevant authorities who always support and contribute to the good performance of the Bank, especially for the year 2021.

**Mr. Chhay Soeun**

*Chairman, Board of Directors*

**23 March 2022**

# PRESIDENT & GROUP MANAGING DIRECTOR'S REPORT

## Dr. In Channy

President & Group Managing Director



*“Enhancing service quality and security is always our priority, and we continue to look for the best solutions to support our customers and responding to their needs. Our current data warehouse immensely contributed to the exponential growth of the Bank for the past 30 years. As a result, the Bank becomes a leader in banking and finance in the country. We always strive to achieve great results rather than just good. We are consistently seeking new ways or solutions to serve our growing customers better. We are now exploring the potential of consolidating our numerous silo data domains into Big Data Mesh for analytic and AI engine development with the goal to achieve smart marketing, successful product development, early fraud detection and superior customer services”.*

## Performance in 2021

### Competitive Environment

Digital solutions are increasingly becoming the primary choice for banks and financial institutions in reaching out to their customers during the pandemic and post COVID-19. With the high rate of vaccination, Cambodia reopens the country in all sectors from November 1st which would help to restore the socio-economic activity. The digital technology is also believed to be one of the most effective tools to compete in the current market environment amongst financial institutions. The 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 2021

- Total loans outstanding at the end of 2021 were US\$5,428.57 million, of which US\$1,101.54 million (or 20.29%) was lent to the agriculture sector. In 2020, lending to agriculture was US\$894.65 million. By the end of December 2021, there were 423,378 active customers for the Group's small business loans.
- Non-performing loans (NPL) remained at a controllable rate of 2.33%, given the COVID-19 crisis.
- Total deposits were US\$5,716.02 million from 3,298,382 active accounts.
- The Group posted a profit for the period attributable to owner of the Bank US\$166.91 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 10.99% or US\$243.11 million. The "Personal & Others" category grew by 27.95% or US\$44.24 million. "Housing Loans" balance were US\$160.53 million. The total amount of loans outstanding was US\$5,428.57 million as of the end of 2021.

The Group's deposits balance was US\$5,716.02 million (increased by 23.96% or US\$1,104.72 million) and the total number of accounts was around 3,298,382. The retails sector accounted for the largest segment of the Bank's growth in deposits with a large percentage coming from first-time depositors: employee payrolls paid through the Bank's Payroll Service and non-bank customers in rural areas using E-Wallet ACLEDA mobile App. Financial products and services via FinTech solutions have contributed to this strong growth.

The Group maintains a diversified infrastructure of choices with 317 traditional branches (or offices), and 73 self-service centers with 966 ATMs and 4,462 POS terminals. It's interesting to note that the Group has issued a total of 1.59 million debit cards. Moreover, the digitized ACLEDA mobile App has proved very popular, registered by more than 2.28 million users at the end of 2021.

### Medium and Corporate Businesses

In this products category in 2021, Cash Management increased substantially through our arrangement with the public sector, particularly the Social Security Fund, government payroll direct deposits, and vehicle stamp tax collection. Demand for payroll services were particularly strong in 2021 with a number of organisations signed up, including entities in the public sector, and local and international companies. They provided excellent opportunities for cross selling of other products.

In addition, the best services offer with nationwide networks of the Bank have highly attracted and engaged the medium and corporate business entities to prioritize the Bank as the first coordinator for financial management and sources of their business operations and settlement. These multiple services have also had the significant positive impact on the Bank's local currency cash flow and have enabled the Bank to entirely fund its local Khmer Riel currency loan portfolio. Meanwhile, the medium and corporate loans outstanding further grew by 34.61% compared to 2020 and accounted for 39.18% of the total loans outstanding.

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

### Treasury and International

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 portfolios, 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 networks during the year. At the end of 2021, the Bank had 270 correspondent banks residing in 44 countries. In addition, the Bank has a dominant market share in terms of accounts from local banks and financial institutions, and we provide fund-transfer services to them throughout the country.

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

## Strategic Priorities for 2022

1. Prioritize Mobile and Maximize Digitalization, including National Payment Hub (NPH), Partners and ASEAN Payment Network Integration and Global Collaboration.
2. Develop Human Resource with Harmony in the Digital Era.
3. Continue remodelling the physical branch offices to serve as digital bank and branding strategy to entrust existing and potential customers/partners.
4. Continue the development of FinTech function and improve the customer experience.
5. Build Partnership with Reputation Institutions for Business Growth.
6. Strengthen position as a listed company on the CSX of both debt and equity securities.
7. Ensure that ACLEDA Bank's subsidiaries form an integral part of digital banking and their service.
8. Shorten process flow by digital files/documentation including a digital platform for financial product-service.
9. Build a first-class IT services to support the Bank business strategies while protecting information assets with the best and latest technologies.
10. Cross-up Selling All-in-one and Digital Marketing for dynamic growth.

## The Challenges for 2022

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

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

Cambodia reopens the country in all sectors with the high rate of vaccination and encouraging people to continue the 3 Do's and 3 Don'ts. Nevertheless, the prolongation of COVID-19 variant(s) pandemic in some parts of the world continues to engender public fears and likewise may continue to impact global economic growth including Cambodia's over the short or the medium term.

To all our customers, colleagues on the Board of Directors, management and staff, stakeholders, the Royal Government, the NBC, and the SERC, I offer my sincerest thanks for your supports in 2021 and in anticipation of a happy and prosperous 2022.



**Dr. In Channy**

*President & Group Managing Director*

**23 March 2022**

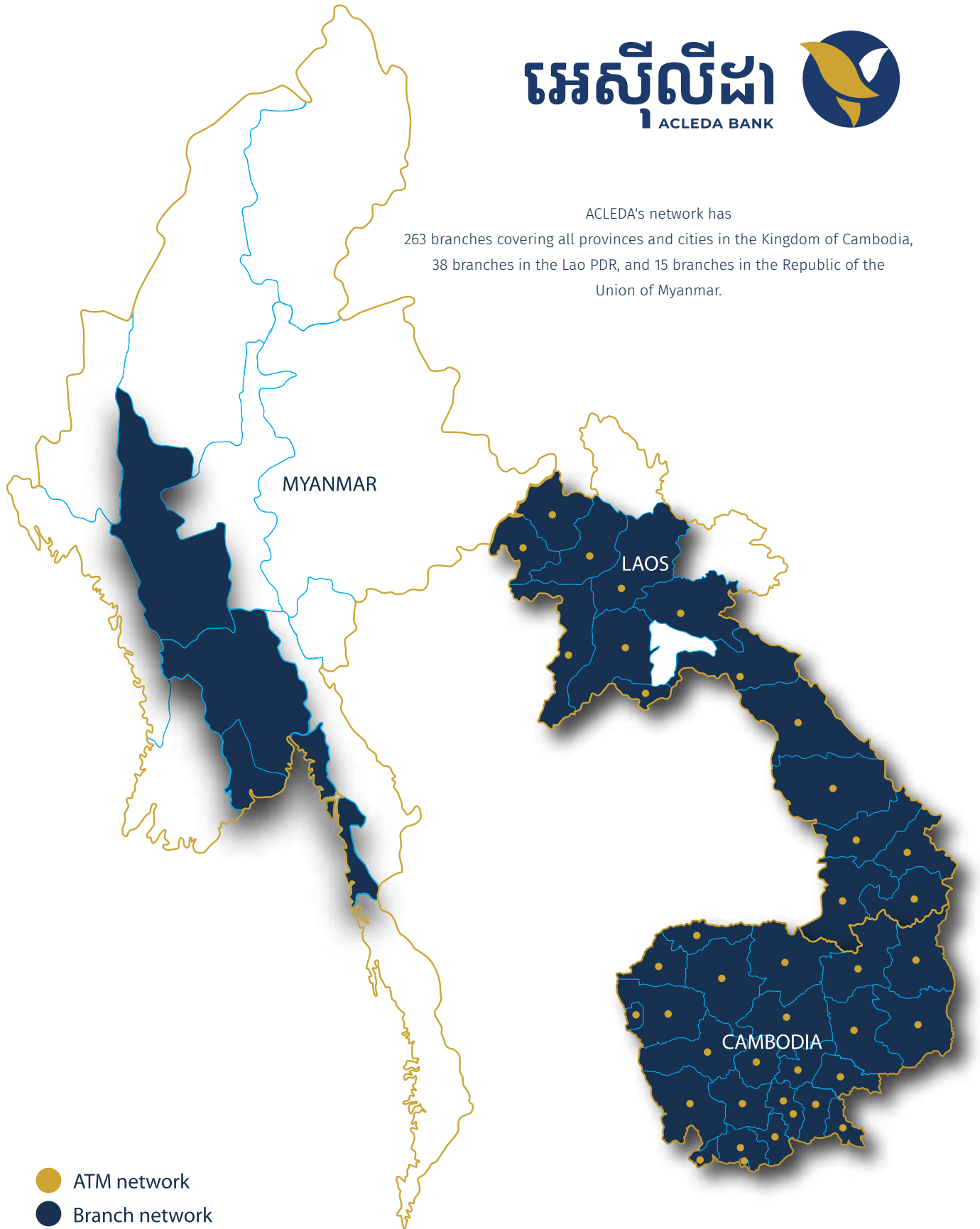


# BRANCH NETWORK

**អេស៊ីលីដា**  
ACLEDA BANK



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.



- ATM network
- Branch network

# 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, other relevant regulations and the Articles of Association of the Bank. In the year 2021, Annual General Meeting (AGM) was held on 22 April 2021 and two Shareholders' Extraordinary General Meetings (EGMs) were held on 29 July 2021 and 24 November 2021 at the Bank's Headquarters. 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 Shareholders in advance of the Annual General Meeting and Extraordinary General Meetings.

### During the Meeting

The 2021 AGM and EGMs were chaired by the Chairman of the Board. The Chairman of the meeting allowed the 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 2021 were:

- 1 Approval of the increase in Board of Directors fees in line with 2020 inflation rate of 2.9%;
- 2 Approval of the distribution of dividend (subject to the approval from regulator) and keeping the remaining balance of the Net Profit After Tax in Retained Earnings.
- 3 Approval of the amendment to dividend policy.
- 4 Approval of the amendment to Remuneration and Nomination Policy.
- 5 Approval of the re-appointment of Mr. Stéphane MANGIAVACCA, Mr. Albertus BRUGGINK, and Drs. Pieter KOOL, as Board members of ACLEDA Bank Plc. for the next three-year term.
- 6 Receipt the report on the consolidated and separate financial statements of ACLEDA Bank Plc. for the year ended 31 December 2020.

- 7 Receipt of the report of the Chairman for 2020 and the Cambodia economic outlook report.
- 8 Receipt of the report of Group Managing Director for 2020 and Strategic plans for ACLEDA Bank Plc. and Group.
- 9 Approval of Ms. Phurik Ratana as an Independent Director to replace Mr. Ian S. Lydall,
- 10 Approval of Mr. Kyosuke Hattori from SMBC as a director to replace Mr. Kenichiro Mori.
- 11 Approval of investment in Institute of Banking and Finance (IBF).
- 12 Approval of shares transfer of 3.50% (three point fifty percent) shareholding in ACLEDA Bank Plc. from Triodos (TMF, TFSF, and TSFF) to North Haven Thai Private Equity Rumdul Company (Hong Kong) Limited.
- 13 Approval, acknowledgement of North Haven Thai Private Equity Rumdul Company (Hong Kong) Limited as a new Shareholder of ACLEDA Bank Plc.
- 14 Approval, acknowledgement of Mr. Ong Ling Wei from North Haven Thai Private Equity Rumdul Company (Hong Kong) Limited as a new Shareholder representative in ACLEDA Bank Plc.
- 15 Approval of amendment to MAOA of ACLEDA Bank Plc.
- 16 Approval of Grant Thornton (GT) as the external auditor of ABC for the financial year 2022.

### Following the Meeting

The Minutes of the 2021 Annual General Meeting and Extraordinary General Meetings of the Shareholders were circulated to the 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 sector, 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.

## Shareholders legalized from ASA, Plc.

The shareholders who are required to be legalized from ASA, Plc.

## 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, and foreign currency exchange.

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 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.

## 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. ORIX was 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/](http://www.orix.co.jp/grp/en/).

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

Triodos Fair Share Fund and Triodos Microfinance Fund are two investment funds managed by Triodos Investment Management. Triodos Sustainable Finance Foundation (formerly Triodos-Doen Foundation) is an investment fund managed by Triodos Regenerative Money Center. Triodos Investment Management and Triodos Regenerative Money Center are 100% owned subsidiaries of Triodos Bank, one of the world's leading sustainable banks.

### *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.

## Public Shareholders

The Shareholders who successful subscribed ACLEDA Bank Plc.'s shares issued on CSX during the IPO phase.



# 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. The Chairman of the Board of Directors shall be a member of the Board of Directors. All Board Committees are chaired by Independent Directors.



## Mr. Chhay Soeun, Chairman

### *Board Committees: Audit*

Cambodian. Born on April 1954. Mr. Soeun became a member of the Board of Directors in August 2014. He joined ACLEDA Bank in January 1993 and worked there until his retirement on April 10, 2014. His last position at ACLEDA Bank 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, Cambodia, a Board member of ABL, and a Board member of AMM.

He obtained his Executive Master's of Business Administration in Finance and Accounting from Preston University, California, USA. He is also a GAICD.

## Dr. In Channy, Director

Cambodian. Born in June 1960. Dr. Channy is President & GMD of ACLEDA Bank, 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 in August 2014. He was one of the founders of the 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 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 ABL and AMM, Shareholder Representative for ABL, ACS, AIB, and AMM. He is also the Chairman of AFT.

Outside ACLEDA Bank, he is one of the board members of the EDF, a Royal Government of Cambodia established Trust. He is the Chairman of the ABC. He also represents ACLEDA Bank as one of the members of the World Economic Forum.

He completed an Executive Course on FIPED at Harvard University, USA in 1998. He holds a Doctorate of Business Administration and is also a 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.

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

He holds a Master's Degree in Finance and Banking from Western University, Phnom Penh, Cambodia, and is also a 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 as a part-time consultant in the establishment of ABL, ACLEDA Training Center Ltd. (currently AIB) and ACS. 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 GAICD.





## Ms. Phurik-Callebaut Ratana, Director

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

Ratana has more than 20 years' experiences in international trade, investment, private sector development and finance. She has a strong background as a consultant/economist combined with hands-on experience in high-level management positions. She is currently a Private Sector and Investment senior consultant for various international organizations and is on the advisory board of Khmer Enterprise, Impact Hub and SmallWorld, Khmer Enterprise. She was an Independent Director for a commercial bank in Cambodia from 2014 to 2021 and for I-Finance Leasing from 2018. In addition, she is the founder and chairperson of the Cambodia Community of Investment Professionals (CFA Community in Cambodia) to build local skills in finance while promoting Cambodia as an investment destination. Her previous positions in Cambodia include being the Executive Director of EuroCham Cambodia from 2014 -2018, business consultant of DFDL, partner at the private equity firm Cambodia Emerald in 2008 and director of the CCCFC (French Cambodian Chamber of Commerce). She worked also in Switzerland as portfolio manager for a Private Bank and as economist at UNCTAD.

## 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 Cambodia Federation of Employers and Business Associations (CAMFEBA), Chairman of Garment Manufacturers Association in Cambodia (GMAC), Member of ASEAN Business Advisory Council (ABAC), Member of ASEAN Federation of Textile Industries (AFTEX), Honorary President of Cambodia Federation of Equestrian (CFE), Vice Chairman of National Training Board (NTB), Co-chair of the Government-Private Sector Working Group, member of the Labor Advisory Committee (LAC), Vice Chairman of labor Dispute Resolution Advisory Committee, Member of the National Social Security Fund (NSSF) Board, Member of Committee of the Review of Cambodia's Implementation of the UN Convention on Anti-Corruption Law, and Member of the Inception Committee of the National Commercial Arbitration 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 the President of a boutique Hotel named La Plantation Resort and SPA.

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



## Mr. Stéphane MANGIAVACCA, Director

French. Born in 1975. Mr. Mangiavacca joined the Board in March 2020. He started his career with the French Ministry of Finance, working in China. He then joined the Internal Audit of BPCE Group where he became Senior Manager of Quantitative Audit. He joined BRED Banque Populaire in 2009 where he is an Executive Board member, Head of International since 2020, after being BRED Group Chief Risk and Compliance Officer. He is a Board member of several French and international banks of BRED Group. He graduated from ECOLE NATIONALE SUPERIEURE DES MINES DE SAINT-ETIENNE, Engineering Diploma with honors and studied at University of New Brunswick in Canada.

## Mr. Kyosuke Hattori, Director

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



## Mr. Albertus Bruggink, Director

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

Outside ACLEDA Bank, He is currently an independent consultant based in the Netherlands and he is a corporate advisor to Orix Corporation in Tokyo. In 2016, Mr. Bruggink stepped down as the Chief Financial Officer of Rabobank after the maximum term of twelve years. He has worked for 30 years at Rabobank in different roles in finance, risk management and treasury/capital markets, both domestically and internationally. During his career he served on a number of boards of directors, predominantly in the Netherlands, and has served as the chairman of the audit committees of such Boards on a number of occasions. Mr. Bruggink received a MSc in Business administration from University of Twente in 1986 and a PhD in Financial Engineering from University of Twente in 1989. He is currently a part time professor in Financial Engineering and Risk Management at University of Twente.

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



## Mr. Kay Lot, Director

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

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

He obtained his Bachelor of Science in Business Administration from Kennedy Western University, Indonesia. He has also obtained IFRS Certification from The Association of Chartered Certified Accountants (ACCA).



# 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 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 of 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).

• Dr. Loeung Sopheap  
EVP & Group Chief  
Risk Officer

• Mr. Mach Theary  
EVP & Group Chief  
Information Officer

• Mr. Ly Thay  
EVP & Group Chief  
Administrative Officer

• Mr. Rath Yumeng  
Senior EVP & Group  
Chief Treasury Officer

• Dr. In Channy  
President & Group  
Managing Director

• Dr. So Phonnary  
Senior EVP & Group  
Chief Operations Officer

• Mrs. Mar Amara  
Senior EVP & Group  
Chief Financial Officer

• Mrs. Buth Bunseyha  
EVP & Group Chief Legal  
Officer and Corporate  
Secretary



# Dr. So Phonnary

Senior Executive Vice President & Group Chief  
Operations Officer



Cambodian. Born in November 1963. Dr. Phonnary has worked with ACLEDA since August 18, 1993. As Senior 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 six heads of divisions and one department, including Operations Division, Marketing Division, Product Development Division, Corporate Division, Financial Services Division, Trade Finance Department, and Strategic Plan Division. 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, and Strategic Development 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 & Senior Head  
of Credit Sale  
Management Division

• Dr. So Phonnary  
Senior EVP & Group  
Chief Operations Officer

• Mrs. Sok Sophea  
SVP & Senior Head of  
Marketing Division

• Mrs. Om Sophea  
VP & Head of Trade  
Finance Department

• Mr. Svay Hay  
SVP & Senior Head of  
Strategic Planning Division





# Mrs. Mar Amara

Senior Executive Vice President & Group Chief Financial Officer



Cambodian. Born in September 1967. Mrs. Amara joined ACLEDA in June 1993. As Senior 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 chairwoman of the Bank's Assets and Liabilities Committee, and member of 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  
Senior 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

Senior Executive Vice President & Group  
Chief Treasury Officer



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.

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

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  
Senior EVP & Group  
Chief Treasury Officer
- Mr. Vuth Heng  
VP & Senior Head of Foreign  
Exchange & Reserve Department
- Mr. Than Sarun  
VP & Senior 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. 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.

- Ms. Peou Titmithona  
SVP & Head of  
Administration Division

- Mr. Ly Thay  
EVP & Group Chief  
Administrative Officer

- Mr. Ho Rattanak  
SVP & Head of Human  
Resources Division



# 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.

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



# Mr. Mach Theory

Executive Vice President & Group  
Chief Information Officer



Cambodian. Born November 1965. Mr. Theory worked for several different organizations-institutions, 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. Theory was Senior Vice President & Head of Information Technology Division of ACLEDA Bank from July 2006 to December 2017. He was then promoted to 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 cybersecurity, with a total of 500 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  
Division
- Mr. Mach Theory  
EVP & Group Chief  
Information Officer
- Mr. Meang Tay  
SVP & Head of  
Application Service  
Division
- 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

Senior 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 other responsibilities within the Group include Board member of ACLEDA Bank Lao Ltd.

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

• Mr. Chheav Samnang  
Head of AML & CFT Audit  
Department

• Mr. Sok Hay  
Senior Head of Audit  
Reporting Department

• Mr. Sok Piseth  
Head of Information  
System Audit Division

• Mrs. Kim Sotheavy  
Senior Group Chief  
Internal Audit Officer

• Mr. Thath Dynoth  
Head of Internal Audit  
Development Division

• 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 2021. 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, 23 resolutions were passed by e-mail.

## Principal Activities in 2021

- The approval of the Bank's policies.
- The approval of Terms of References (TORs) of Board Committees.
- The approval of Board composition of Board committees.
- The approval of Board composition of Board of subsidiaries.
- The approval of additional back-up funds for contingency funding plan.
- The approval of ACLEDA Bank Plc. and subsidiaries Consolidated and Separate Financial Statements as at 30 September 2021 and for three-month and nine-month periods then ended which were issued by GRANT THORNTON (CAMBODIA) LIMITED (GT).
- The approval of strategic plan of ACLEDA Bank's Group for 2022-2026.
- The approval of budget plan 2022-2026.
- The approval and recommendation to the Shareholders for further approval of investment in Institute of Banking and Finance (IBF).
- The approval and recommendation to the Shareholders for further approval of shares transfer of 3.50% (three point five percent) shareholding in ACLEDA Bank Plc. from Triodos (TMF, TFSF, and TSFF) to North Haven Thai Private Equity Rumdul Company (Hong Kong) Limited.
- The approval, acknowledgement and recommendation to the Shareholders for further approval of North Haven Thai Private Equity Rumdul Company (Hong Kong) Limited as a new Shareholder of ACLEDA Bank Plc.
- The approval, acknowledgement and recommendation to the Shareholders for further approval of Mr. Ong Ling Wei as a new Shareholder representative from North Haven Thai Private Equity Rumdul Company (Hong Kong) Limited in ACLEDA Bank Plc.
- The approval and recommendation to the Shareholders for further approval of the amendment to the articles of the Bank's MAOA.
- The nomination and recommendation to the Shareholders for final approval of Grant Thornton (GT) as the Bank's external audit for 2022.
- The approval of meeting date, record Date, and agenda of Extraordinary Meetings (EGM) of Shareholders which were held in 2021.
- The approval of the applications for loans from local and international lenders.
- The approval of SME Co-financing scheme (phase II) between ACLEDA Bank Plc. and SME Bank of Cambodia (SME Bank).
- The approval of the establishment of Third Party Processor for MONEYGRAM PAYMENT SYSTEM, INC.
- The approval of increase in a Risk Appetite Statement (RAS) and Key Risk Indicators (KRIs) level of exposure to construction and real estate from "less than 10%" to "less than 12%".
- The approval of the Consolidated and Separate Interim Financial Statements for six-month period ended 30 June 2021 of ACLEDA Bank Plc. and subsidiaries which were issued by GT.
- The approval, acknowledgement and recommendation to the Shareholders for approval of nomination of Mr. Kyosuke Hattori from SMBC as a new director in the Bank to replace Mr. Kenichiro Mori.
- The approval of the guideline on remuneration of subsidiaries Board fees the same rate as annual increase of Board fees of ACLEDA Bank Plc.
- The approval of a Risk Appetite Statement (RAS) and Key Risk Indicators (KRIs).
- The approval of the Bank to serve Bancassurance (insurance products) as a Corporate Agency Model or parties;
- The approval, nomination and recommendation to the Shareholders for approval of Ms. Phurik Ratana as an Independent Director of ACLEDA Bank Plc.
- The approval of the Consolidated and Separate Interim Financial Statements for three-month period ended 31 March 2021 of ACLEDA Bank Plc. and subsidiaries which were issued by GT.
- The approval of the Bank's 2020 Annual Report.
- The approval and recommendation to the Shareholders for final approval of dividend distribution and transfer of the remaining balance of the Net Profit After Tax to the General Reserve.
- The approval of the Chairman's 2020 annual report.
- The approval of the GMD's 2020 annual report.
- The approval of 2020 annual report of each Board Committee.
- The approval of inflation rate for the payment to the Bank's employees from 01 April 2021 onward.
- The approval and recommendation to the Shareholders for final approval of re-appointment of Mr. Stéphane Mangiavacca, Mr. Albertus Bruggink and Drs. Pieter Kooi as directors in ACLEDA Bank Plc. for the next 3-year term.
- The approval of agenda, meeting date, and a record date for determination of shareholders entitled to attend AGM which was held on 22 April 2021.
- Setting a record date to determine shareholders entitled to receive dividend and recommend to the Shareholders for final approval.
- The approval of increase in director fee of ACLEDA Bank Plc.

- The approval of the Consolidated and Separate Financial Statements for the year ended 31 December 2020 of ACLEDA Bank Plc. and subsidiaries which were issued by KPMG Cambodia Ltd.
- The approval of entering into the ISDA Master Agreements with SMBC Singapore Branch and BRED Bank (Cambodia) Plc.
- The approval of ACLEDA Bank Plc. and its subsidiaries Condensed Consolidated and Separate Interim Financial Statements for three-month and twelve-month period ended 31 December 2020 and Independent Auditors' Report on review of interim financial information which were issued by KPMG Cambodia Ltd.

## Reports of the Board Committees

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

### Board Audit Committee (BACO)

#### Scope & Purpose

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

#### Members

- Mr. Ian S.Lydall, Independent Director, Chair (Expired term on 21 August 2021)
- Drs. Pieter Kooi, Independent Director, member (Acting Chairman from 22 June 2021)
- Mr. Chhay Soeun, Non-Executive Director, member
- Ms. Phurik Ratana, Independent Director, member (Effective from 08 November 2021)

#### Significant Issues and Activities in 2021

The BACO met 10 times in 2021 whereas 4 times in February, 1 time in March, 3 times in May, 1 time in August, and 1 time in November. The main proceedings were

- Reviewed and endorsed to the Board of Directors, the financial audited statements of 2020.
- Reviewed with the External Auditors the management letter of 2020.
- Reviewed and monitored management's process of IFRS implementation and development.
- Reviewed and approved the internal control report of the year 2020 for submission to the NBC.
- Reviewed and approved the Internal Audit report of the year 2020.
- Reviewed and proposed to the Board the 2020 incentive of the Senior GCIAO.
- Evaluated and graded the 2020 performance of the Senior GCIAO for Board approval.
- Reviewed the internal audit reports and analysed any unusual trends or incidents.
- Reviewed and approved the internal audit plan for fiscal year 2022.
- Reviewed and proposed to the Board the incentive scheme targets 2022 for Senior GCIAO.
- Reviewed and proposed to the Board TOR of BACO.
- Reviewed and proposed to the Board the external auditor to conduct IS audit assessment.
- Discussed and proposed to the Board the audit firm as the Bank's external auditor of the year 2022.
- Reviewed the following policies: Audit Policy, Internal Control Policy, Corporate Disclosure Policy, Dividend Policy and General Policy Guidelines.
- Reviewed and approved 2021 interim financial statement for March, June and September and endorsed to the Board of Directors for final approval.

## Board Remuneration and Nomination Committee (BRESCO)

### Scope & Purpose

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

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

### Members

- Mr. Van Sou Ieng, Independent Director, Chair
- Drs. Pieter Kooi, Independent Director, member
- Mr. Ian S. Lydall, Independent Director (expired term on 21 August 2021)
- Mr. Albertus Bruggink, Non-Executive Director, member, (nominated as member of BRESCO on 12 May 2021)
- Mr. Stéphane Mangiavacca, Non-Executive Director, member, (nominated as member of BRESCO on 27 September 2021)

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

### Significant Issues and Activities in 2021

The BRESCO met 8 times in 2021 whereas 2 times in March, 2 times in May, 1 time in June, 1 time in August, 1 time in September, and 1 time in December. The main proceedings were:

- Reviewed and endorsed to the Board for final approval of 2020 inflation rate for the payment to the Bank's employees from 01 April 2021 onward.
- Reviewed and endorsed to the Board for final approval of incentive and increase in salary for President & GMD for the year 2020 performance.
- Reviewed and endorsed to the Board for final approval of annual increase in salary of Chairman of the Board.
- Reviewed and endorsed to the Board for final approval of 2020 annual report of BRESCO.
- Reviewed and endorsed to the Board for final approval of the increase in the Bank's Board of Directors fees.
- Reviewed and endorsed to the Board for final approval of the criteria and reorganizing the composition of the independent director of the Bank.
- Reviewed and endorsed the Board composition, Board Committee Composition of ACLEDA Bank and subsidiaries.
- Reviewed the employees' pension and retirement benefit plan.
- Reviewed relevant laws and regulations.
- Reviewed salary scale of top management by comparing to its peer group.
- Reviewed approval process of remuneration of the directors of subsidiaries.
- Reviewed Board retreat program proposal.
- Reviewed and endorsed the related policies to the Board for approval.
- Reviewed actual the level and composition of employment costs for the year to date.
- Reviewed succession plan of all senior positions of the Bank and subsidiaries.
- Reviewed and endorsed to the Board for final approval of President & GMD, Senior GCIAO, and Head of COD performance criteria for 2022.
- Reviewed annual self-appraisal format of the Board and annual self-assessment of BRESCO.

## Board Risk and IT Committee (BRIC)

### Scope & Purpose

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

### Members

- Drs. Pieter Kooi                      Independent Director, Chair
- Mr. Ian S. Lydall,                      Independent Director (expired term on 21 August 2021)
- Mr. Kay Lot                              Non-Executive Director (nominated as member of BRIC on 12 May 2021)
- Mr. Kenichiro Mori                      Non-Executive Director, member, (resigned from his position as a director on 8 November 2021)
- Mr. Kyosuke Hattori                      Non-Executive Director, member, (nominated as member of BRIC on 8 November 2021)
- Mr. Albertus Bruggink                      Non-Executive Director, member, (nominated as member of BRIC on 16 December 2021, effective date on 1 January 2022)

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

### Significant Issues and Activities in 2021

The BRIC met 14 times in 2021 whereas 2 times in January, 2 times in February, 2 times in March, 1 time in April, 1 time in June, 2 times in August, 2 times in September, 1 time in November and 1 time in December. The main proceedings were:

- Reviewed and discussed the Group and the Bank's overall risk profile as presented by the EVP & Group CRO to ensure that the key risk indicators fully complied with the regulatory requirements, internal targets, and risk appetite statement - key risk indicators' level (RAS-KRIs).
- Assessed and discussed the potential future risks for ACLEDA Bank and its subsidiaries.
- Further refined the risk analysis process and undertook a series of stress test scenarios and reverse stress tests allowing for simultaneous occurrence of risks including potential effects of COVID-19 pandemic and restructured facilities.
- Assessed the composition of credit portfolio and, particularly, its quality and compliance with internal policies.
- Oversight of the risk management implementation and maturity assessment of ACLEDA Bank's risk culture.
- Monitored and discussed the restructuring of facility, refinancing of facility, reclassification of facility, and write-off of facility.
- Analysed the impact of possible risk scenarios on the balance sheet, income statement and prudential ratios.
- Reviewed the potential risks that could have a 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 and business risks.
- Reviewed and discussed the development of the market of digital financial services, small and medium business credit and real estate & construction credit.
- Discussed strategies to optimally manage these potential risk events in the long-term interest of ACLEDA Bank and its customers.
- Reviewed the liquidity stress testing results and the contingency funding plan for 2022 from management.
- Reviewed and approved management's funding proposals to support funding needs.
- Reviewed the compliance division report and received analyses of any suspicious transactions.
- Reviewed and approved the incentive scheme targets for the Compliance Division and endorsed to the Board for final approval.
- Reviewed and approved the Compliance Division budget plan for fiscal year 2022.
- Reviewed and approved TOR of BRIC and recommended to the Board for final approval.
- Reviewed and endorsed the following policies: Risk Management Policy, Liquidity Risk Management Framework, Risk Appetite Statement – Key Risk Indicators (RAS-KRIs), Credit Policy, Environment, Social and Community Policy, IFRS9 Impairment Policy, Credit Scoring Policy, 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, Information Security Policy, and IT Governance Policy.
- Conducted an annual self-assessment of its performance relative to the Board Risk Management and IT Committee's purpose, duties, and responsibilities in order to ensure the effective discharge of its responsibility

# ENVIRONMENTAL AND SOCIAL DATA AT A GLANCE

Absolute amounts/FTE (Full Time Equivalent)<sup>1</sup>

	2021	2020	2019	2018	2017
<b>Environmental Performance Indicators</b>					
Materials					
Paper in kg/FTE	10.18	10.61	10.60	10.64	10.42
Waste					
Waste paper in kg/FTE	2.06	1.23	1.03	1.79	2.15
Energy					
Electricity in kWh/FTE	2,013.46	1,922.84	1,679.09	1,646.15	1,673.46
Gasoline in l/FTE	35.16	36.27	36.65	38.23	39.76
Diesel in l/FTE	40.15	46.11	43.70	44.97	49.04
Lubricant in l/FTE	1.02	1.25	1.12	1.13	1.27
Emission of CO <sub>2</sub> (Equivalents – in thousands of kg) <sup>2</sup>					
Electricity	13,352	12,664	11,067	11,142	11,430
Gasoline	1,010	1,035	1,046	1,121	1,176
Diesel	1,329	1,516	1,438	1,519	1,672
Water					
Water in m <sup>3</sup> /FTE	22.19	20.42	28.21	15.54	15.87
Business Travel					
By car in km/FTE	367.29	565.59	514.54	481.82	295.98
By motorcycle in km/FTE	1,705.52	1,845.04	1,838.73	1,894.90	1,941.86
<b>Social Performance Indicators</b>					
Employment					
Number of staff	12,081	12,013	11,948	12,177	12,456
Male	7,331	7,252	7,132	7,270	7,370
Female	4,750	4,761	4,816	4,907	5,086
Number of staff (FTE)	12,057	11,975	11,984	12,307	12,419
Training and Education					
Training – career development and refresher programs	5,911	7,293	5,077	3,801	6,517
Training new recruits – induction program	778	788	947	549	1,179
Internships for local students	415	237	768	610	1,025
Internships for international students	-	5	-	0	5

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

<sup>2</sup> \* CO<sub>2</sub> 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 2021, paper usage decreased by 4.05% per co-worker compared to 2020. 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 67.48% per co-worker compared to 2020.

	2021	2020	2019	2018	2017
Materials					
Paper in kg/FTE	10.18	10.61	10.60	10.64	10.42
Waste					
Waste paper in kg/FTE	2.06	1.23	1.03	1.79	2.15

## Energy Consumption

Electricity consumption per co-worker increased by 4.71% in 2021 compared to 2020. Gasoline decreased by 3.06% in 2021 and diesel and lubricant consumption decreased by 12.93% and 18.40% per co-worker compared to 2020.

	2021	2020	2019	2018	2017
Energy					
Electricity in kWh/FTE	2,013.46	1,922.84	1,679.09	1,646.15	1,673.46
Gasoline in l/FTE	35.16	36.27	36.65	38.23	39.76
Diesel in l/FTE	40.15	46.11	43.70	44.97	49.04
Lubricant in l/FTE	1.02	1.25	1.12	1.13	1.27
Emission of CO <sub>2</sub> (Equivalents - in thousands of kg)					
Electricity	13,352	12,664	11,067	11,142	11,430
Gasoline	1,010	1,035	1,046	1,121	1,176
Diesel	1,329	1,516	1,438	1,519	1,672

## Water

Water consumption per co-worker increased by 8.67% in 2021 compared to 2020.

	2021	2020	2019	2018	2017
Water					
Water in m <sup>3</sup> /FTE	22.19	20.42	28.21	15.54	15.87

## Business Travel

In 2021, the total distance travelled by car and motorcycle decreased by 35.06% and 7.56% compared to 2020.

	2021	2020	2019	2018	2017
Business Travel					
By car in km/FTE	367.29	565.59	514.54	481.82	295.98
By motorcycle in km/FTE	1,705.52	1,845.04	1,838.73	1,894.90	1,941.86

## Social Sustainability

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

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

### Staff

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



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

	2021	2020	2019	2018	2017
<b>Employment</b>					
Number of staff	12,081	12,013	11,948	12,177	12,456
Male	7,331	7,252	7,132	7,270	7,370
Female	4,750	4,761	4,816	4,907	5,086
Number of staff (FTE)	12,057	11,975	11,984	12,307	12,419
<b>Training and Education</b>					
Training – career development and refresher programs	5,911	7,293	5,077	3,801	6,517
Training of new recruits – induction program	778	988	947	549	1,179
Internships for local students	415	237	645	610	1,025
Internships for international students	-	5	4	-	5

## Community

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

- Developing and offering appropriate products and services carefully selected and developed for the particular needs of Cambodian society. In 2006 the Bank launched a housing loan scheme, with interest rates fixed for up to 15 years to enable Cambodians, especially in the lower wealth segment, to purchase their own homes.
- Expanding outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending online banking services to mobilize savings. The expansion of our 24 hours a day/7 days a week ATM network to all provinces in 2010 has enabled our customers to access their funds at their own convenience, irrespective of the normal opening hours of the Bank or national holidays. In April 2017 we launched 'ACLEDA mobile (formerly ACLEDA Unity ToanChet) – a real bank in your hand. In 2014 and 2015 we launched 'ACLEDA Internet Banking' and 'ACLEDA E-Commerce Payment Gateway' which enable our customers' access to financial services and online payments anywhere anytime.
- In December 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 2,197 respondents (female: 55%) randomly selected from our 329,710 active borrowers of whom 67.77% were traders, 17.11% were farmers/workers and 15.11% were private companies/NGOs/civil servants. The responses indicated that across all sectors there were 80.15% who considered that their wealth had increased as a result of credit provided by ACLEDA Bank, 5.37% who did not detect any noticeable change while only 14.47% had the perception that they were worse off than before.

	2021	2020	2019	2018	2017
<b>Income Situation</b>					
Growth	80.15%	78.31%	92.40%	90.90%	88.13%
Stability	5.37%	6.08%	3.57%	6.23%	7.46%
Reduction	14.47%	15.61%	4.03%	2.87%	4.41%

- Incorporated into our policies are strictures against overselling or encouraging customers to over commit themselves or buy inappropriate products or services. As a matter of principle, ACLEDA does not impose mandatory savings requirements on its customers.
- Transparency and 'truth in advertising' are strictly enforced when developing, advertising and selling our products and services and full and detailed information is provided through brochures, our website and other promotional materials.
- ACLEDA practices equality in its lending irrespective of gender or race: 54.86% 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 2021 ACLEDA Bank Plc. provided 415 internships for local students.
- In 2021, ACLEDA Bank Plc. took part in important social and humanitarian activities through the following donations:

#### Education

- o Donation to the **ACLEDA-Jardines Education Foundation (AJF)** to support the construction of two concrete primary school buildings (Rumduol Veasna and Kang Cham) in Oddor Meanchey and Steung Treng provinces.

#### Health

- o Donation to the **Cambodia Kantha Bopha Foundation**.
- o Gold sponsor of the Thansur Sokha Hotel to support their program "**The Bokor Cycling**".

#### Charity

- o Donation to the **Cambodian Red Cross** on their 158th anniversary of World Red Cross Day on May 8.

#### Environment

- o Main sponsor of the Department of Environment (Kampot) to support their program "**Tree Planting & Clean**".

#### Sponsored Events

- o Main sponsor of the **National Institute of Entrepreneurship and Innovation** to support their program "**National Entrepreneurship Awards 2021**".
- o Bronze sponsor of the "**CamTech Summit 2021**".
- o Diamond sponsor of the "**Covid-19 Business Recovery Pathways**" event organized by Young Entrepreneurs Association of Cambodia, The Association of Banks in Cambodia, and Cambodia Microfinance Association.

# 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 Nov 23, 2021

**S&P Global**  
Ratings

Issuer Credit Rating  
**B+/Stable/B**

Stand-Alone Credit Profile (SACP)

**bb**

2018 Impact Rating Report



Impact Business Models Rating

**SILVER**

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	UOVBTBHK
USD	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  
As at 31 December 2021 for the year then ended  
and  
Independent Auditor's Report**

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

### Contents

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## 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 as at 31 December 2021 and for the year then ended (hereafter collectively referred to as “the financial statements”).

### The Group and the Bank

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

On 25 May 2020, the Bank was successfully listed on the Cambodia Securities Exchange. The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the initial public offering (“IPO”) amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR47,726,239 thousand). On 23 November 2020, the shareholders approved the amendment to the Memorandum of Association (“MAA”) relating capital increase from IPO. On 18 February 2021, the Bank submitted a letter to the NBC requesting for its approval on the capital increase, which was approved on 29 March 2021. Accordingly, the Bank’s amended MAA was approved by the MOC on 12 May 2021.

The Bank and its subsidiaries, ACLEDA Bank Lao Ltd. (“ABL”) and ACLEDA MFI Myanmar Co., Ltd. (“AMM”), are all in the financial industry sector and have operations across 262 branches covering all provinces and cities in the Kingdom of Cambodia, 38 branches in the Lao PDR, and 17 branches in the Republic of the Union of Myanmar. The Bank’s other subsidiary, ACLEDA Securities Plc. (“ACS”) is in the securities sector and ACLEDA Institute of Business (“AIB”) is in the education sector.

### Principal activities

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

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



## Principal activities (continued)

ACS is wholly owned by the Bank and its principal business is providing securities brokerage and other services approved by Securities and Exchange Commission of Cambodia.

AIB is 76.6090% owned by the Bank. AIB provides training and education for Associate's degree, Bachelor's degree, and Master's degree of Business Administration, majoring in Banking and Finance.

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

## Financial performance

The audited financial performance of the Group and the Bank for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income and separate statement of profit or loss and other comprehensive income on pages 14 – 15 and 21, respectively.

## Share capital and share premium

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

## 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.

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”).

## Items of an unusual nature (continued)

There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature 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 expected credit loss*

The expected credit loss (“ECL”) was estimated based on a range of forecast economic conditions as at reporting date. The COVID-19 outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. The impact on gross domestic product (“GDP”) and other key indicators has been considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL in which the calculation of the ECL in this current environment is subject to significant uncertainty. 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 4(b) for further details.

## The Board of Directors and the Executive Committee

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

- Mr. Chhay Soeun Chairman (Non-executive Director)
- Dr. In Channy Member (Executive Director)
- Mr. Rath Yumeng Member (Executive Director)
- Mr. Kyosuke Hattori Member (Non-executive Director)  
with effectivity on 8 November 2021
- Mr. Kenichiro Mori Member (Non-executive Director)  
resigned on 8 November 2021
- Mr. Albertus Bruggink Member (Non-executive Director)  
with effectivity on 12 May 2021
- Mr. Kay Lot Member (Non-executive Director)  
with effectivity on 12 May 2021
- Ms. Mirjam Janssen Member (Non-executive Director)  
resigned on 12 May 2021
- Mr. Stéphane Mangiavacca Member (Non-executive Director)
- Drs. Pieter Kooi Member (Independent Director)
- Mr. Van Sou leng Member (Independent Director)
- Ms. Phurik Ratana Member (Independent Director)  
with effectivity on 08 November 2021
- Mr. Ian S. Lydall Member (Independent Director)  
resigned on 21 August 2021

## 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    | Senior EVP & Group Chief Operations Officer             |
| ▪ Mrs. Mar Amara     | Senior EVP & Group Chief Financial Officer              |
| ▪ Mr. Rath Yumeng    | Senior 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 Management and those charged with governance's responsibilities in respect of the financial statements

The Management and those charged with governance are responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2021, 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 Management and those charged with governance are required to:

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

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

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



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



Dr. In Channy  
 President & Group Managing Director



Phnom Penh, Kingdom of Cambodia

Date: 7 February 2022

**Approval of the financial statements**

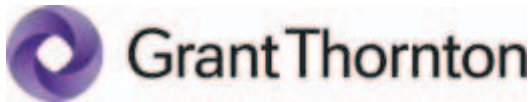
The accompanying financial statements, together with the notes thereto set out on pages 13 to 202, which present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2021, and the financial performance and cash flows of the Group and of the Bank for 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: 7 February 2022



# Independent auditor's report

**Grant Thornton (Cambodia) Limited**

20th Floor Canadia Tower  
315 Preah Ang Duong Street  
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Khan Daun Penh  
Phnom Penh  
Kingdom of Cambodia

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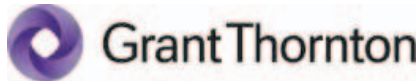
**To the Shareholders of  
ACLEDA Bank Plc. and its subsidiaries****Opinion**

We have audited the consolidated financial statements of ACLEDA Bank Plc. and its subsidiaries (“the Group”) and the separate financial statements of ACLEDA Bank Plc. (“the Bank”), which comprise the consolidated and separate statements of financial position of the Group and the Bank as at 31 December 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 13 to 202 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial positions of the Group and of the Bank as at 31 December 2021, and their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and guidelines of the National Bank of Cambodia.

**Basis for opinion**

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



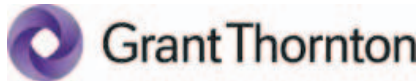
**Key audit matters**

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

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Allowance for impairment losses on loans to customers</b></p> <p>Refer to Note 2(e)(vii) for the Group’s and the Bank’s accounting policy on impairment of loans to customers, Note 4 on critical accounting judgements and estimation uncertainty and Note 38.1 for the Group’s and the Bank’s credit risk disclosures.</p> <p>Loans to customers constitute approximately 68.67% and 67.99% of the Group’s and the Bank’s total assets, respectively. The Group’s and the Bank’s loan portfolio mainly comprises loans to customers in wholesale and retail, services and agriculture. Refer to Note 38.1(d)(ii) for details. The customers comprise of both corporate and individuals.</p> <p>The Group and the Bank adopted CIFRS 9 “Financial Instruments” in 2019. CIFRS 9 introduces an expected credit loss (“ECL”) impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behavior. This complex accounting standard requires considerable judgement and interpretation in its implementation, especially during this unprecedented era – COVID-19 pandemic, which brings about a high degree of estimation uncertainty.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> <li>• Building the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgement is applied in determining the appropriate construction of the models;</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained our understanding, evaluated the design and implementation, and tested the operating effectiveness of the key controls over the allowance for impairment losses. These controls, among others, included:                         <ul style="list-style-type: none"> <li>- Loan applications and credit reviews;</li> <li>- Identification of significant increase in credit risk;</li> <li>- Subsequent annual review of the credit worthiness of the borrower; and</li> <li>- Accuracy of data inputs.</li> </ul> </li> <li>• We assessed whether the methodology and assumptions used in the ECL models are consistent with the requirements of CIFRS 9, incorporating consideration of COVID-19 impacts.</li> <li>• We tested a sample of loan reviews for the appropriateness of the loan grading and staging, challenged Management’s evaluations and conclusions on the credit worthiness and classification of the selected loans.</li> <li>• We evaluated the process used by Management to develop forward-looking information. For a sample of significant forward-looking information variables, we compared it to independently derived forecasts and publicly available information.</li> <li>• We tested the accuracy of key inputs into the ECL models by comparing against source systems and documents.</li> <li>• We recomputed the ECL to test the mathematical accuracy of the ECL models.</li> <li>• We assessed the adequacy of disclosures to ensure compliance with CIFRS 9.</li> </ul>





Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>• Timely identification of loans to customers and financing that have experienced a significant increase in credit risk;</li> <li>• Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets; and,</li> <li>• Effects of COVID-19 pandemic in relation to the significant judgement listed above.</li> </ul>	<p>We involved our specialists in the performance of the above procedures, when necessary, where their specific expertise was required.</p>

### Other matter

The Group's and the Bank's financial statements as at 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 February 2021.

### Other information

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

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

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

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

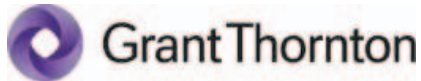
When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and those charged with governance, and respond to that matter in accordance with the requirements of CISA 720 (revised).

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and 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.



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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



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

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

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

Grant Thornton  
GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants  
Registered Auditors



**Ronald C. Almera**

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia  
7 February 2022

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>ASSETS</b>					
Cash on hand	7	450,375,149	412,759,051	1,834,828,357	1,669,610,361
Deposits and placements with other banks, net	8	577,117,298	534,653,146	2,351,175,872	2,162,671,976
Financial investments	9	801,084,392	566,674,523	3,263,617,813	2,292,198,446
Loans and advances, net	10	5,393,953,503	4,471,300,618	21,974,966,571	18,086,411,000
Other assets	11	28,141,190	22,766,913	114,647,208	92,092,163
Statutory deposits	12	415,456,960	360,377,008	1,692,571,655	1,457,724,997
Property and equipment, net	14	139,431,244	127,546,441	568,042,888	515,925,354
Intangible assets, net	15	12,286,098	14,690,675	50,053,563	59,423,780
Right-of-use assets, net	16	28,337,884	29,529,768	115,448,539	119,447,912
Deferred tax assets, net	17	9,068,606	11,195,845	36,945,501	45,287,193
<b>TOTAL ASSETS</b>		<b>7,855,252,324</b>	<b>6,551,493,988</b>	<b>32,002,297,967</b>	<b>26,500,793,182</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	483,740,992	317,009,459	1,970,760,801	1,282,303,262
Deposits from customers	19	5,232,278,693	4,294,286,048	21,316,303,395	17,370,387,064
Other liabilities	20	78,422,171	63,751,108	319,491,925	257,873,232
Borrowings	21	608,488,803	542,398,916	2,478,983,383	2,194,003,615
Subordinated debts	22	156,492,941	167,158,623	637,552,242	676,156,630
Derivative liabilities, net	23	506,158	-	2,062,088	-
Lease liabilities	24	27,874,940	28,617,902	113,562,506	115,759,414
Employee benefits	25	26,096,817	18,354,055	106,318,432	74,242,152
Current income tax liabilities	32(a)	36,315,767	30,292,370	147,950,435	122,532,637
<b>TOTAL LIABILITIES</b>		<b>6,650,217,282</b>	<b>5,461,868,481</b>	<b>27,092,985,207</b>	<b>22,093,258,006</b>
<b>EQUITY</b>					
Share capital	26	433,163,019	433,163,019	1,764,706,139	1,752,144,412
Share premium	26	11,706,215	11,706,215	47,691,120	47,351,640
Reserves	36	592,909,744	503,094,236	2,433,432,915	2,048,708,997
Retained earnings		161,263,307	141,662,037	639,068,094	559,330,127
Non-controlling interests	3	5,992,757	-	24,414,492	-
<b>TOTAL EQUITY</b>		<b>1,205,035,042</b>	<b>1,089,625,507</b>	<b>4,909,312,760</b>	<b>4,407,535,176</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,855,252,324</b>	<b>6,551,493,988</b>	<b>32,002,297,967</b>	<b>26,500,793,182</b>

The accompanying notes on page 26 to 202 form an integral part of these financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Interest income	27	573,799,753	515,094,476	2,334,217,395	2,100,040,179
Interest expense	28	<u>(172,370,812)</u>	<u>(150,777,317)</u>	<u>(701,204,463)</u>	<u>(614,719,121)</u>
<b>Net interest income</b>		<u>401,428,941</u>	<u>364,317,159</u>	<u>1,633,012,932</u>	<u>1,485,321,058</u>
Fee and commission income	29	42,936,361	45,775,165	174,665,117	186,625,348
Fee and commission expense		<u>(2,666,006)</u>	<u>(1,742,125)</u>	<u>(10,845,312)</u>	<u>(7,102,644)</u>
<b>Net fee and commission income</b>		<u>40,270,355</u>	<u>44,033,040</u>	<u>163,819,805</u>	<u>179,522,704</u>
Impairment losses on loans and advances, deposits and placements with other banks and other receivables	10	(13,541,974)	(20,794,031)	(55,088,750)	(84,777,264)
Reversal of impairment losses on off-balance sheet commitments	10	<u>139,449</u>	<u>54,156</u>	<u>567,279</u>	<u>220,794</u>
<b>Net impairment losses</b>		<u>(13,402,525)</u>	<u>(20,739,875)</u>	<u>(54,521,471)</u>	<u>(84,556,470)</u>
<b>Income after impairment losses</b>		<u>428,296,771</u>	<u>387,610,324</u>	<u>1,742,311,266</u>	<u>1,580,287,292</u>
Other income	30	19,961,617	18,351,358	81,203,858	74,818,487
General and administrative expenses	31	<u>(243,504,971)</u>	<u>(225,926,220)</u>	<u>(990,578,222)</u>	<u>(921,101,199)</u>
<b>Profit before income tax</b>		<u>204,753,417</u>	<u>180,035,462</u>	<u>832,936,902</u>	<u>734,004,580</u>
Income tax expense	32(b)	<u>(38,079,069)</u>	<u>(38,542,872)</u>	<u>(154,905,653)</u>	<u>(157,139,291)</u>
<b>Profit for the year (carried forward to next page)</b>		<u>166,674,348</u>	<u>141,492,590</u>	<u>678,031,249</u>	<u>576,865,289</u>

The accompanying notes on page 26 to 202 form an integral part of these financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Profit for the year (brought forward from previous page)</b>		<u>166,674,348</u>	<u>141,492,590</u>	<u>678,031,249</u>	<u>576,865,289</u>
<b>Other comprehensive income:</b>					
<b><i>Items that will not be reclassified to profit or loss –</i></b>					
Remeasurement of employee benefit obligations	25	(4,141,215)	169,447	(16,846,462)	690,835
Remeasurement of the effective portion of derivatives arising from cash flow hedge		(506,158)	-	(2,059,051)	-
<b><i>Item that are or may be reclassified subsequently to profit or loss –</i></b>					
Currency translation differences		-	-	5,080,358	(8,160,026)
Other comprehensive (loss)/income for the year		<u>(4,647,373)</u>	<u>169,447</u>	<u>(13,825,155)</u>	<u>(7,469,191)</u>
<b>Total other comprehensive income for the year</b>		<u>162,026,975</u>	<u>141,662,037</u>	<u>664,206,094</u>	<u>569,396,098</u>
<b>Profit for the year attributable to:</b>					
Owners of the Bank		166,913,038	141,492,590	679,002,240	576,865,289
Non-controlling interests		<u>(238,690)</u>	<u>-</u>	<u>(970,991)</u>	<u>-</u>
		<u>166,674,348</u>	<u>141,492,590</u>	<u>678,031,249</u>	<u>576,865,289</u>
<b>Total other comprehensive income attributable to:</b>					
Owners of the Bank		162,282,771	141,662,037	665,248,207	569,396,098
Non-controlling interests		<u>(255,796)</u>	<u>-</u>	<u>(1,042,113)</u>	<u>-</u>
		<u>162,026,975</u>	<u>141,662,037</u>	<u>664,206,094</u>	<u>569,396,098</u>

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

Basic earnings per share	33	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>
Diluted earnings per share	33	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>

The accompanying notes on page 26 to 202 form an integral part of these financial statements

**ACLEDA BANK PLC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED**

	Attributable to equity holders of the Parent													
	Share capital		Share premium		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2021</b>	433,163,019	1,752,144,412	11,706,215	47,351,640	503,094,236	2,048,708,997	141,662,037	559,330,127	1,089,625,507	4,407,535,176	-	-	1,089,625,507	4,407,535,176
Profit for the year	-	-	-	-	-	-	166,913,038	679,002,240	166,913,038	679,002,240	(238,690)	(970,991)	166,674,348	678,031,249
<i>Other comprehensive income:</i>														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(4,124,109)	(16,776,875)	(4,124,109)	(16,776,875)	(17,106)	(69,587)	(4,141,215)	(16,846,462)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	-	-	(506,158)	(2,059,051)	(506,158)	(2,059,051)	-	-	(506,158)	(2,059,051)
Currency translation differences	-	-	-	-	-	5,081,893	-	-	-	-	-	(1,535)	-	5,080,358
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	5,081,893	162,282,771	660,166,314	162,282,771	665,248,207	(255,796)	(1,042,113)	162,026,975	664,206,094
<b>Transaction with owners:</b>														
Investments made by holders of non-controlling interest	-	-	-	-	-	-	-	-	-	-	6,971,681	28,360,798	6,971,681	28,360,798
Dividend paid	-	-	-	-	-	-	(42,493,293)	(172,862,716)	(42,493,293)	(172,862,716)	-	-	(42,493,293)	(172,862,716)
Transfers from retained earnings to general reserves	-	-	-	-	-	-	(423,863)	(1,724,275)	(423,863)	(1,724,275)	-	-	(423,863)	(1,724,275)
Transfer from retained earnings to regulatory reserves	-	-	-	-	100,484,437	408,770,690	(100,484,437)	(408,770,690)	-	-	(720,092)	(2,929,334)	-	-
Transfers from retained earnings to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves from changes in ownership interests in AIB	-	-	-	-	3,028,319	12,319,202	-	-	3,028,319	12,319,202	-	-	3,028,319	12,319,202
Currency translation differences - foreign subsidiaries	-	-	-	-	(13,697,248)	(56,720,405)	-	-	(13,697,248)	(56,720,405)	(3,036)	(12,350)	(13,700,284)	(56,732,756)
Currency translation differences	-	12,561,727	-	339,480	-	14,272,538	-	-	-	27,173,745	-	37,491	-	27,211,236
<b>Total transactions with owners:</b>	-	12,561,727	-	339,480	89,815,508	379,642,025	(142,681,501)	(580,428,347)	(52,865,993)	(187,885,115)	6,248,553	25,456,605	(46,617,440)	(162,428,510)
<b>As at 31 December 2021</b>	433,163,019	1,764,706,139	11,706,215	47,691,120	592,909,744	2,433,432,915	161,263,307	639,068,094	1,199,042,285	4,884,898,268	5,992,757	24,414,492	1,205,035,042	4,909,312,760

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Atributable to equity holders of the Parent													
	Share capital		Share premium		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2020</b>	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
<i>Other comprehensive income:</i>														
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)
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	(8,160,026)	141,662,037	577,556,124	141,662,037	579,396,098	-	-	141,662,037	569,396,098
<b>Transaction with owners:</b>														
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)
<b>Total transactions with owners:</b>	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)
<b>As at 31 December 2020</b>	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

The accompanying notes on page 26 to 202 form an integral part of these financial statements.



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>					
Profit for the year before income tax		204,753,417	180,035,462	832,936,902	734,004,580
<i>Adjustments for:</i>					
Depreciation of property and equipment	14	20,413,591	21,249,218	83,042,488	86,633,062
Net impairment losses	10	13,402,525	20,739,875	54,521,471	84,556,470
Depreciation of right-of-use assets	16	11,192,219	10,627,120	45,529,947	43,326,768
Seniority indemnity benefits	25(c)	8,080,729	6,563,719	32,872,406	26,760,282
Amortisation	15	3,889,960	3,667,583	15,824,357	14,952,736
Retirement benefits	25(a)	2,029,831	1,697,341	8,257,353	6,920,060
Career development	25(b)	1,574,658	1,312,641	6,405,709	5,351,637
Adjustment in property and equipment		578,943	18,534	2,355,140	75,563
Dividend income	30	(116,614)	(174,479)	(474,386)	(711,351)
Gain on disposals of property and equipment, intangible assets and lease	30	(248,023)	(369,528)	(1,008,958)	(1,506,566)
Adjustment in intangible assets		(256,829)	290,284	(1,044,780)	1,183,488
Unrealised exchange gains		(2,899,018)	(262,358)	(11,793,205)	(1,069,635)
Currency translation reserves		(13,700,284)	614,405	(55,732,755)	2,504,929
Net interest income		(401,428,941)	(364,317,159)	(1,633,012,932)	(1,485,321,058)
<b>Operating loss before changes in working capital</b>		<b>(152,733,836)</b>	<b>(118,307,342)</b>	<b>(621,321,243)</b>	<b>(482,339,035)</b>
<i>Changes in:</i>					
Deposits from customers		937,992,645	211,563,195	3,815,754,080	862,543,146
Deposits and placements from other banks and financial institutions		166,731,533	31,834,314	678,263,876	129,788,498
Other liabilities		3,045,340	10,301,728	12,388,443	42,000,145
Other assets		(4,701,607)	(5,560,237)	(19,126,137)	(22,669,086)
Statutory deposits		(18,090,571)	43,449,288	(73,592,443)	177,142,747
Deposits and placements with other banks		(43,809,170)	181,602,086	(178,215,704)	740,391,705
Loans and advances		(933,325,127)	(646,063,530)	(3,796,766,617)	(2,634,001,012)
<b>Cash flow used in operations</b>		<b>(44,890,793)</b>	<b>(291,180,498)</b>	<b>(182,615,745)</b>	<b>(1,187,142,892)</b>
Interest received		572,458,203	513,591,617	2,328,759,970	2,093,913,022
Career development benefits paid	25(b)	(5,279)	(2,085,315)	(21,475)	(8,501,829)
Retirement benefits paid	25(a)	(110,370)	(216,840)	(448,985)	(884,057)
Seniority benefits paid	25(c)	(7,780,075)	(6,998,257)	(31,649,345)	(28,531,894)
Income tax paid	32(a)	(30,148,370)	(35,064,652)	(122,643,569)	(142,958,586)
Interest paid		(115,543,134)	(105,121,666)	(470,029,469)	(428,581,033)
<b>Net cash from operating activities (carried forward to next page)</b>		<b>373,980,182</b>	<b>72,924,389</b>	<b>1,521,351,382</b>	<b>297,312,731</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Net cash from operating activities (brought forward from previous page)</b>		373,980,182	72,924,389	1,521,351,382	297,312,731
<b>Cash flows from investing activities</b>					
Interest received from investing		843,467	1,876,556	3,431,224	7,650,719
Proceeds from disposals of property and equipment and intangible assets		786,609	408,958	3,199,925	1,667,322
Dividends received		116,614	174,479	474,386	711,351
Proceeds from matured investments		103,166	-	419,679	-
Payment from disposal of Lease		(3,420)	-	(13,913)	-
Purchase of additional investments		(36,141)	-	(147,022)	-
Financial investments		(1,522,177)	22,946,576	(6,192,216)	93,553,190
Purchases of intangible assets	15	(1,796,727)	(9,689,231)	(7,309,085)	(39,502,995)
Purchases of property and equipment	14	(33,109,898)	(17,704,489)	(134,691,065)	(72,181,202)
<b>Net cash used in investing activities</b>		<u>(34,618,507)</u>	<u>(1,987,151)</u>	<u>(140,828,087)</u>	<u>(8,101,615)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		205,040,224	178,590,478	834,103,631	728,113,379
Investments made by holders of non- controlling interest in AIB	13	10,000,000	-	40,680,000	-
Proceeds from subordinated debts		-	35,000,000	-	142,695,000
Proceeds from share premium		-	11,706,215	-	47,726,239
Proceeds from share issuance	26	-	4,344,865	-	17,714,015
Payment tax on ABL's increase capital	13	(423,863)	(444,790)	(1,724,275)	(1,813,409)
Repayments of subordinated debts		(11,000,000)	(7,143,957)	(44,748,000)	(29,125,913)
Payment of lease liabilities	24	(12,622,584)	(11,833,274)	(51,348,672)	(48,244,258)
Payments of dividends	26	(42,493,293)	(32,718,825)	(172,862,716)	(133,394,650)
Interest paid		(52,735,142)	(48,889,640)	(214,526,558)	(199,323,062)
Repayments of borrowings		(128,993,224)	(201,163,263)	(524,744,435)	(820,142,623)
<b>Net cash used in financing activities</b>		<u>(33,227,882)</u>	<u>(72,552,191)</u>	<u>(135,171,025)</u>	<u>(295,795,282)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		306,133,793	(1,614,953)	1,245,352,270	(6,584,166)
<b>Cash and cash equivalents at the beginning of the year</b>	34	1,497,105,504	1,498,720,457	6,055,791,764	6,107,285,862
Currency translation difference		-	-	45,252,862	(44,909,932)
<b>Cash and cash equivalents at the end of the year</b>	34	<u>1,803,239,297</u>	<u>1,497,105,504</u>	<u>7,346,396,896</u>	<u>6,055,791,764</u>

During the year, the Group entered into a new lease agreement and recognised a right-of-use asset amounting to US\$10,918,814 (2020: US\$7,966,867) and its related lease liability, which are non-cash transaction.

The accompanying notes on page 26 to 202 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>ASSETS</b>					
Cash on hand	7	439,465,980	400,816,126	1,790,384,403	1,621,301,230
Deposits and placements with other banks, net	8	543,426,920	507,629,407	2,213,921,272	2,053,360,951
Financial investments	9	801,084,392	566,674,523	3,263,617,813	2,292,198,446
Loans and advances, net	10	5,232,058,920	4,292,649,159	21,315,408,040	17,363,765,848
Other assets	11	26,049,513	20,256,110	106,125,717	81,935,965
Statutory deposits	12	412,986,454	356,753,756	1,682,506,814	1,443,068,943
Investments in subsidiaries	13	91,117,716	91,115,571	371,213,575	368,562,485
Property and equipment, net	14	104,437,183	90,836,422	425,477,084	367,433,327
Intangible assets, net	15	11,415,853	13,884,558	46,508,185	56,163,037
Right-of-use assets, net	16	25,596,727	26,182,172	104,281,066	105,906,886
Deferred tax assets, net	17	7,523,717	12,685,947	30,651,623	51,314,656
<b>TOTAL ASSETS</b>		<b>7,695,163,375</b>	<b>6,379,483,751</b>	<b>31,350,095,592</b>	<b>25,805,011,774</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	455,606,835	296,764,554	1,856,142,246	1,200,412,621
Deposits from customers	19	5,126,926,990	4,180,268,737	20,887,100,557	16,909,187,041
Other liabilities	20	76,702,179	62,408,882	312,484,677	252,443,928
Borrowings	21	583,641,056	507,352,916	2,377,753,662	2,052,242,545
Subordinated debts	22	156,492,941	167,158,623	637,552,242	676,156,630
Derivative liabilities, net	23	506,158	-	2,062,088	-
Lease liabilities	24	25,371,736	25,772,385	103,364,452	104,249,297
Employee benefits	25	25,331,807	17,781,763	103,201,782	71,927,231
Current income tax liabilities	32(a)	35,491,329	27,950,334	144,591,674	113,059,101
<b>TOTAL LIABILITIES</b>		<b>6,486,071,031</b>	<b>5,285,458,194</b>	<b>26,424,253,380</b>	<b>21,379,678,394</b>
<b>EQUITY</b>					
Share capital	26	433,163,019	433,163,019	1,764,706,139	1,752,144,412
Share premium	26	11,706,215	11,706,215	47,691,120	47,351,640
Reserves	36	607,881,560	510,741,554	2,494,039,282	2,079,357,802
Retained earnings		156,341,550	138,414,769	619,405,671	546,479,526
<b>TOTAL EQUITY</b>		<b>1,209,092,344</b>	<b>1,094,025,557</b>	<b>4,925,842,212</b>	<b>4,425,333,380</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,695,163,375</b>	<b>6,379,483,751</b>	<b>31,350,095,592</b>	<b>25,805,011,774</b>

The accompanying notes on page 26 to 202 form an integral part of these financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Interest income	27	537,420,580	478,739,341	2,186,226,919	1,951,820,293
Interest expense	28	(163,163,890)	(139,856,147)	(663,750,705)	(570,193,511)
<b>Net interest income</b>		<u>374,256,690</u>	<u>338,883,194</u>	<u>1,522,476,214</u>	<u>1,381,626,782</u>
Fee and commission income	29	38,825,720	42,354,094	157,943,029	172,677,641
Fee and commission expense		(2,393,666)	(1,526,370)	(9,737,433)	(6,223,010)
<b>Net fee and commission income</b>		<u>36,432,054</u>	<u>40,827,724</u>	<u>148,205,596</u>	<u>166,454,631</u>
Impairment losses for loans and advances, deposits and placements with other banks and other receivables	10	(316,754)	(16,247,676)	(1,288,555)	(66,241,775)
Reversal of impairment losses on off-balance sheet commitments	10	380,569	132,082	1,548,155	538,498
<b>Net impairment losses</b>		<u>63,815</u>	<u>(16,115,594)</u>	<u>259,600</u>	<u>(65,703,277)</u>
<b>Income after impairment losses</b>		<u>410,752,559</u>	<u>363,595,324</u>	<u>1,670,941,410</u>	<u>1,482,378,136</u>
Other income	30	18,378,852	16,662,748	74,765,170	67,934,024
General and administrative expenses	31	(227,469,227)	(208,103,757)	(925,344,815)	(848,439,017)
<b>Profit before income tax</b>		<u>201,662,184</u>	<u>172,154,315</u>	<u>820,361,765</u>	<u>701,873,143</u>
Income tax expense	32(b)	(39,577,333)	(33,812,139)	(161,000,591)	(137,852,091)
<b>Profit for the year</b>		<u>162,084,851</u>	<u>138,342,176</u>	<u>659,361,174</u>	<u>564,021,052</u>
<b>Other comprehensive income:</b>					
<b>Item that will not be reclassified to profit or loss –</b>					
Remeasurement of employee benefit obligations	25	(4,018,615)	72,593	(16,347,726)	295,962
Remeasurement of the effective portion of derivatives arising from cash flow hedge		(506,158)	-	(2,059,051)	-
<b>Item that are or may be reclassified subsequently to profit or loss –</b>					
Currency translation differences		-	-	4,959,390	(7,961,797)
Other comprehensive (loss)/income during the year		<u>(4,524,773)</u>	<u>72,593</u>	<u>(13,447,387)</u>	<u>(7,665,835)</u>
<b>Total other comprehensive income for the year</b>		<u>157,560,078</u>	<u>138,414,769</u>	<u>645,913,787</u>	<u>556,355,217</u>

The accompanying notes on page 26 to 202 form an integral part of these financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2021</b>	433,163,019	1,752,144,412	11,706,215	47,351,640	510,741,556	2,079,357,810	138,414,769	546,479,526	1,094,025,559	4,425,333,388
Profit for the year	-	-	-	-	-	-	162,084,851	659,361,174	162,084,851	659,361,174
<i>Other comprehensive income:</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	-	-	(506,158)	(2,059,051)	(506,158)	(2,059,051)
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(4,018,615)	(16,347,726)	(4,018,615)	(16,347,726)
Currency translation difference	-	-	-	-	-	4,959,390	-	-	-	4,959,390
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	4,959,390	157,560,078	640,954,397	157,560,078	645,913,787
<b>Transaction with owners:</b>										
Dividend paid	-	-	-	-	-	-	(42,493,293)	(172,862,716)	(42,493,293)	(172,862,716)
Transfer from retained earnings to regulatory reserves	-	-	-	-	97,140,004	395,165,536	(97,140,004)	(395,165,536)	-	-
Currency translation difference	-	12,561,727	-	339,480	-	14,556,546	-	-	-	27,457,753
<b>Total transactions with owners:</b>	-	12,561,727	-	339,480	97,140,004	409,722,082	(139,633,297)	(568,028,252)	(42,493,293)	(145,404,963)
<b>As at 31 December 2021</b>	433,163,019	1,764,706,139	11,706,215	47,691,120	607,881,560	2,494,039,282	156,341,550	619,405,671	1,209,092,344	4,925,842,212

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE STATEMENT OF CHANGES IN EQUITY (CONTINUED) AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2020</b>	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
<i>Other comprehensive income:</i>										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	72,593	295,962	72,593	295,962
Currency translation difference	-	-	-	-	-	(7,961,797)	-	-	-	(7,961,797)
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	(7,961,797)	138,414,769	564,317,014	138,414,769	556,355,217
<b>Transaction with owners:</b>										
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)	-	-
Shares 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)
<b>As at 31 December 2020</b>	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 on page 26 to 202 form an integral part of these financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>					
Profit for the year before income tax		201,662,184	172,154,315	820,361,765	701,873,143
<i>Adjustments for:</i>					
Depreciation of property and equipment	14	18,155,229	19,181,151	73,855,472	78,201,553
Depreciation of right-of-use assets	16	10,387,679	9,770,638	42,257,078	39,834,891
Seniority indemnity benefits	25(c)	7,896,158	6,378,738	32,121,571	26,006,115
Amortisation	15	3,477,382	3,339,510	14,145,990	13,615,182
Retirement benefits	25(a)	1,958,715	1,577,677	7,968,053	6,432,189
Career development	25(b)	1,561,783	1,312,641	6,353,333	5,351,637
Adjustment in property and equipment		578,943	18,534	2,355,140	75,563
Net impairment losses	10	(63,815)	16,115,594	(259,600)	65,703,277
Dividend income	30	(116,614)	(174,479)	(474,386)	(711,351)
Gain on disposals of property and equipment, intangible assets and lease	30	(253,426)	(326,299)	(1,030,937)	(1,330,321)
Adjustment in intangible assets		(256,828)	290,284	(1,044,776)	1,183,488
Unrealised exchange gains		(1,109,336)	(227,794)	(4,512,779)	(928,716)
Net interest income		(374,256,690)	(338,883,194)	(1,522,476,214)	(1,381,626,782)
<b>Operating loss before changes in working capital</b>					
		(130,378,636)	(109,472,684)	(530,380,290)	(446,320,132)
<i>Changes in:</i>					
Deposits from customers		946,658,253	198,122,178	3,851,005,773	807,744,120
Deposits and placements of other banks and financial institutions		158,842,281	22,486,833	646,170,399	91,678,818
Other liabilities		2,096,521	11,583,756	8,528,647	47,226,973
Other assets		(5,097,681)	(4,910,075)	(20,737,366)	(20,018,376)
Statutory deposits		(29,952,821)	42,047,558	(121,848,076)	171,427,894
Deposits and placements with other banks		(33,077,852)	181,359,387	(134,560,702)	739,402,221
Loans and advances		(939,070,623)	(622,248,079)	(3,820,139,294)	(2,536,905,418)
<b>Cash flow used in operations</b>					
		(29,980,558)	(281,031,126)	(121,960,909)	(1,145,763,900)
Interest received		536,072,996	477,237,159	2,180,744,948	1,945,695,897
Career development benefits paid	25(b)	(5,279)	(2,085,315)	(21,475)	(8,501,829)
Retirement benefits paid	25(a)	(110,370)	(143,004)	(448,985)	(583,027)
Seniority benefits paid	25(c)	(7,643,571)	(6,815,248)	(31,094,047)	(27,785,766)
Income tax paid	32(a)	(26,874,108)	(33,715,569)	(109,323,871)	(137,458,375)
Interest paid		(108,910,322)	(99,343,198)	(443,047,190)	(405,022,218)
<b>Net cash from operating activities (carried forward to next page)</b>					
		362,548,788	54,103,699	1,474,848,471	220,580,782

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE STATEMENT OF CASH FLOWS (CONTINUED) AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Net cash from operating activities (brought forward from previous page)</b>		362,548,788	54,103,699	1,474,848,471	220,580,782
<b>Cash flows from investing activities</b>					
Interest received from investing		843,466	1,876,556	3,431,220	7,650,719
Proceeds from disposals of property and equipment		763,132	348,105	3,104,421	1,419,224
Dividend received		116,614	174,479	474,386	711,351
Proceeds from matured investments		93,111	-	378,776	-
Additional investment in subsidiaries	13	(2,145)	20,000	(8,726)	81,540
Proceed from disposal of lease		(3,420)	-	(13,913)	-
Additional investments		(36,141)	-	(147,022)	-
Purchases of intangible assets	15	(1,257,629)	(9,603,297)	(5,116,035)	(39,152,642)
Financial investments		(1,512,122)	22,946,576	(6,151,312)	93,553,190
Purchases of property and equipment	14	(32,212,541)	(17,093,791)	(131,040,617)	(69,691,386)
<b>Net cash used in investing activities</b>		<u>(33,207,675)</u>	<u>(1,331,372)</u>	<u>(135,088,822)</u>	<u>(5,428,004)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		178,136,352	175,498,081	724,658,680	715,505,676
Proceeds from subordinated debts		-	35,000,000	-	142,695,000
Proceeds from share premium		-	11,706,215	-	47,726,239
Proceeds from share issuance	26	-	4,344,865	-	17,714,015
Repayments of subordinated debts		(11,000,000)	(7,143,957)	(44,748,000)	(29,125,913)
Payment of lease liabilities	24	(11,872,380)	(10,883,406)	(48,296,842)	(44,371,646)
Interest paid		(41,894,347)	(44,277,516)	(170,426,204)	(180,519,433)
Payments of dividends	26	(42,493,293)	(32,718,825)	(172,862,716)	(133,394,650)
Repayments of borrowings		(99,534,516)	(186,213,293)	(404,906,411)	(759,191,596)
<b>Net cash used in financing activities</b>		<u>(28,658,184)</u>	<u>(54,687,836)</u>	<u>(116,581,493)</u>	<u>(222,962,308)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		300,682,929	(1,915,509)	1,223,178,156	(7,809,530)
<b>Cash and cash equivalents at the beginning of the year</b>	34	1,457,697,939	1,459,613,448	5,896,388,163	5,947,924,801
Currency translation difference		-	-	44,077,337	(43,727,108)
<b>Cash and cash equivalents at the end of the year</b>	34	<u>1,758,380,868</u>	<u>1,457,697,939</u>	<u>7,163,643,656</u>	<u>5,896,388,163</u>

During the year, the Bank entered into a new lease agreement and recognised a right-of-use asset amounting to US\$10,571,905 (2020: US\$7,404,513) and its related lease liability, which are non-cash transaction.

The accompanying notes on page 26 to 202 form an integral part of these financial statements.



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN

### 1. Background information

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

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

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

The Bank has four subsidiaries (collectively referred to as “the Group”) operating in Lao PDR, Republic of the Union of Myanmar, and in the Kingdom of Cambodia. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements. Currently, the Group has 262 branches covering all provinces and cities in the Kingdom of Cambodia, 38 branches in the Lao PDR, and 17 branches in the Republic of the Union of Myanmar.

As at 31 December 2021, the Group and the Bank have 13,674 and 12,081 employees, respectively. (2020: 13,704 and 12,013 employees, respectively).

### 2. Summary of significant accounting policies

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

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

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

- Financial instruments at amortised cost;
- Financial instruments, including derivatives, which are valued at fair value;
- Defined benefit asset or obligation; and
- Provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

Management presents the financial statements based on liquidity. Information about short-term and long-term assets and liabilities are disclosed in the financial risk management section in Note 38. Assets and liabilities over 12 months are considered non-current assets and non-current liabilities, respectively.

#### (b) Adoption of new and revised accounting standards

##### (i) *New and revised accounting standards effective during the year*

The Group and the Bank adopted all accounting standards and interpretations as at 31 December 2021. The new and revised accounting standards and interpretations assessed to be applicable to the Group's and the Bank's financial statements follow:

- COVID-19-Related Rent Concessions beyond 31 December 2021 (Amendment to CIFRS 16, Leases)

The Management assessed that the adoption of the below accounting standard has no material impact on the financial statements of the Group and the Bank.

- Interest Rate Benchmark Reform — Phase 2 (Amendments to CIFRS 9, Financial Instruments, CAS 39, Financial Instruments, CIFRS 7, Financial Instruments, CIFRS 4, Insurance Contracts, and CIFRS 16): was assessed to be not applicable to the Group and the Bank.
- Extension of the Temporary Exemption from Applying CIFRS 9 (Amendments to CIFRS 4)

##### (ii) *New and revised accounting standards which are not yet effective*

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

- CIFRS 17, Insurance Contracts
- Reference to the Conceptual Framework (Amendments to CIFRS 3, Business Combinations)
- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to CAS 1, Presentation of Financial Statements)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CAS 16, Property, Plant and Equipment)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to CAS 37, Provisions, Contingent Liabilities, Contingent Assets)

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (b) Adoption of new and revised accounting standards (continued)

- (ii) *New and revised accounting standards which are not yet effective (continued)* Annual Improvements to CIFRS Standards 2018 – 2020
- Disclosure of Accounting Policies (Amendments to CAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CAS 12, Income Taxes)
- Initial Application of CIFRS 17 and CIFRS 9—Comparative Information (Amendment to CIFRS 17)

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

### (c) Consolidation

#### (i) *Subsidiaries*

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

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

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

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

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

Transactions with non-controlling interests 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 interests, 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 interests are also recognised in equity.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (c) Consolidation (continued)

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

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

#### (iv) *Investments in subsidiaries*

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

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

### (d) Foreign currency translation

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (d) Foreign currency translation (continued)

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

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

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

### (e) Financial assets and financial liabilities

#### (i) Recognition and initial measurement

The Group and the Bank initially recognise loans and advances, deposits and placements with other banks, borrowings and subordinated 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 and 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
- the contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payment for principal and interest' ("SPPI").

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

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

In addition, on initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost 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 and the Bank make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's and the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy 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
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

#### ***Assessment of whether contractual cash flows are 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 and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group and the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group and the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group and the Bank holds a portfolio of long-term fixed-rate loans for which the Group and the Bank have the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision in which the Group and the Bank has an option to either accept the revised rate or redeem the loan at par without penalty. The Group and the Bank have determined that the contractual cash flows of these loans are SPPI because the option varies 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.

#### ***Non-recourse loans***

In some cases, loans made by the Group and the Bank that are secured by collateral of the borrower limit the Group and the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Group and the Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group and 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 and the Bank's risk of loss on the asset relative to a full-recourse loan;

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

##### **Non-recourse loans (continued)**

- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group and the Bank will benefit from any upside from the underlying assets.

##### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group and the Bank change its business model for managing financial assets.

##### **Financial liabilities**

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

##### (iii) Derecognition

##### **Financial assets**

The Group and the Bank derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Bank neither 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. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group and the Bank are recognised as a separate asset or liability.

##### **Financial liabilities**

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



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

#### **Financial assets**

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

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

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

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group and the Bank plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

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

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

#### **Financial liabilities**

The Group and the Bank derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

##### **Financial liabilities (continued)**

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.

#### (v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Bank currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under CIFRSs, or for gains and losses arising from a group of similar transactions such as in the Group and the Bank's trading activity.

#### (vi) *Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of a financial liability with a demand feature (e.g. 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 and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

#### (vii) *Impairment*

The Group and the Bank recognise loss allowances for the expected credit loss ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- loan and advances

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group and the Bank measure loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than loan and advances) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for loan and advances are always measured at an amount equal to lifetime ECL.

The Group and the Bank consider a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group and the Bank do not apply the low credit risk exemption to any other financial instruments.

12-month ECL 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 and the Bank expect 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 and the Bank if the commitment is drawn down and the cash flows that the Group and the Bank expect to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group and the Bank expect to recover.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

#### (vii) Impairment (continued)

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

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (“PD”);
- Loss given default (“LGD”); and
- Exposure at default (“EAD”).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

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

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. LGD is defined as the percentage of exposure the Group and the Bank might lose in case the customer defaults. These losses are usually shown as a percentage of EAD, and depend, amongst others, on the type and amount of collateral as well as the type of customer and the expected recovery from the customers.

With accurate collateral value, which is updated from time to time, the Group and the Bank can consider to take collateral into LGD calculation for ECL computation. In the event of over-collateralised, a floor LGD shall be applied for ECL calculation.

EAD is simply the amount outstanding at the point of default. However, EAD is different following the natures of products:

- Amortised facilities: the current amount allowed under the contract and arising from amortisation
- Revolving facilities: utilisation rate
- Off-balance sheet: credit conversion factors

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

However, for credit card facilities that include both a loan and an undrawn commitment component, the Group and the Bank measure ECL over a period longer than the maximum contractual period if the Group's and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group and the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group and the Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group and the Bank become aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group and the Bank expect to take, 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.

#### **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.

On 28 December 2021, the NBC issued Circular No. B7.021.2314 on Classification and Provisioning Requirements on Restructured Loans. On 18 January 2022, a workshop between all banks and financial institutions ("BFIs") under the Association of Banks in Cambodia and the NBC was held to assist BFIs in their application of the Circular and to discuss other related practical issues. Following this workshop, the NBC informed BFIs through letter No. B7.022.167 dated 20 January 2022, the deferment of monthly report submission to 10 February 2022, and the change in financial data to be used to January 2022, among others.

#### **Credit-impaired financial assets**

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

- the restructuring of a loan or advance by the Group and the Bank on terms that the Group and the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

#### Presentation of allowance for ECL in the statement of financial position

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group and the Bank present a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

#### Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in the statement of profit or loss and other comprehensive income.

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

#### **Non-integral financial guarantee contracts**

The Group and the Bank assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group and the Bank consider when making this assessment include whether:

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

If the Group and the Bank determine that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group and the Bank consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group and the Bank determine that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure 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 and the Bank present gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

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

The Group and the Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate through interest rate swaps. The use of financial derivatives is governed by the Group's and the Bank's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset.

#### (ix) *Hedge accounting*

The Group and the Bank designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of interest rate risk on firm commitments are accounted for as cash flow hedges. The Group and the Bank does not apply fair value hedge accounting of portfolio hedges of interest rate risk.

At the inception of the hedge relationship, the Group and the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group and the Bank documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group and the Bank actually hedges and the quantity of the hedging instrument that the Group and the Bank actually uses to hedge that quantity of hedged item.

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

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group and the Bank adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

As at 31 December 2021, the Group and the Bank only has cash flow hedge for its interest rate swap agreements.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in the Group and Bank's retained earnings, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Group and the Bank no longer expects the transaction to occur that amount is immediately reclassified to profit or loss.

The Group and the Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in profit or loss.

### (f) Cash and cash equivalents

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

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

### (g) Loans and advances

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (h) Financial investments

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

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

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 and 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) Earnings per share

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (j) Earnings per share (continued)

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

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

#### (k) Property and equipment

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

The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (k) Property and equipment (continued)

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

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

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

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

### (l) 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.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. Costs associated with maintaining computer software are recognised as expenses when incurred.

### (m) Impairment of non-financial assets

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

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

#### (n) 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.

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

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 and the Bank operate and generate taxable income and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (p) 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.

#### **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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (p) Employee benefits (continued)

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

##### **Retirement benefits (continued)**

- 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 obligation is determined by discounting the estimated future payments using the Bank's long term fixed deposit interest rate as its reference rate, as there is no deep high-quality corporate bond market nor government bonds currently being offered in the market.

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

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

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

<b>Management position level</b>	<b>Benefits</b>
Level 6	US\$1,250
Level 7	US\$2,500
Level 8	US\$3,375 to US\$3,750
Level 9	US\$5,000
Level 10	US\$6,250

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (p) Employee benefits (continued)

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

##### ***Career development benefits (continued)***

They are eligible to receive benefits provided they have been working since their date of appointment in a management position for two years continuously and their performance evaluation has been high (i.e. evaluation score equal to or higher than 700 and no warning letter). They will automatically be entitled to the benefit on the first day of their third year.

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

### (q) 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.

### (r) 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.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group and the Bank estimate future cash flows considering all contractual terms of the



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (r) Interest (continued)

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 interest expense***

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the 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.

#### ***Presentation***

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

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (r) Interest (continued)

- 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 other comprehensive income includes:

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

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

#### (s) 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 and 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 and the Bank first apply CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then apply CIFRS 15 to the residual.

#### (t) 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 FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

### (t) Recognition of fee and other income (continued)

#### (ii) *Training and consultancy services*

The Group and the Bank recognise service revenue when it is probable that economic benefits will flow to the Group and the Bank and the amount of revenue can be reliably measured. Revenue from training services and consultancy services are recognised when services are delivered.

### (u) Leases

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

#### **As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group and the Bank recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories, less any lease incentives received.

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

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

At the date of initial adoption, the Group and the Bank's used its long term fixed deposit interest rate to discount future lease payments, as there is no deep high-quality corporate bond market nor government bonds.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (u) Leases (continued)

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

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

- fixed payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and the Bank are reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Bank are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Bank are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment, or a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

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

##### ***Short-term leases and leases of low-value assets***

A lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease.

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (v) 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.

#### (w) Events after the reporting period

The Group and the Bank identify events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The financial statements of the Group and the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

#### (x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

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

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

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

#### **(x) Segment reporting (continued)**

For Management purposes, the Group is currently organized into two main business segments: Lending and other financial service. These divisions are the basis on which the Group reports its primary segment information.

Financial information on segment reporting is presented in Note 6.

### **3. Composition of the Group**

Details of the Bank's subsidiaries as at 31 December 2021 and 31 December 2020 are presented in Note 13.

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### ACLEDA Institute of Business

	2021 US\$
<u>Financial position:</u>	
Current assets	2,016,518
Non-current assets	32,712,894
Total assets	34,729,412
Current liabilities	459,759
Non-current liabilities	8,647,414
Total liabilities	9,107,173
Equity	25,622,239
<hr/>	
Ownership and voting interest held by non-controlling interests	23.391%
Equity attributable to:	
Equity holders of the Group	19,628,941
Non-controlling interests	5,993,298
<hr/>	
<u>Results of operations:</u>	
Revenue	3,890,497
Costs and expenses	4,918,709
Profit for the year	(1,028,212)
<hr/>	
Total other comprehensive income for the year	(1,101,300)
<hr/>	
Profit attributable to:	
Equity holders of the Group	(787,703)
Non-controlling interests	(240,509)
<hr/>	
Total other comprehensive income for the year attributable to:	
Equity holders of the Group	(843,695)
Non-controlling interests	(257,605)
<hr/>	
Dividends paid to non-controlling interests	-
<hr/>	
<u>Cash flows:</u>	
Net cash inflow from operating activities	(1,709,176)
Net cash outflow from investing activities	(74,941)
Net cash inflow from financing activities	1,988,094
Net cash inflow	203,977

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined 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.
- Note 38.1(f): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.
- The long-term fixed deposit rate on deposits from customers is used as the discount rate for calculating lease liabilities and the retirement benefit obligation.

#### Functional currency

Based on the economic substance of underlying circumstances relevant to the Group and the Bank, Management determines the functional currency of the Group and the Bank to be the USD. The USD is the currency of the primary economic environment in which the Group and the Bank operates and it is the currency that mainly influences the loans and deposit to customers which generated as interest income and interest expense.

#### Leases

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

In assessing whether leases are of low-value, Management considers the economic substance of the underlying asset as a whole.

#### Retirement benefits

In the absence of a bond market and government bonds, 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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

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

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

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

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

Following CAS 36, *Impairment of assets*, at the end of each reporting period, the Bank assesses whether there is any indication that investments in subsidiaries may be impaired. If any such indication exists, the Bank shall estimate the recoverable amount of the assets and writes down its carrying amount to the assessed amount.

In assessing whether there is any indication that an asset may be impaired, the Bank considers, as a minimum, the following indications:

- External sources of information
  - a) Market value of the assets has declined significantly during the year more than what would be expected as a result of the passage of time or normal use.
  - b) Significant changes with an adverse effect on the Bank have taken place during the year, or will take place in the near future, in the technological, market, economic or legal environment in which the Bank operates or in the market to which an asset is dedicated.
  - c) Market interest rates or other market rates of return on investments have increased during the year, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
  - d) The carrying amount of the net assets of the entity is more than its market capitalisation.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

- Internal sources of information
  - a) Evidence is available of obsolescence or physical damage of an asset.
  - b) Significant changes with an adverse effect on the Bank have taken place during the year, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date,
  - c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

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

###### ***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 Gross Domestic Product ("GDP") and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL.

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. 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

##### **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.

##### **Taxes**

Taxes are calculated on the basis 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 basis of amounts expected to be paid to the tax authorities.

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

##### **Estimating cost of right-of-use assets**

Determining the cost of right-of-use asset includes the amount of lease liabilities recognized and the estimated costs to be incurred in dismantling and removing its underlying asset or restoring to the condition required by the contract.

Lease liabilities are measured at the present value of lease payments to be made over the lease term.

In calculating the lease liabilities, the Group and the Bank use its average borrowing rate and long term fixed deposit rate at the time of the commencement of the lease term.

##### **Estimating useful lives of assets**

The useful lives of the Group's and the Bank's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of Group's and the Bank's property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's and the Bank's assets. In addition, the estimation of the useful lives is based on the Group's and the Bank's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recognized operating expenses and decrease non-current assets.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

The financial statements are expressed in 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 periods. 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:

			<b>Closing rate</b>	<b>Average rate</b>
31 December 2021	US\$1	=	KHR4,074	KHR4,068
31 December 2020	US\$1	=	KHR4,045	KHR4,077

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

### 6. Segment information

The Group’s operations are mainly in the financial industry sector from which the Group’s reporting segments are identified.

#### (a) Business segments

The Group’s operating businesses are managed separately according to the nature of services provided (primary segments) and the different geographical markets served (secondary segments) with a segment representing a strategic business unit. The Group’s business segments follow:

*Lending* - provides loans to individual, group, and corporate as well as financial institutions. Products offered depend on the purpose, feature and size such as group loan, small loan, medium loan, housing loans, car loans, motor loans, overdraft loans, revolving loans, financial lease and trade finance loans etc.

*Other financial services* - provides other services such as foreign exchange transaction, debit & credit card issuing and acquiring service, fund transfer local & overseas, cash management services such as payroll, cash collection, bill payment, top-up and standing order. These services are leaning toward modernizing the digital banking services via mobile application, internet bank and e-commerce as well as other digital ways.

These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise the operations and financial control groups. Transactions between segments are conducted at estimated market rates on an arm’s length basis.

Segment revenues and expenses that are directly attributable to primary business segment and the relevant portions of the Group’s revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 6. Segment information (continued)

##### (a) Business segments (continued)

For secondary segments, revenues and expenses are attributed to geographic areas based on the location of the resources producing the revenues, and in which location the expenses are incurred.

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

Primary segment information by business segment on a consolidated basis for the year ended 2021 and 2020 follow:

	2021		
	Lending US\$	Other financial services US\$	Total US\$
<b>Revenues</b>			
From customers			
Interest income	573,799,753	-	573,799,753
Interest expense	172,370,812	-	172,370,812
<b>Net interest income</b>	401,428,941	-	401,428,941
Non-interest income	-	62,897,978	62,897,978
<b>Total net revenues</b>	401,428,941	62,897,978	464,326,919
	2020		
	Lending US\$	Other financial services US\$	Total US\$
<b>Revenues</b>			
From customers			
Interest income	515,094,476	-	515,094,476
Interest expense	150,777,317	-	150,777,317
<b>Net interest income</b>	364,317,159	-	364,317,159
Non-interest income	-	64,126,523	64,126,523
<b>Total net revenues</b>	364,317,159	64,126,523	428,443,682

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 6. Segment information (continued)

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

Secondary information (by geographical locations) for the year ended 2021 and 2020 follow:

	2021			Total US\$
	Kingdom of Cambodia US\$	Lao PDR US\$	Republic Union of Myanmar US\$	
<b>Statement of profit or loss and other comprehensive income</b>				
Total income	598,997,736	31,591,805	9,082,171	639,671,712
Total expense	437,838,332	23,814,859	10,824,558	472,477,749
Net profit	161,159,404	7,776,946	(1,742,387)	167,193,963
<b>Statement of financial position</b>				
Total assets	7,732,207,958	199,218,441	22,313,731	7,953,740,130
Total liabilities	6,495,379,974	156,407,139	5,968,473	6,657,755,586
<b>Other segment information</b>				
Depreciation and amortization	22,841,483	1,319,889	142,179	24,303,551
	2020			
	Kingdom of Cambodia US\$	Lao PDR US\$	Republic Union of Myanmar US\$	Total US\$
<b>Statement of profit or loss and other comprehensive income</b>				
Total income	541,457,527	27,901,170	12,539,330	581,898,027
Total expense	405,386,782	23,013,619	12,038,706	440,439,107
Net profit	136,070,745	4,887,551	500,624	141,458,920
<b>Statement of financial position</b>				
Total assets	6,415,772,317	188,222,258	48,932,713	6,652,927,288
Total liabilities	5,303,004,921	145,210,470	24,656,503	5,472,871,894
<b>Other segment information</b>				
Depreciation and amortization	23,745,435	987,242	184,124	24,916,801

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 6. Segment information (continued)

##### (d) Reconciliation

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

	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Revenue</b>				
Total segment revenues	639,671,712	581,898,027	2,602,184,524	2,372,398,256
Elimination of intersegment revenues	(2,973,981)	(2,677,028)	(12,098,154)	(10,914,242)
Net revenues as reported in profit or loss	<u>636,697,731</u>	<u>579,220,999</u>	<u>2,590,086,370</u>	<u>2,361,484,014</u>
<b>Profit or loss</b>				
Total segment operating income	167,193,963	141,458,920	680,145,041	576,728,017
Elimination of intersegment profit	(519,615)	33,670	(2,113,792)	137,272
Group net profit as reported in profit or loss	<u>166,674,348</u>	<u>141,492,590</u>	<u>678,031,249</u>	<u>576,865,289</u>
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Assets</b>				
Total segment assets	7,953,740,130	6,652,927,288	32,403,537,290	26,911,090,880
Unallocated assets	(98,487,806)	(101,433,300)	(401,239,323)	(410,297,698)
Total assets	<u>7,855,252,324</u>	<u>6,551,493,988</u>	<u>32,002,297,967</u>	<u>26,500,793,182</u>
<b>Liabilities</b>				
Total segment liabilities	6,657,755,586	5,472,871,894	27,123,696,257	22,137,766,811
Unallocated liabilities (elimination of intersegment liabilities)	(7,538,304)	(11,003,413)	(30,711,050)	(44,508,805)
Total liabilities	<u>6,650,217,282</u>	<u>5,461,868,481</u>	<u>27,092,985,207</u>	<u>22,093,258,006</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 7. Cash on hand

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
By currency:						
In US\$	313,847,464	284,892,098	1,278,614,568	1,152,388,536	312,306,524	1,272,336,779
In KHR	104,996,359	103,488,247	427,755,167	418,609,959	104,994,430	427,747,308
In Thai Baht	19,019,091	12,247,160	77,483,777	49,539,762	17,152,508	69,879,318
In Euro	2,521,480	2,967,502	10,272,510	12,003,546	2,518,765	10,261,449
In other currencies	9,990,755	9,164,044	40,702,335	37,068,558	2,493,753	10,159,549
	450,375,149	412,759,051	1,834,828,357	1,669,610,361	439,465,980	1,790,384,403

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Balances with local banks:</b>						
National Bank of Cambodia	290,477,441	264,197,563	1,183,405,095	1,068,679,142	290,477,440	1,183,405,091
Other banks	41,940,777	3,318,751	170,866,725	13,424,348	41,940,777	170,866,725
	332,418,218	267,516,314	1,354,271,820	1,082,103,490	332,418,217	1,354,271,816
<b>Balances with overseas banks:</b>						
Bank of Laos	30,631,426	19,771,444	124,792,430	79,975,491	-	-
Other banks	214,546,817	247,947,832	874,063,732	1,002,948,980	211,228,985	860,546,885
	245,178,243	267,719,276	998,856,162	1,082,924,471	211,228,985	860,546,885
Total balances with local and overseas banks	577,596,461	535,235,590	2,353,127,982	2,165,027,961	543,647,202	2,214,818,701
Allowance for impairment losses	(479,163)	(582,444)	(1,952,110)	(2,355,985)	(220,282)	(897,429)
	577,117,298	534,653,146	2,351,175,872	2,162,671,976	543,426,920	2,213,921,272



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Group			The Bank				
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current	577,117,298	534,653,146	2,351,175,872	2,162,671,976	543,426,920	507,629,407	2,213,921,272	2,053,360,951
Non-current	-	-	-	-	-	-	-	-
	<u>577,117,298</u>	<u>534,653,146</u>	<u>2,351,175,872</u>	<u>2,162,671,976</u>	<u>543,426,920</u>	<u>507,629,407</u>	<u>2,213,921,272</u>	<u>2,053,360,951</u>
	The Group			The Bank				
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Balances with local banks:								
Current accounts	291,173,942	264,481,054	1,186,242,640	1,069,825,863	291,173,941	264,481,054	1,186,242,636	1,069,825,863
Fixed deposits	41,244,276	3,035,260	168,029,180	12,277,627	41,244,276	3,035,260	168,029,180	12,277,627
	<u>332,418,218</u>	<u>267,516,314</u>	<u>1,354,271,820</u>	<u>1,082,103,490</u>	<u>332,418,217</u>	<u>267,516,314</u>	<u>1,354,271,816</u>	<u>1,082,103,490</u>
Balances with overseas banks:								
Current accounts	245,178,243	266,101,453	998,856,162	1,076,380,377	210,223,629	239,751,958	856,451,065	969,796,670
Fixed deposits	-	1,617,823	-	6,544,094	1,005,356	502,678	4,095,820	2,033,333
	<u>245,178,243</u>	<u>267,719,276</u>	<u>998,856,162</u>	<u>1,082,924,471</u>	<u>211,228,985</u>	<u>240,254,636</u>	<u>860,546,885</u>	<u>971,830,003</u>
Allowance for impairment loss	577,596,461	535,235,590	2,353,127,982	2,165,027,961	543,647,202	507,770,950	2,214,818,701	2,053,933,493
	<u>(479,163)</u>	<u>(582,444)</u>	<u>(1,952,110)</u>	<u>(2,355,985)</u>	<u>(220,282)</u>	<u>(141,543)</u>	<u>(897,429)</u>	<u>(572,542)</u>
	<u>577,117,298</u>	<u>534,653,146</u>	<u>2,351,175,872</u>	<u>2,162,671,976</u>	<u>543,426,920</u>	<u>507,629,407</u>	<u>2,213,921,272</u>	<u>2,053,360,951</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

	The Group		The Bank	
	2021	2020	2021	2020
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.00% - 0.50%	0.20% - 0.50%	Nil	Nil
Fixed deposits	0.12% - 7.50%	0.12% - 7.50%	0.12% - 5.50%	0.12% - 3.30%

##### c) By maturity

	The Group				The Bank			
	2021		2020		2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
On demand	536,352,185	2,185,098,802	530,582,507	2,146,206,240	501,397,570	2,042,693,701	504,233,012	2,039,622,533
Within one month	10,003,430	40,753,974	-	-	11,008,787	44,849,797	-	-
Between 2 to 3 months	21,407,693	87,214,941	1,617,823	6,544,094	21,407,691	87,214,933	502,678	2,033,333
Between 4 to 6 months	9,833,153	40,060,265	3,035,260	12,277,627	9,833,154	40,060,270	3,035,260	12,277,627
	<u>577,596,461</u>	<u>2,353,127,982</u>	<u>535,235,590</u>	<u>2,165,027,961</u>	<u>543,647,202</u>	<u>2,214,818,701</u>	<u>507,770,950</u>	<u>2,053,933,493</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 9. Financial investments

	Note	The Group			The Bank		
		2021 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2020 KHR'000 (Note 5)
<b>Unlisted equity securities at FVOCI</b>							
Credit Bureau Holding (Cambodia) Ltd	(a)	153,529	625,477	621,025	153,529	153,529	621,025
Swift		36,141	147,238	-	-	-	-
Total financial investments at FVOCI		189,670	772,715	621,025	189,670	153,529	621,025
<b>Unquoted financial investments at amortised cost</b>							
Negotiable Certificate of Deposit with NBC	(b)	800,894,722	3,262,845,098	2,291,577,421	800,894,722	566,520,994	2,291,577,421
Total financial investments		801,084,392	3,263,617,813	2,292,198,446	801,084,392	566,674,523	2,292,198,446

(a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly owned at 5% and indirectly owned at 1% through the Association of Banks in Cambodia ("ABC"). As at 31 December 2021, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (2020: US\$153,529) and the Bank's investment in Swift is valued at cost amounting to US\$36,141 as the Management believes the cost of investment approximates its fair value. Dividend income received from CBC during 2021 amounted to US\$116,614 and (2020: US\$174,479).

(b) The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$15,793,882 (2020: US\$14,374,871) with the NBC as collateral for settlement clearing facility. The other NCD amounting to US\$785,100,840 (2020: US\$552,146,123) with NBC is for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to six months. As at 31 December 2021 and 31 December 2020, the Bank had yet to utilise the overdraft on settlement clearing facility.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

## 9. Financial investments (continued)

### Analysis of maturity of negotiable certificate of deposits with NBC

	The Group			The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Within one month	785,100,840	552,146,121	3,198,500,823	785,100,840	552,146,121	3,198,500,823	2,233,431,059
Between 2 to 3 months	15,493,856	13,851,881	63,121,969	15,493,856	13,851,881	63,121,969	56,030,859
Between 4 to 6 months	300,026	-	1,222,306	300,026	-	1,222,306	-
Between 7 to 12 months	-	522,992	-	-	522,992	-	2,115,503
	<u>800,894,722</u>	<u>566,520,994</u>	<u>3,262,845,098</u>	<u>800,894,722</u>	<u>566,520,994</u>	<u>3,262,845,098</u>	<u>2,291,577,421</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 10. Loans and advances, net

	The Group											
	2021			2020			2021			2020		
	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount KHR000	ECL allowance KHR000	Carrying amount KHR000	Gross carrying amount KHR000	ECL allowance KHR000	Carrying amount KHR000
Small Loan	2,454,306,155	19,970,587	2,434,335,568	2,211,197,272	17,353,773	2,193,843,499	9,998,843,275	81,360,170	9,917,483,105	70,196,012	8,874,096,953	
Staff Housing Loan	24,562,089	10,206	24,551,883	25,239,763	17,009	25,222,754	100,065,951	41,579	100,024,372	68,801	102,026,040	
Public Housing Loan	135,971,808	892,526	135,079,282	135,555,361	1,032,605	134,522,756	553,949,146	3,636,151	550,312,995	4,176,887	544,144,548	
Staff Loan	255,658,399	154,781	255,503,618	221,923,761	225,841	221,697,920	1,041,552,318	630,578	1,040,921,740	913,527	896,788,086	
Overdraft Loan	95,974,116	298,253	95,675,863	58,036,302	352,950	57,683,352	390,998,549	1,215,083	389,783,466	1,427,683	233,329,159	
Home Improvement Loan	31,451,028	575,005	30,876,023	47,780,295	334,644	47,445,651	128,131,488	2,342,570	125,788,918	1,353,635	191,917,658	
Personal & Others Loan	202,542,041	1,674,566	200,867,475	158,300,284	1,061,972	157,238,312	825,156,274	6,822,182	818,334,092	4,295,676	636,028,973	
Credit Card Loan	40,281,078	734,956	39,546,122	25,641,962	667,345	24,974,617	164,105,112	2,984,211	161,110,901	2,689,411	101,022,325	
Trade Loan	11,208,237	13,591	11,194,646	9,632,656	21,578	9,611,078	45,662,358	55,370	45,606,988	87,283	38,876,811	
Revolving Loan	49,650,393	83,174	49,567,219	33,296,272	23,512	33,272,760	202,275,701	338,851	201,936,850	95,106	134,588,314	
Medium Loan	2,126,969,233	10,213,429	2,116,755,804	1,580,039,237	14,251,318	1,565,787,919	8,665,272,655	41,609,511	8,623,663,144	57,646,581	6,333,612,133	
	<u>5,428,574,577</u>	<u>34,621,074</u>	<u>5,393,953,503</u>	<u>4,506,643,165</u>	<u>35,342,547</u>	<u>4,471,300,618</u>	<u>22,116,012,827</u>	<u>141,046,256</u>	<u>21,974,966,571</u>	<u>142,960,602</u>	<u>18,086,411,000</u>	

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Bank															
	2021				2020				2021				2020			
	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount KHR'000	ECL allowance KHR'000	Carrying amount KHR'000	Gross carrying amount KHR'000	ECL allowance KHR'000	Carrying amount KHR'000	Gross carrying amount KHR'000	ECL allowance KHR'000	Carrying amount KHR'000	
Small Loan	2,310,778,323	8,630,325	2,302,147,998	2,048,936,412	13,343,552	2,035,592,860	9,414,110,888	35,159,944	9,378,950,944	53,974,668	8,287,947,787	8,233,973,119	53,974,668	8,233,973,119		
Staff Housing Loan	24,490,527	10,188	24,480,339	25,108,879	16,907	25,091,972	99,774,407	41,506	99,732,901	68,389	101,565,416	101,497,027	68,389	101,497,027		
Public Housing Loan	134,359,341	891,230	133,468,111	135,084,056	1,016,789	134,067,267	547,379,955	3,630,871	543,749,084	4,112,912	546,415,007	542,302,095	4,112,912	542,302,095		
Staff Loan	248,772,294	117,594	248,654,700	214,389,121	209,906	214,179,215	1,013,498,326	479,078	1,013,019,248	849,070	867,203,994	866,354,924	849,070	866,354,924		
Overdraft Loan	94,550,853	295,564	94,255,289	57,948,236	351,432	57,596,804	385,200,175	1,204,128	383,996,047	1,421,542	234,400,615	232,979,073	1,421,542	232,979,073		
Home Improvement Loan	25,303,035	160,488	25,142,547	44,261,421	294,401	43,967,020	103,084,565	663,828	102,430,737	1,190,852	179,037,448	177,846,596	1,190,852	177,846,596		
Personal & Others Loan	196,387,702	1,479,914	194,907,788	157,228,541	1,083,793	156,144,748	800,083,498	6,029,170	794,054,328	4,383,941	635,989,448	631,605,507	4,383,941	631,605,507		
Credit Card Loan	40,281,078	734,956	39,546,122	25,641,962	667,345	24,974,617	164,105,112	2,994,211	161,110,901	2,699,411	103,721,736	101,022,325	2,699,411	101,022,325		
Trade Loan	11,208,237	13,591	11,194,646	9,632,656	21,578	9,611,078	45,662,358	55,370	45,606,988	87,283	38,964,094	38,876,811	87,283	38,876,811		
Revolving Loan	49,650,393	83,174	49,567,219	33,296,272	23,512	33,272,760	202,275,701	338,851	201,936,850	95,106	134,683,420	134,588,314	95,106	134,588,314		
Medium Loan	2,118,865,642	10,171,481	2,108,694,161	1,572,330,992	14,180,174	1,558,150,818	8,632,258,626	41,438,614	8,590,820,012	57,358,804	6,360,078,861	6,302,720,057	57,358,804	6,302,720,057		
	5,254,647,425	22,588,505	5,232,058,920	4,323,858,548	31,209,389	4,292,649,159	21,407,433,611	92,025,571	21,315,408,040	126,241,978	17,490,007,826	17,363,765,848	126,241,978	17,363,765,848		

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

	The Group						The Bank					
	2021			2020			2021			2020		
	US\$	KHR'000	(Note 5)	US\$	KHR'000	(Note 5)	US\$	KHR'000	(Note 5)	US\$	KHR'000	(Note 5)
Within one year	1,350,060,046	1,199,583,002	5,500,144,627	4,852,313,243	1,282,886,924	1,114,810,801	5,226,481,328	4,509,409,690				
Later than one year but not later than three years	1,898,303,942	1,669,992,109	7,733,690,260	6,755,118,081	1,836,584,170	1,607,487,035	7,482,243,909	6,502,285,057				
Later than three years but not later than five years	1,326,203,036	1,074,597,753	5,402,951,169	4,346,747,911	1,294,000,254	1,049,075,704	5,271,757,035	4,243,511,223				
Later than five years	854,007,553	562,470,301	3,479,226,771	2,275,192,367	841,176,077	552,485,008	3,426,951,339	2,234,801,856				
	5,428,574,577	4,506,643,165	22,116,012,827	18,229,371,602	5,254,647,425	4,323,858,548	21,407,433,611	17,490,007,826				

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Allowance for/(reversal of) impairments on:						
Loans and advances	13,797,947	20,852,357	56,130,048	16,204,462	1,747,360	66,065,592
Deposit and placement with other banks	(81,385)	(7,786)	(331,074)	96,083	320,640	391,730
Other receivables	(174,588)	(50,540)	(710,224)	(52,869)	(779,445)	(215,547)
	13,541,974	20,794,031	55,088,750	16,247,676	1,288,555	66,241,775
Off-balance sheet commitments	(139,449)	(54,156)	(567,279)	(132,082)	(1,548,155)	(538,498)
	13,402,525	20,739,875	54,521,471	16,115,594	(259,600)	65,703,277

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

Movements of impairment losses during the year were as follows:

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	35,342,547	33,443,055	142,960,602	32,845,402	126,241,978	133,845,012
ECL on off-balance sheet commitment	-	(207,479)	-	(655,822)	-	(2,652,800)
Allowance for/(reversal of) impairment loss during the year	13,797,947	20,852,357	56,130,048	16,204,462	1,747,360	66,065,592
Written off during the year	(11,393,716)	(18,676,459)	(46,349,637)	(17,158,054)	(33,690,143)	(69,953,386)
Currency translation difference	(3,125,704)	(68,927)	(12,715,364)	(26,599)	(3,126,974)	(108,444)
Exchange differences	-	-	1,020,607	-	853,350	(953,996)
At the end of the year	34,621,074	35,342,547	141,046,256	31,209,389	92,025,571	126,241,978



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 11. Other assets

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$
Prepayments and advances	17,854,484	12,866,459	72,739,168	52,044,827	16,138,351	10,782,460
Stationery supplies	2,820,381	2,423,780	11,490,232	9,804,190	2,673,828	2,248,392
Receivable from Western Union	2,172,327	3,755,064	8,850,060	15,189,234	2,079,286	3,666,021
Income tax receivable	2,778,369	1,960,918	11,319,075	7,931,913	2,707,597	1,901,964
Others	2,515,629	1,760,692	10,248,673	7,121,999	2,450,451	1,657,273
	28,141,190	22,766,913	114,647,208	92,092,163	26,049,513	20,256,110
						106,125,717
						81,935,965

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$
Current	17,995,402	17,170,584	73,313,268	69,455,012	16,269,441	15,353,807
Non-current	10,145,788	5,596,329	41,333,940	22,637,151	9,780,072	4,902,303
	28,141,190	22,766,913	114,647,208	92,092,163	26,049,513	20,256,110
						106,125,717
						81,935,965

### 12. Statutory deposits

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$
With the central bank	412,986,454	356,753,756	1,682,506,814	1,443,068,943	412,986,454	356,753,756
With other central bank	2,225,047	3,376,033	9,064,841	13,656,054	-	-
Other	245,459	247,219	1,000,000	1,000,000	-	-
	415,456,960	360,377,008	1,692,571,655	1,457,724,997	412,986,454	356,753,756
						1,682,506,814
						1,443,068,943

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 12. Statutory deposits (continued)

##### (a) With the Central Bank

###### (i) Reserve requirement

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

In order to mitigate the impact of COVID-19 pandemic on Cambodia's economy, the NBC issued last 18 March 2020 a press release announcing the reduction of the Reserve Requirement Rate ("RRR") for KHR and foreign currencies reserves from 8% to 7% and 12.50% to 7%, respectively.

The reserve requirement amounted to US\$369,670,152 and US\$313,437,454 as at 31 December 2021 and 31 December 2020, respectively.

###### (ii) Capital guarantee

Pursuant to the NBC's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001; the banks are required to maintain 10% of its registered capital as a statutory deposit with the NBC. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia. As at 31 December 2021 and 31 December 2020, capital guarantee deposit amounted to US\$43,316,302 for both years. The capital guarantee deposit is earning at an interest rate of  $\frac{1}{4}$  of SIBOR on a 6 month basis.

##### (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 NBC amounting to KHR1,000,000,000 (equivalent to US\$245,459) for operating as a securities broker in the Kingdom of Cambodia. This statutory deposits do not bear interest.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 13. Investments in subsidiaries

		The Bank			
		2021	2020	2021	2020
		US\$	US\$	KHR'000	KHR'000
				(Note 5)	(Note 5)
Unquoted ordinary shares, at cost					
ACLEDA Bank Lao Ltd.	(a)	49,389,566	49,389,566	201,213,092	199,780,794
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,188,740	8,130,450
ACLEDA Institute of Business	(c)	19,805,000	19,805,000	80,685,570	80,111,225
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,913,150	19,911,005	81,126,173	80,540,016
<b>Total investments in subsidiaries</b>		<b>91,117,716</b>	<b>91,115,571</b>	<b>371,213,575</b>	<b>368,562,485</b>

Details of the Bank's subsidiaries are as follows:

Name of Subsidiaries		Ownership and Voting Interest	
		2021	2020
ACLEDA Bank Lao Ltd.	(a)	99.90%	99.90%
ACLEDA Securities Plc.	(b)	100%	100%
ACLEDA Institute of Business	(c)	76.609%	100%
ACLEDA MFI Myanmar Co., Ltd.	(d)	100%	99.99%

#### (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"). ABL's principal business is providing banking and related financial services in Lao PDR.

The Bank owned 99.90% of ABL's shares. The Bank's initial investment in 2008 with ABL is US\$5,477,399. In 2009, the Bank sold shares to International Finance Corporation ("IFC") amounting to US\$876,384 which decreased its investments to US\$4,601,015. In 2010, the Bank injected capital at ABL amounting to US\$5,966,969, thereby increasing its investments to US\$10,567,984. In 2014, the Bank bought shares from FMO, Stichting Triodos Doen "TRI-Doen", Tridos Fair Share Fund "TRI-Fair" and IFC amounting to US\$28,875,098 and injected capital at ABL amounting to US\$9,946,484, increasing its investments to US\$49,389,566. As at 31 December 2021, the Bank's investments with ABL remains the same.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### (b) ACLEDA Securities Plc.

On 1 March 2010, ACLEDA Securities Plc. ("ACS") was established in the Kingdom of Cambodia and registered with the MoC under the Registration No. Co.0448KH/2010. On 20 October 2010, SECC granted a brokerage license to ACS. The registered share capital of ACS is US\$2,010,000, divided into 2,010,000 shares with par value of US\$1 each. ACS' principal business is providing securities brokerage and other services approved by SECC.

ACS is wholly owned by the Bank.

##### (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. 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 MoC on 14 December 2018.

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.

AIB is wholly owned by the Bank. On 10 February 2021, NBC approved, on request of the Bank, an increase in capital of AIB as invested by ACLEDA Financial Trust ("AFT"), amounting to US\$10,000,000 at rate of 23.3910% of total share as registered equal to 6,047,046 shares at the price of US\$ 1.6537 per share through share investment agreement made on 26 February 2021 between the Bank, AIB and AFT. Consequently, AIB share capital increased to US\$25,852,046 and reduced the Bank's ownership to 76.6090%, which is equal to US\$19,805,000.

On 29 March 2021, AIB submitted a letter to the MOC requesting for its approval on the amendment of its Memorandum of Association ("MAA") relating to the capital increase. As of the date of the issuance of these financial statements, the approval from MOC is still pending.

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

ACLEDA MFI Myanmar Co., Ltd. ("AMM") 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 and started its operations on 18 February 2013. The financial year of the statutory financial statements of AMM is from 1 October to 30 September.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

AMM is permitted to operate as a deposit-taking microfinance institution providing microfinance services to lower income segments of the Myanmar market and other activities allowed by the Microfinance Supervisory Authority at 45 townships in Yangon Region, 28 townships in Bago Region, 3 townships in Mon State and 25 townships in Magway Region.

The Bank's initial investment in 2013 with AMM is US\$9,411,765. In 2014, the Bank sold shares to International Finance Corporation ("IFC"), COFIBRED and Kreditanstalt Fur Wiederaufbau ("KfW") amounting to US\$3,659,371 which decreased its investments to US\$5,752,394.

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

On 23 September 2019, the Bank injected capital amounting to US\$3,969,923.20, equivalent to MYR6,099,390,000, and additional capital of US\$3,995,366.50, equivalent MYR6,039,396,000, on 3 December 2019, increasing its ownership to 99.99% with the remaining interest owned by AIB.

On 12 May 2021, the Bank settled US\$2,145 to AIB to hold 100% of common stock of AMM shares amounting to MYR20,140,000,000 (2019: 99.99% of MYR8,000,000,000). On 05 April 2021, AMM submitted a request to the regulator for the approval of its amended MAA resulting from the change in ownership. Microfinance Business Supervisory Committee has approved on AMM's request with Letter No. KaKa-1/6 (467/2021) dated 23 December 2021.

##### Status of operations

At early of February 2021, the Tatmadaw, Myanmar's armed forces, declared a year-long state of emergency which led to several national protests and civil disobedience movements. These protests and movements caused temporary disruptions in the business operations across Myanmar, including the AMM. Furthermore, in this 4th quarter of 2021, the number of positive COVID-19 cases is decreasing day by day drastically and is expected to be much better soon. Moreover, some businesses activities are resuming the operations including the local and international trade import and export, etc.

Additionally, AMM still operates as usual by focusing on loan collection, loan recovery and loan disbursement, loan restructuring to all eligible customers as well as the voluntary saving.

The situation of COVID-19 is getting better, as of December 2021, the loan collection rate increased up to 86%, the loan default value has decreased gradually, write off, collection and the voluntary saving also increased from month to month. Moreover, AMM also has the good position in liquidity as well as cash flows.

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

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED**

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

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

As of December 2021, AMM is still be able support daily operations smoothly and still has the gap to expand in the future as the situation of Myanmar will be better after the COVID-19 cases and the security are controlled by the government. To ensure business continuity, collections of loans and compliance with regulatory bodies are still in progress.

As at December 2021, there are no more announcements from any regulators to suspend or stop the industry where AMM's business operates. AMM's operations resumed with restrictions in providing loans to customers by focusing on potential customers who have more than one source of income, active business activities and strong financial status as well as loan restructuring to all eligible customers including convincing customer for the voluntary saving. Moreover, AMM tries to limit the expense by reducing non-necessary expense.

As at 31 December 2021, the Bank's Management assessed that no impairment has occurred with its investment in AMM.

##### **(e) ACLEDA Bank Plc. (Representative Office)**

On 7 April 2016, the Bank received a foreign bank representative office registration certificate FB/R.O-1/(04)2016 from the central bank of Myanmar and a certificate of incorporation as representative office from the Ministry of Planning and Finance in the Republic of the Union of Myanmar on 6 May 2016 with permit N° 58FC/2016-2017 (YGN).

The representation office is permit on the following activities:

- a. Marketing, promotion, negotiation and documentation for business purposes for customers of the Bank;
- b. Referring customer of the Bank to banks operating in Myanmar; and
- c. Monitoring and supervising offshore loans granted by the Bank.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 14. Property and equipment, net

	The Group								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	Total US\$
<b>Cost</b>									
As at 1 January 2021	14,542,280	1,751,934	98,806,360	5,205,253	64,975,706	76,117,715	19,101,249	5,364,857	285,865,354
Additions	-	-	41,549	1,747,310	8,478,376	8,286,112	2,725,148	11,831,403	33,109,898
Disposals/write-offs	-	-	(9,170)	(468,885)	(1,370,749)	(1,716,373)	(1,945,262)	-	(5,510,439)
Reclassifications	-	7,447	109,680	786,782	559,089	2,141,236	56,850	(3,661,084)	-
Currency translation difference	-	-	-	(158,790)	(334,085)	(1,234,102)	(199,854)	-	(1,926,831)
Adjustments	-	-	-	-	358	671	139	(579,614)	(578,446)
As at 31 December 2021	14,542,280	1,759,381	98,948,419	7,111,670	72,308,695	83,595,259	19,738,270	12,955,562	310,959,536
<b>Less: Accumulated depreciation</b>									
As at 1 January 2021	-	652,190	22,125,173	4,443,307	51,359,665	63,625,472	16,113,106	-	158,318,913
Charge for the year	-	176,185	4,618,046	641,622	6,527,252	7,019,209	1,431,277	-	20,413,591
Disposals/write-offs	-	-	(4,999)	(457,702)	(1,342,769)	(1,715,019)	(1,945,262)	-	(5,465,751)
Currency translation difference	-	(72)	(29,657)	(138,567)	(362,741)	(1,008,385)	(199,536)	-	(1,738,958)
Adjustments	-	-	-	-	358	208	(69)	-	497
As at 31 December 2021	-	828,303	26,708,563	4,488,660	56,181,765	67,921,485	15,399,516	-	171,528,292
<b>Carrying value</b>	14,542,280	931,078	72,239,856	2,623,010	16,126,930	15,673,774	4,338,754	12,955,562	139,431,244
<b>In KHR' 000 equivalent (Note 5)</b>	59,245,249	3,793,212	294,305,173	10,686,143	65,701,113	63,854,955	17,676,084	52,780,959	568,042,888

As at 31 December 2021, the fully depreciated property and equipment with total historical cost of US\$114,352,940 (2020: US\$107,342,671) are still in active use.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Group									
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	Total US\$	
<b>Cost</b>										
As at 1 January 2020	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/write-offs	-	-	-	(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 2020	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	
<b>Less: Accumulated depreciation</b>										
As at 1 January 2020	-	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/write-offs	-	-	-	(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 2020	-	652,190	22,125,173	4,443,307	51,359,665	63,625,472	16,113,106	-	158,318,913	
<b>Carrying value</b>	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	
<b>In KHR' 000 equivalent (Note 5)</b>	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	



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	
<b>Cost</b>									
As at 1 January 2021	2,328,344	282,726	76,893,201	4,318,106	62,173,246	68,253,157	17,800,870	5,243,338	237,292,988
Additions	-	-	28,346	1,723,886	8,432,349	7,732,216	2,666,519	11,629,225	32,212,541
Disposals/write-offs	-	-	(9,170)	(451,769)	(1,271,630)	(1,705,001)	(1,944,598)	-	(5,382,168)
Reclassifications	-	-	109,680	786,782	554,889	2,123,310	56,850	(3,631,511)	-
Adjustments	-	-	-	-	358	671	139	(579,614)	(578,446)
As at 31 December 2021	2,328,344	282,726	77,022,057	6,377,005	69,889,212	76,404,353	18,579,780	12,661,438	263,544,915
<b>Less: Accumulated depreciation</b>									
As at 1 January 2021	-	147,452	20,535,380	3,752,707	49,188,383	57,959,551	14,873,093	-	146,456,566
Charge for the year	-	9,278	3,883,061	568,799	6,176,191	6,126,732	1,391,168	-	18,155,229
Disposals/write-offs	-	-	(4,999)	(444,682)	(1,267,367)	(1,704,867)	(1,944,598)	-	(5,366,513)
Currency translation difference	-	(72)	(29,657)	(4,614)	(47,187)	(45,938)	(10,579)	-	(138,047)
Adjustments	-	-	-	-	358	208	(69)	-	497
As at 31 December 2021	-	156,658	24,383,785	3,872,210	54,050,378	62,335,686	14,309,015	-	159,107,732
<b>Carrying value</b>	2,328,344	126,068	52,638,272	2,504,795	15,838,834	14,068,667	4,270,765	12,661,438	104,437,183
<b>In KHR' 000 equivalent (Note 5)</b>	9,485,673	513,601	214,448,320	10,204,536	64,527,410	57,315,749	17,399,097	51,582,698	425,477,084

As at 31 December 2021, the fully depreciated property and equipment with total historical cost of US\$107,597,947 (2020: US\$99,652,456) are still in active use.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	
<b>Cost</b>									
As at 1 January 2020	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)	-
Adjustments	-	-	-	800	(800)	-	-	(18,534)	(18,534)
As at 31 December 2020	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
<b>Less: Accumulated depreciation</b>									
As at 1 January 2020	-	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)
As at 31 December 2020	-	147,452	20,535,380	3,752,707	49,188,383	57,959,551	14,873,093	-	146,456,566
<b>Carrying value</b>									
	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
<b>In KHR' 000 equivalent (Note 5)</b>	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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 15. Intangible assets, net

	The Group		The Bank	
	Computer software US\$	Work in progress US\$	Computer software US\$	Work in progress US\$
<b>Cost</b>				
As at 1 January 2021	39,269,078	1,832,905	41,101,983	1,741,123
Additions	1,522,959	273,768	1,796,727	336,317
Disposals	(1,002,068)	-	(1,002,068)	-
Reclassifications	670,712	(670,712)	-	(670,712)
Currency translation difference	(536,503)	-	(536,503)	-
Adjustments	-	230,698	230,698	-
As at 31 December 2021	39,924,178	1,666,659	41,590,837	1,637,426
<b>Less: Accumulated amortisation</b>				
As at 1 January 2021	26,411,308	-	26,411,308	-
Charge for the year	3,889,960	-	3,889,960	-
Disposals	(496,288)	-	(496,288)	-
Currency translation difference	(474,110)	-	(474,110)	-
Adjustments	(26,131)	-	(26,131)	-
As at 31 December 2021	29,304,739	-	29,304,739	-
<b>Carrying value</b>				
	10,619,439	1,666,659	12,286,098	1,637,426
<b>In KHR '000 equivalent (Note 5)</b>				
	43,263,594	6,789,969	50,053,563	6,670,874

As at 31 December 2021, the Group's and the Bank's fully amortised intangible assets with historical costs of US\$21,814,222 and US\$19,931,716, respectively. (2020: US\$14,290,466 and US\$13,996,797, respectively) are still used actively.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
<b>Cost</b>						
As at 1 January 2020	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)
Transfers	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 2020	39,269,078	1,832,905	41,101,983	35,837,920	1,741,123	37,579,043
<b>Less: Accumulated amortisation</b>						
As at 1 January 2020	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)
As at 31 December 2020	26,411,308	-	26,411,308	23,694,485	-	23,694,485
<b>Carrying value</b>	12,857,770	1,832,905	14,690,675	12,143,435	1,741,123	13,884,558
<b>In KHR' 000 equivalent (Note 5)</b>	52,009,680	7,414,101	59,423,780	49,120,195	7,042,843	56,163,037

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Right-of-use assets	28,337,884	29,529,768	115,448,539	119,447,912	25,596,727	104,281,066
						105,906,886

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	29,529,768	32,569,457	119,447,912	132,720,537	26,182,172	117,554,989
Additions during the year	10,918,814	7,966,867	44,417,735	32,480,917	10,571,905	43,006,510
Depreciation for the year	(11,192,219)	(10,627,120)	(45,529,947)	(43,326,768)	(10,387,679)	(42,257,078)
Lease termination during the year	(846,280)	(426,655)	(3,442,667)	(1,739,472)	(846,280)	(3,442,667)
Exchange differences	(72,199)	47,219	(293,706)	192,512	76,609	311,645
Currency translation difference	-	-	849,212	(879,814)	-	755,770
At the end of the year	28,337,884	29,529,768	115,448,539	119,447,912	25,596,727	104,281,066
						105,906,886

The Group has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Depreciation expense	11,192,219	10,627,120	45,529,947	43,326,768	10,387,679	42,257,078
Interest on lease liabilities	1,950,159	2,109,253	7,933,247	8,599,425	1,761,254	7,164,781
Loss/(gain) on pre-termination of leases	11,882	(6,680)	48,336	(27,234)	11,728	47,710
	<u>13,154,260</u>	<u>12,729,693</u>	<u>53,511,530</u>	<u>51,898,959</u>	<u>12,160,661</u>	<u>49,469,569</u>
				<u>11,665,783</u>	<u>19,369</u>	<u>47,561,396</u>
					<u>9,770,638</u>	<u>39,834,891</u>
					<u>1,875,776</u>	<u>7,647,538</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 17. Deferred tax assets, net (continued)

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

##### Deferred tax assets of the Group:

	Unamortised loan fees	Unearned revenue	Provision for loan loss	Other provision	Staff bonus	Unrealised exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2021	7,560,663	50,295	9,426,856	7,335,254	261,434	814,363	1,602,584	317,209	4,955,890	32,324,548
Charged/(credited) to profit or loss	701,774	(20,834)	1,869,887	453,465	1,540,856	271,992	(765,643)	56,977	1,011,744	5,120,218
<b>As at 31 December 2021</b>	<b>8,262,437</b>	<b>29,461</b>	<b>11,296,743</b>	<b>7,788,719</b>	<b>1,802,290</b>	<b>1,086,355</b>	<b>836,941</b>	<b>374,186</b>	<b>5,967,634</b>	<b>37,444,766</b>
<i>In KHR000 equivalent (Note 5)</i>	<i>33,661,168</i>	<i>120,024</i>	<i>46,022,931</i>	<i>31,731,241</i>	<i>7,342,529</i>	<i>4,425,810</i>	<i>3,409,698</i>	<i>1,524,436</i>	<i>24,312,140</i>	<i>152,549,977</i>
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
Charged/(credited) to profit or loss	919,039	50,295	1,560,602	581,216	(165,094)	157,481	413,647	126,820	(20,931)	3,623,075
<b>As at 31 December 2020</b>	<b>7,560,663</b>	<b>50,295</b>	<b>9,426,856</b>	<b>7,335,254</b>	<b>261,434</b>	<b>814,363</b>	<b>1,602,584</b>	<b>317,209</b>	<b>4,955,890</b>	<b>32,324,548</b>
<i>In KHR000 equivalent (Note 5)</i>	<i>30,582,882</i>	<i>203,444</i>	<i>38,131,633</i>	<i>29,671,102</i>	<i>1,057,501</i>	<i>3,294,098</i>	<i>6,482,452</i>	<i>1,283,111</i>	<i>20,046,574</i>	<i>130,752,797</i>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 17. Deferred tax assets, net (continued)

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

##### Deferred tax assets of the Bank:

	Unamortised loan fees	Provision for loan loss	Other provision	Staff bonus	Unrealised exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2021	7,560,663	9,426,856	7,220,243	261,434	814,286	1,600,742	270,169	3,861,270	31,015,663
Charged/(credited) to profit or loss	701,774	1,869,887	422,759	1,540,856	271,789	(765,961)	57,551	(794,224)	3,304,431
<b>As at 31 December 2021</b>	<b>8,262,437</b>	<b>11,296,743</b>	<b>7,643,002</b>	<b>1,802,290</b>	<b>1,086,075</b>	<b>834,781</b>	<b>327,720</b>	<b>3,067,046</b>	<b>34,320,094</b>
<i>In KHR000 equivalent (Note 5)</i>	<i>33,661,168</i>	<i>46,022,931</i>	<i>31,137,590</i>	<i>7,342,529</i>	<i>4,424,670</i>	<i>3,400,898</i>	<i>1,335,131</i>	<i>12,495,147</i>	<i>139,820,064</i>
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
Charged/(credited) to profit or loss	919,039	1,560,602	573,834	(155,311)	204,622	418,107	108,419	(151,814)	3,477,498
<b>As at 31 December 2020</b>	<b>7,560,663</b>	<b>9,426,856</b>	<b>7,220,243</b>	<b>261,434</b>	<b>814,286</b>	<b>1,600,742</b>	<b>270,169</b>	<b>3,861,270</b>	<b>31,015,663</b>
<i>In KHR000 equivalent (Note 5)</i>	<i>30,582,882</i>	<i>38,131,633</i>	<i>29,205,883</i>	<i>1,057,501</i>	<i>3,293,787</i>	<i>6,475,001</i>	<i>1,092,834</i>	<i>15,618,836</i>	<i>125,458,357</i>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 17. Deferred tax assets, net (continued)

##### Deferred tax liabilities of the Group:

	Accelerated depreciation	Unrealised exchange	Others	Total
	US\$	US\$	US\$	US\$
As at 1 January 2021	295,901	41	20,832,761	21,128,703
Charged to profit or loss	52,848	724	7,193,885	7,247,457
<b>As at 31 December 2021</b>	<b>348,749</b>	<b>765</b>	<b>28,026,646</b>	<b>28,376,160</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,420,803</u>	<u>3,117</u>	<u>114,180,556</u>	<u>115,604,476</u>
As at 1 January 2020	-	640,179	13,246,940	13,887,119
Charged/(credited) to profit or loss	295,901	(640,138)	7,585,821	7,241,584
<b>As at 31 December 2020</b>	<b>295,901</b>	<b>41</b>	<b>20,832,761</b>	<b>21,128,703</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,196,920</u>	<u>166</u>	<u>84,268,518</u>	<u>85,465,604</u>

##### Deferred tax liabilities of the Bank:

	Unrealised exchange	Others	Total
	US\$	US\$	US\$
As at 1 January 2021	-	18,329,716	18,329,716
Charged to profit or loss	-	8,466,661	8,466,661
<b>As at 31 December 2021</b>	<b>-</b>	<b>26,796,377</b>	<b>26,796,377</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>-</u>	<u>109,168,441</u>	<u>109,168,441</u>
As at 1 January 2020	639,392	12,891,030	13,530,422
Charged/(credited) to profit or loss	(639,392)	5,438,686	4,799,294
<b>As at 31 December 2020</b>	<b>-</b>	<b>18,329,716</b>	<b>18,329,716</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>-</u>	<u>74,143,701</u>	<u>74,143,701</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Current accounts	152,742,439	106,606,626	622,272,696	108,155,568	155,174,040	632,179,040
Savings deposits	34,450,553	47,551,861	140,351,553	46,816,912	33,348,124	135,860,257
Fixed deposits	296,548,000	162,850,972	1,208,136,552	141,792,074	267,084,671	1,088,102,949
	483,740,992	317,009,459	1,970,760,801	296,764,554	455,606,835	1,856,142,246

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

#### a) By maturity

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Within six months	320,395,747	195,717,857	1,305,292,273	183,717,176	310,548,578	1,265,174,907
Later than six months but not later than one year	39,897,016	30,105,199	162,540,443	21,860,975	25,118,831	102,334,117
Later than one year but not later than three years	16,779,432	5,648,815	68,359,406	5,648,815	13,270,629	54,064,543
Later than three years	106,668,797	85,537,588	434,568,679	85,537,588	106,668,797	434,568,679
	483,740,992	317,009,459	1,970,760,801	296,764,554	455,606,835	1,856,142,246

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

##### b) By relationship

	The Group				The Bank			
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Related parties	42,469	72,774	173,019	294,371	2,565,025	1,670,695	10,449,912	6,757,961
Non-related parties	483,698,523	316,936,685	1,970,587,782	1,282,008,891	453,041,810	295,093,859	1,845,692,334	1,193,654,660
	<u>483,740,992</u>	<u>317,009,459</u>	<u>1,970,760,801</u>	<u>1,282,303,262</u>	<u>455,606,835</u>	<u>296,764,554</u>	<u>1,856,142,246</u>	<u>1,200,412,621</u>

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

	The Group		The Bank	
	2021	2020	2021	2020
Current accounts	0.00% - 0.90%	Nil	0.00% - 0.20%	Nil
Savings deposits	0.00% - 1.90%	0.00% - 1.90%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	0.75% - 7.95%	1.00% - 7.95%	0.75% - 7.95%	1.00% - 7.95%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 19. Deposits from customers

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Current accounts	751,165,630	525,179,976	3,060,248,777	2,124,353,003	740,903,142	3,018,439,401
Savings deposits	2,047,118,594	1,866,624,777	8,339,961,152	7,550,497,223	2,017,014,668	8,217,317,757
Margin deposits	12,516,025	13,134,176	50,990,285	53,127,742	12,499,328	50,922,262
Fixed deposits	2,421,478,444	1,889,347,119	9,865,103,181	7,642,409,096	2,356,509,852	9,600,421,137
	5,232,278,693	4,294,286,048	21,316,303,395	17,370,387,064	5,126,926,990	20,887,100,557
				4,180,268,737		16,909,187,041

The deposits from customers are analysed as follows:

#### a) By maturity

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Within six months	3,804,350,927	3,120,269,849	15,498,925,677	12,621,491,539	3,743,132,839	15,249,523,186
Later than six months but not later than one year	738,312,993	618,538,572	3,007,887,133	2,501,988,524	721,218,135	2,938,242,682
Later than one year but not later than three years	514,492,863	405,355,305	2,096,043,924	1,639,662,209	497,857,979	2,028,273,406
Later than three years	175,121,910	150,122,322	713,446,661	607,244,792	164,718,037	671,061,283
	5,232,278,693	4,294,286,048	21,316,303,395	17,370,387,064	5,126,926,990	20,887,100,557
				4,180,268,737		16,909,187,041

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

##### b) By relationship

	The Group			The Bank			
	2021 US\$	2020 US\$	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Related parties	18,769,211	18,251,604	76,465,766	21,973,665	19,478,074	89,520,711	78,788,809
Non-related parties	5,213,509,482	4,276,034,444	21,239,837,629	17,296,559,326	5,104,953,325	20,797,579,846	16,830,398,232
	<u>5,232,278,693</u>	<u>4,294,286,048</u>	<u>21,316,303,395</u>	<u>17,370,387,064</u>	<u>4,180,268,737</u>	<u>20,887,100,557</u>	<u>16,909,187,041</u>

##### c) By interest rate

	The Group		The Bank	
	2021	2020	2021	2020
Current accounts	0.00% - 0.90%	Nil	0.00% - 0.20%	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% - 11.65%	0.50% - 12.00%	0.50% - 8.25%	0.50% - 8.25%

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

## 20. Other liabilities

	The Group			The Bank				
	2021	2020	2021	2020	2021	2020		
	US\$	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)		
Accrued annual leave	22,322,931	20,063,310	90,943,621	21,894,655	81,156,089	19,626,620	89,198,824	79,389,678
Accrued bonuses	17,296,630	11,046,280	70,466,471	16,285,299	44,682,203	10,454,999	66,346,308	42,290,471
Fund transfers	15,332,772	16,060,460	62,465,713	15,324,556	64,964,561	16,026,656	62,432,241	64,827,824
Tax payables	3,296,169	1,563,901	13,428,593	3,238,205	6,325,980	1,478,413	13,192,447	5,980,181
Others	20,173,669	15,017,157	82,187,527	19,959,464	60,744,399	14,822,194	81,314,857	59,955,774
	78,422,171	63,751,108	319,491,925	76,702,179	257,873,232	62,408,882	312,484,677	252,443,928

	The Group			The Bank				
	2021	2020	2021	2020	2021	2020		
	US\$	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)		
Current	56,068,485	44,050,514	228,423,008	54,654,438	178,184,329	42,782,263	222,662,180	173,054,254
Non-current	22,353,686	19,700,594	91,068,917	22,047,741	79,688,903	19,626,619	89,822,497	79,389,674
	78,422,171	63,751,108	319,491,925	76,702,179	257,873,232	62,408,882	312,484,677	252,443,928

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 21. Borrowings

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$
Current	163,186,135	124,629,071	664,820,314	504,124,592	149,290,262	104,886,698
Non-current	445,302,668	417,769,845	1,814,163,069	1,689,879,023	434,350,794	402,466,218
	608,488,803	542,398,916	2,478,983,383	2,194,003,615	583,641,056	507,352,916
						608,208,527
						1,769,545,135
						2,377,753,662
						424,266,693
						1,627,975,852
						2,052,242,545

The borrowings are analysed as follows:

#### a) By relationship

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$
Related parties	-	-	-	-	-	-
Non-related parties	608,488,803	542,398,916	2,478,983,383	2,194,003,615	583,641,056	507,352,916
	608,488,803	542,398,916	2,478,983,383	2,194,003,615	583,641,056	507,352,916
						2,377,753,662
						2,052,242,545

#### b) By interest rate

	The Group		The Bank	
	2021	2020	2021	2020
Annual interest rates	2.00% - 14.50%	2.00% - 14.50%	2.00% - 7.69%	2.00% - 8.00%



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 22. Subordinated debts

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

	The Group			The Bank				
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current	29,118,920	11,408,413	118,630,480	46,147,031	29,118,920	11,408,413	118,630,480	46,147,031
Non-current	127,374,021	155,750,210	518,921,762	630,009,599	127,374,021	155,750,210	518,921,762	630,009,599
	156,492,941	167,158,623	637,552,242	676,156,630	156,492,941	167,158,623	637,552,242	676,156,630

The subordinated debts are analysed as follows:

#### a) By relationship

	The Group			The Bank				
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	156,492,941	167,158,623	637,552,242	676,156,630	156,492,941	167,158,623	637,552,242	676,156,630
	156,492,941	167,158,623	637,552,242	676,156,630	156,492,941	167,158,623	637,552,242	676,156,630

#### b) By interest rate

	The Group		The Bank	
	2021	2020	2021	2020
Annual interest rates	5.76% - 8.48%	5.38% - 8.48%	5.76% - 8.48%	5.38% - 8.48%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 23. Derivative financial instruments

Under interest rate swap contracts, the Group and the Bank agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group and the Bank to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

#### Cash flow hedges

Outstanding Contracts	The Group					
	Average Contracted Fixed Interest Rate		Notional Principal Amount		Fair Value	
	2021	2020	2021	2020	2021	2020
Less than one year	0.300%	-	10,000,000	-	(1,525)	-
One to two years	1.750%	-	110,000,000	-	(1,818,813)	-
Two to five years	0.983%	-	148,750,000	-	1,314,180	-
		-	268,750,000	-	(506,158)	-

#### The Bank

Outstanding Contracts	The Bank					
	Average Contracted Fixed Interest Rate		Notional Principal Amount		Fair Value	
	2021	2020	2021	2020	2021	2020
Less than one year	0.300%	-	10,000,000	-	(1,525)	-
One to two years	1.750%	-	110,000,000	-	(1,818,813)	-
Two to five years	0.983%	-	148,750,000	-	1,314,180	-
		-	268,750,000	-	(506,158)	-

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 23. Derivative financial instruments (continued)

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

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's and Bank's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

#### 24. Lease liabilities

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

	The Group			The Bank		
	2021	2020	2021	2020	2021	2020
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
			(Note 5)	(Note 5)		(Note 5)
<b>Undiscounted lease liabilities</b>						
Less than one year	11,294,628	10,261,902	46,014,314	41,509,394	9,655,602	39,056,910
One to five years	18,225,873	20,581,294	74,252,207	83,251,334	18,888,896	76,405,584
More than five years	3,894,237	3,816,462	15,865,122	15,437,589	655,929	2,653,233
<b>Total undiscounted lease liabilities</b>	<b>33,414,738</b>	<b>34,659,658</b>	<b>136,131,643</b>	<b>140,198,317</b>	<b>29,200,427</b>	<b>118,115,727</b>
<b>Present value of lease liabilities</b>						
Current	10,937,883	10,309,865	44,560,935	41,703,404	9,711,879	39,284,551
Non-current	16,937,057	18,308,037	69,001,571	74,056,010	16,060,506	64,964,746
<b>Total present value of lease liabilities</b>	<b>27,874,940</b>	<b>28,617,902</b>	<b>113,562,506</b>	<b>115,759,414</b>	<b>25,772,385</b>	<b>104,249,297</b>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 24. Lease liabilities (continued)

Amounts recognised in the statement of cash flows follow:

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Total cash outflow for leases payments	12,427,651	11,833,274	50,555,684	10,883,406	48,143,702	44,371,646

#### 25. Employee benefits

Note	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Retirement benefits	16,974,073	11,010,471	69,152,373	10,498,190	66,489,117	42,465,178
Career development benefits	2,864,399	1,307,172	11,669,562	1,307,172	11,617,121	5,287,511
Seniority indemnity benefits	6,258,345	6,036,412	25,496,497	5,976,401	25,095,544	24,174,542
	26,096,817	18,354,055	106,318,432	17,781,763	103,201,782	71,927,231

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 25. Employee benefits (continued)

	The Group			The Bank				
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current	2,864,399	417,349	11,669,562	1,688,177	2,851,527	409,706	11,617,121	1,657,261
Non-current	23,232,418	17,936,706	94,648,870	72,553,975	22,480,280	17,372,057	91,584,661	70,269,970
	26,096,817	18,354,055	106,318,432	74,242,152	25,331,807	17,781,763	103,201,782	71,927,231

#### (a) Retirement benefits

The unfunded defined benefit plan expose the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

##### *Interest risk*

A decrease in the Bank's long term deposit interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

##### *Longevity risk*

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

##### *Salary risk*

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 25. Employee benefits (continued)

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

The Group's Budgeting and Control Division is responsible in calculating, and the Management and the Board are responsible for assessing the reasonableness and its approval, of the present value of the defined benefit obligation. The latest calculation were carried out as at 31 December 2021. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Present value of defined benefit obligation	16,974,073	11,010,471	69,152,373	16,320,353	10,498,190	66,489,117
Fair value of plan assets	-	-	-	-	-	-
Net liability recognised in statement of financial position	16,974,073	11,010,471	69,152,373	16,320,353	10,498,190	66,489,117
			44,537,355			42,465,178

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 25. Employee benefits (continued)

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

(ii) The movements in the defined benefit obligation over the years are as follow:

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
At the beginning of the year	11,010,471	9,723,367	44,537,355	39,622,721	10,498,190	42,465,178
Current service cost	1,262,479	827,768	5,135,765	3,374,810	1,227,784	4,994,625
Interest cost	781,164	662,553	3,177,775	2,701,229	744,743	3,029,615
Benefits paid	(110,370)	(216,840)	(448,985)	(884,057)	(110,370)	(448,985)
Settlement (gain)/loss	(13,812)	207,020	(56,187)	844,021	(13,812)	(56,187)
Remeasurement (gain)/loss arising during the year	4,141,215	(169,447)	16,846,462	(690,835)	4,018,615	16,347,726
Currency translation difference	(97,074)	(23,950)	(394,897)	(97,644)	(44,797)	(182,234)
Exchange differences	-	-	355,085	(332,890)	-	339,379
At the end of the year	16,974,073	11,010,471	69,152,373	44,537,355	16,320,353	66,489,117
				10,498,190		42,465,178



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 25. Employee benefits (continued)

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

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

	The Group						The Bank						
	2021		2020		2021		2020		2021		2020		
	US\$		US\$		KHR'000	(Note 5)	US\$		US\$	KHR'000	(Note 5)	KHR'000	(Note 5)
Current service cost	1,262,479		827,768		5,135,765	3,374,810		1,227,784		799,408		4,994,625	3,259,186
Interest cost	781,164		662,553		3,177,775	2,701,229		744,743		637,591		3,029,615	2,599,459
Settlement (gain)/loss	(13,812)		207,020		(56,187)	844,021		(13,812)		140,678		(56,187)	573,544
	2,029,831		1,697,341		8,257,353	6,920,060		1,958,715		1,577,677		7,968,053	6,432,189

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 25. Employee benefits (continued)

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

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

	2021	2020
Salary growth rate	3.50%	3.46%
Inflation rate	2.50%	1.20%
Discount rates	7.00%	7.00%

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

(\*) Mortality rate table is as follows:

Age	2021		2020	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.88	0 - 0.49	0 - 0.42
30-39	0 - 0.19	0 - 0.22	0 - 0.10	0 - 0.32
40-49	-	0 - 0.45	-	-
50-59	-	0 - 6.67	-	0 - 6.67
60	-	-	-	-

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

Age	2021		2020	
	Staff turnover rate (% per annum)		Staff turnover rate (% per annum)	
	Females	Males	Females	Males
18-29	2.3 - 9.10	4.17 - 9.76	2.3 - 9.10	4.29 - 9.24
30-39	1.76 - 4.26	2.73 - 5.35	1.68 - 4.68	2.74 - 5.76
40-49	0 - 3.86	0 - 6.09	0 - 6.67	0 - 4.38
50-59	-	0 - 8.33	-	0 - 8.33
60	-	-	-	-

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 25. 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	
	2021	2020	Increase in assumption	Decrease in assumption
			2021	2020
Salary growth rate	1.00%	1.00%	21.27%	20.80%
Discount rate	1.00%	1.00%	17.00%	16.61%
Inflation rate	1.00%	1.00%	21.29%	20.84%
Mortality rate	0.10%	0.10%	1.95%	1.91%
Staff turnover rate	1.00%	1.00%	13.06%	12.73%
			Increase By	Decrease By
			Decrease By	Increase By
			Increase By	Decrease By
			Decrease By	Increase By
			Increase By	Increase By
			17.06%	16.67%
			21.22%	20.75%
			17.07%	16.69%
			0.18%	0.09%
			6.62%	7.39%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 25. Employee benefits (continued)

#### (b) Career development benefits

Movements in career development benefits follow:

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	1,307,172	2,083,726	5,287,511	2,083,726	5,287,511	8,491,183
Additions (Note 31)	1,574,658	1,312,641	6,405,709	1,312,641	6,353,333	5,351,637
Benefits paid	(5,279)	(2,085,315)	(21,475)	(2,085,315)	(21,475)	(8,501,829)
Currency translation difference	(12,152)	(3,880)	(49,434)	(3,880)	(49,422)	(15,819)
Exchange differences	-	-	47,251	-	47,174	(37,661)
At the end of the year	2,864,399	1,307,172	11,669,562	1,307,172	11,617,121	5,287,511

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 25. Employee benefits (continued)

#### (c) Seniority indemnity benefits

Movements in Seniority indemnity benefits follow:

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	6,036,412	6,498,800	24,417,286	6,440,456	24,174,542	26,244,858
Additions (Note 31)	8,080,729	6,563,719	32,872,406	6,378,738	32,121,571	26,006,115
Benefits paid	(7,780,075)	(6,998,257)	(31,649,345)	(6,815,248)	(31,094,047)	(27,785,766)
Currency translation difference	(78,721)	(27,850)	(320,237)	(27,545)	(280,940)	(112,301)
Exchange differences	-	-	176,387	-	174,418	(178,364)
At the end of the year	6,258,345	6,036,412	25,496,497	5,976,401	25,095,544	24,174,542

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 26. Share capital and share premium

As at 31 December 2021, the authorised share capital comprised 433,163,019 ordinary shares (2020: 433,163,019) 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

	2021			2020		
	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	25.7392%
ASA Plc.	89,878,026	89,878,026	20.7492%	107,204,547	107,204,547	24.7492%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.0669%
COFIBRE S.A	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
ORIX Corporation	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
Triodos Microfinance Fund	10,938,339	10,938,339	2.5252%	10,938,339	10,938,339	2.5252%
Triodos Fair Share Fund	9,354,157	9,354,157	2.1595%	9,354,157	9,354,157	2.1595%
Triodos Sustainable Finance Foundation	6,508,636	6,508,636	1.5026%	6,508,636	6,508,636	1.5026%
Public Shareholders	21,671,386	21,671,386	5.0031%	4,344,865	4,344,865	1.0031%
	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>
		<u>1,764,706,139</u>			<u>1,752,144,412</u>	

*In KHR000 equivalent (Note 5)*

##### 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### **26. Share capital and share premium (continued)**

On 25 May 2020, the Bank was successfully listed on the 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 (KHR47,749,651 thousand). On 23 November 2020, the shareholders approved the amendment to the Memorandum of Association ("MAA") relating capital increase from IPO. The MAA was subsequently approved by the NBC and MOC on 29 March 2021 and on 12 May 2021, respectively.

On 15 June 2021, 11,488 actual shareholders of ASA Plc., one of the institutional shareholders of the Bank, has legalized all its share holdings of 107,204,547 shares or 24.7492% of the Bank's outstanding shares in accordance with the relevant measures, laws and regulations of SERC. After legalization, 4% of the Bank's share capital or 17,326,521 were floated on the CSX. The remaining 20.7492% legalized shares shall be maintained by ASA Plc. in accordance with the set plan.

On 7 May 2021, the Bank declared to distribute cash dividends amounting to US\$42,493,293 against the Bank's unrestricted earnings to all shareholders as at 31 December 2020 through the letter No. 784.21 SERC. The NBC approved the dividend declaration last 26 May 2021 through the Letter No. B7-021-802 Chhor. Tor.

Pursuant to the Letter No. B7-021-1896 Chhor. Tor, issued by the NBC last 12 November 2021, the dividends due to the public shareholders floating on the CSX amounting to US\$2,125,964 were paid and distributed. Subsequently, on 29 December 2021, the Bank paid the remaining dividends due to the remaining shareholders amounting to US\$ 40,367,329 in accordance with the letter No. B7-021-2919 Chhor. Tor, issued by the NBC.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 27. Interest income

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Loans and advances	570,983,956	512,683,813	2,322,762,733	476,367,776	2,174,687,761	1,942,151,423
Financial investments	936,577	1,464,244	3,809,995	1,464,244	3,809,995	5,969,723
Deposits and placements with other banks:						
- National Bank of Cambodia	115,472	-	469,740	-	448,489	-
- Banks outside Cambodia	185,788	527,686	755,786	534,098	915,671	2,177,519
- Banks inside Cambodia	1,577,960	418,733	6,419,141	373,223	6,365,003	1,521,628
	<u>573,799,753</u>	<u>515,094,476</u>	<u>2,334,217,395</u>	<u>478,739,341</u>	<u>2,186,226,919</u>	<u>1,951,820,293</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 28. Interest expense

	The Group			The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)	2021 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:							
Fixed deposits	11,770,286	8,190,938	47,881,523	7,147,400	10,291,316	33,394,454	41,865,073
Savings deposits	51,776	38,667	210,625	23,553	27,064	157,645	110,096
Current accounts	624	-	2,538	-	624	-	2,538
Deposits from customers:							
Fixed deposits	109,065,875	87,880,604	443,679,980	83,847,163	105,064,465	358,289,223	427,402,244
Savings deposits	6,813,160	6,003,502	27,715,935	4,700,755	5,920,655	24,476,278	24,085,225
Current accounts	183,630	47,316	747,007	47,316	183,544	192,907	746,657
Subordinated debts	11,639,736	12,058,447	47,350,446	12,058,447	11,639,736	49,162,288	47,350,447
Borrowings	30,895,566	34,448,590	125,683,162	30,155,737	28,275,232	140,446,901	115,023,644
Interest expenses on lease	1,950,159	2,109,253	7,933,247	1,875,776	1,761,254	8,599,425	7,164,781
	<u>172,370,812</u>	<u>150,777,317</u>	<u>701,204,463</u>	<u>139,856,147</u>	<u>163,163,890</u>	<u>614,719,121</u>	<u>663,750,705</u>
							<u>570,193,511</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 29. Fee and commission income

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Commission fees	15,174,445	16,297,957	61,729,642	66,446,771	14,668,998	15,848,285
ATM Fee	8,906,289	7,260,221	36,230,784	29,599,921	8,813,098	7,178,009
Early loan redemption fees	7,277,983	6,762,569	29,606,835	27,570,994	5,442,670	5,382,843
Commission fee collected for assurance agency	3,690,039	4,367,568	15,011,079	17,806,575	3,513,034	4,155,100
Deposit fee charged	1,964,031	1,462,641	7,989,678	5,963,187	1,820,090	1,341,315
Training fees	1,250,323	1,101,889	5,086,314	4,492,401	25,709	26,417
Fee income from guarantee	639,330	1,059,745	2,600,794	4,320,580	638,162	1,057,581
Others	4,033,921	7,462,575	16,409,991	30,424,919	3,903,959	7,364,544
	<u>42,936,361</u>	<u>45,775,165</u>	<u>174,665,117</u>	<u>186,625,348</u>	<u>38,825,720</u>	<u>42,354,094</u>
						<u>157,943,029</u>
						<u>172,677,641</u>

Settlement fees amounting to KHR4,401,000 (equivalent to US\$1,080) and US\$6,042 ( 2020: KHR6,073,600 (equivalent to US\$1,502) and US\$12,169) for operations of cash settlement agents were recognized during the year.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 30. Other income, net

	The Group				The Bank			
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
Foreign exchange gain	11,397,133	9,834,586	46,363,537	40,095,607	11,375,592	9,820,545	46,275,908	40,038,362
Recovery from loans and advances written off	6,810,858	6,403,750	27,706,570	26,108,089	5,529,589	5,460,909	22,494,368	22,264,126
Dividends on Fair value through P&L	116,614	174,479	474,386	711,351	116,614	174,479	474,386	711,351
Gain on disposals of property and equipment and lease	248,023	369,528	1,008,958	1,506,566	253,426	326,299	1,030,937	1,330,321
Others	1,388,989	1,569,015	5,650,407	6,396,874	1,103,631	880,516	4,489,571	3,589,864
	<u>19,961,617</u>	<u>18,351,358</u>	<u>81,203,858</u>	<u>74,818,487</u>	<u>18,378,852</u>	<u>16,662,748</u>	<u>74,765,170</u>	<u>67,934,024</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 31. General and administrative expenses

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Salaries and wages	111,169,213	104,491,311	452,236,358	102,884,051	95,451,391	418,532,319
Other employee expense	42,248,544	35,479,412	171,867,077	42,150,869	34,870,101	171,469,735
Depreciation charges	20,413,591	21,249,218	83,042,488	18,155,229	19,181,151	73,855,472
Repair and maintenance	11,921,630	11,581,510	48,497,191	11,376,145	11,053,765	46,278,158
Depreciation of right-of-use assets	11,525,175	10,627,120	46,884,412	10,716,809	9,770,638	43,595,979
Seniority indemnity (Note 25(c))	8,080,729	6,563,719	32,872,406	7,896,158	6,378,738	32,121,571
Utilities	5,337,469	5,203,989	21,712,824	4,996,194	4,812,487	20,324,517
Office supplies	4,901,755	5,280,235	19,940,339	4,423,139	4,677,362	17,993,329
Communication	4,029,252	3,717,757	16,390,997	3,013,076	2,755,106	12,257,193
Amortisation charges	3,889,960	3,667,583	15,824,357	3,477,382	3,339,510	14,145,990
Retirement benefit (Note 25(a))	2,029,831	1,697,381	8,257,353	1,958,715	1,577,677	7,968,053
Travelling expenses	1,762,137	2,011,396	7,168,373	1,578,850	1,733,487	6,422,762
Career development expense (Note 25(b))	1,574,658	1,312,641	6,405,709	1,561,783	1,312,641	6,353,333
License fees	1,107,614	1,175,271	4,505,774	1,077,753	1,135,316	4,384,299
Others	13,513,413	11,867,677	54,972,564	12,203,074	10,054,387	49,642,105
	<b>243,504,971</b>	<b>225,926,220</b>	<b>990,578,222</b>	<b>227,469,227</b>	<b>208,103,757</b>	<b>925,344,815</b>
						<b>848,439,017</b>

As of 31 December 2021, there were salaries and wages expenses of ACLEDA Bank's staff who are responsible for operation of cash settlement agent amounting to US\$50,537 (2020: US\$35,701).

As of 31 December 2021, above expenses include costs incurred for operation of cash settlement agent, consisting of office supplies amounting to US\$271, furniture and fixtures amounting to US\$730 and membership fees amounting to US\$12,682 (KHR51,666,667) (2020: 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)).



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 32. Taxation (continued)

#### (b) Income tax expense

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current income tax	36,171,767	34,897,719	147,146,748	142,278,000	34,415,103	140,000,639
Deferred tax expense	1,907,302	3,645,153	7,758,905	14,861,291	5,162,230	20,999,952
	<u>38,079,069</u>	<u>38,542,872</u>	<u>154,905,653</u>	<u>157,139,291</u>	<u>39,577,333</u>	<u>161,000,591</u>
						<u>132,463,128</u>
						<u>5,388,963</u>
						<u>137,852,091</u>

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 KHR'000 (Note 5)
Profit before income tax	204,753,417	180,035,462	832,936,902	734,004,580	201,662,184	820,361,765
Tax calculated at domestic tax rates applicable to profits in the respective countries	40,780,879	36,455,146	165,896,616	148,627,630	40,332,437	164,072,354
Effect of non-deductible expense	(2,701,810)	2,087,726	(10,990,963)	8,511,661	(755,104)	(3,071,763)
	<u>38,079,069</u>	<u>38,542,872</u>	<u>154,905,653</u>	<u>157,139,291</u>	<u>39,577,333</u>	<u>161,000,591</u>
						<u>701,873,143</u>
						<u>140,374,628</u>
						<u>(2,522,537)</u>
						<u>137,852,091</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 32. Taxation (continued)

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

Having been successfully listed on the CSX, the Bank is entitled to a reduction of 50% on the tax on profit for a period of 3 years after listing (proportion based on percentage of listed shares taking 20.0001% as a base in accordance with the Prakas No. 183 on the implementation guidance on the incentive on tax on profit for the IPO enterprise) and waiver of other tax liabilities, including tax on profit and withholding taxes for the period from year N-3 to N-10, where N is the IPO year ("N-3 to N-10"), in accordance with the Sub-decree No. 01 of the Royal Government of Cambodia ("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 submit to the GDT through the Securities and Exchange Regulator of Cambodia ("SERC") in order to be granted tax incentives.

On 28 May 2020, the Bank submitted a letter to the SERC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive related to the waiver of the Bank's tax liabilities for the period from N-3 to N-10. Subsequently, on 20 October 2020, the SERC submitted a letter to the GDT requesting for a written approval for 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.

On 08 January 2021, the Bank received a letter of approval from the GDT for the temporary postponement of the Bank's prepayment of profit tax from November 2020 until the end of the tax incentive period.

On 09 August 2021, the Bank received a letter of approval from the GDT regarding the request for the Bank's tax incentive on the waiver of income tax for 3 years beginning from 2020 to 2022 in accordance with Prakas No.183 and its annex on the implementing guidelines on the incentive on tax on income for IPO enterprises.

##### d) Other tax matters

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 33. Earnings per share

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

	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Profit attributable to shareholders	166,913,038	141,492,590	679,002,240	576,865,289
Weighted average numbers of shares	433,163,019	431,441,693	433,163,019	431,441,693
Basic earnings per share	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>
Diluted earnings per share	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>

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



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 34. Cash and cash equivalents

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Cash on hand (Note 7)	450,375,149	412,759,051	1,834,828,357	439,465,980	1,790,384,403	1,621,301,230
Deposits and placements with other banks:						
<i>Balances with the National Bank of Cambodia:</i>						
- Current accounts	321,108,866	284,119,485	1,308,197,520	290,477,440	1,183,405,091	1,068,679,142
- Negotiable certificate of deposits, maturities of three months or less	785,100,840	552,146,123	3,198,500,822	785,100,840	3,198,500,822	2,233,431,068
<i>Balances with other banks:</i>						
- Current accounts	215,243,320	246,463,022	876,901,286	210,920,130	859,288,610	970,943,391
- Fixed deposits, maturities of three months or less	31,411,122	1,617,823	127,968,911	32,416,478	132,064,730	2,033,332
	<u>1,803,239,297</u>	<u>1,497,105,504</u>	<u>7,346,396,896</u>	<u>1,758,380,868</u>	<u>7,163,643,656</u>	<u>5,896,388,163</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 35. Commitment and contingencies

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

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 US\$	2020 KHR'000 (Note 5)
Unused portion of overdrafts	146,104,629	120,937,607	595,230,259	489,192,620	145,914,488	594,455,624
Bank guarantees	49,271,411	47,038,166	200,731,728	190,269,381	49,074,212	199,928,340
Letters of credit	9,713,537	7,862,818	39,572,950	31,805,099	9,713,537	39,572,950
Forward foreign exchange	300,030	-	1,222,322	-	300,030	1,222,322
	<u>205,389,607</u>	<u>175,838,591</u>	<u>836,757,259</u>	<u>711,267,100</u>	<u>205,002,267</u>	<u>835,179,236</u>
						<u>707,079,923</u>

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### (b) Capital expenditure commitments

	The Group		The Bank					
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Not later than 1 year	9,727,971	4,601,832	39,631,754	18,614,410	9,339,591	4,589,155	38,049,494	18,563,132
Later than 1 but not later than 5 years	54,019	146,498	220,073	592,584	-	-	-	-
	9,781,990	4,748,330	39,851,827	19,206,994	9,339,591	4,589,155	38,049,494	18,563,132

The balances of these commitments are related to the purchases of property and equipment and intangible assets of the Bank amounting to US\$9,339,591, the construction contract to build AIB's building and purchases of other equipment amounting to US\$4,254, the purchases of computer software of ABL amounting to US\$54,019 and data backup system dell for DC and DR, upgrade IBM and QR/Laos ATM pool project phase 2 (Us-On-Them) amounting to US\$384,126.

##### (c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026. As at 31 December 2021, it was remained US\$8,443,468 due to repayment.

The Bank has made allowance for impairment loss of US\$129,331 (2020: US\$370,448) with respect to this guarantee.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 36. Reserves

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves		Total
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2021</b>	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
<b>Other comprehensive income:</b>											
Other comprehensive income-currency translation difference	-	-	-	-	-	-	-	-	5,081,893	-	5,081,893
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	-	-	-	5,081,893	-	5,081,893
<b>Transactions with owners:</b>											
Transfers from retained earnings to general reserves	64,103,889	260,774,620	(64,103,889)	(260,774,620)	-	-	-	-	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	100,484,437	408,770,690	-	-	-	-	-	100,484,437	408,770,690
Reserve NCI	-	-	-	-	-	-	3,028,319	12,319,202	-	3,028,319	12,319,202
Currency translation difference - foreign subsidiaries	-	-	-	-	(13,697,248)	(55,720,405)	-	-	-	(13,697,248)	(55,720,405)
Currency translation differences	-	13,730,650	-	2,089,585	-	(709,778)	-	18,169	(856,088)	-	14,272,538
<b>Total transactions with owners:</b>	64,103,889	274,505,270	36,380,548	150,085,655	(13,697,248)	(56,430,183)	3,028,319	12,337,371	(856,088)	89,815,508	379,642,025
<b>As at 31 December 2021</b>	524,311,587	2,136,045,406	100,908,300	411,100,413	(35,338,462)	(143,968,894)	3,028,319	12,337,371	17,918,619	592,909,744	2,433,432,915

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 36. Reserves (continued)

	The Group							Total			
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves		
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$		KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2020</b>	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
<i>Other comprehensive income:</i>											
Other comprehensive income-currency translation difference	-	-	-	-	-	-	-	-	(8,160,026)	-	(8,160,026)
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	-	-	-	(8,160,026)	-	(8,160,026)
<i>Transactions with owners:</i>											
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)
<b>Total transactions with owners:</b>	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
<b>As at 31 December 2020</b>	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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 36. Reserves (continued)

	The Bank					
	General reserves		Regulatory reserves		Other reserves	
	US\$	KHR000 (Note 5)	US\$	KHR000 (Note 5)	KHR000 (Note 5)	Total US\$ KHR000 (Note 5)
<b>Balance at 1 January 2021</b>	455,413,631	1,842,148,137	55,327,925	223,801,459	13,408,214	510,741,556 2,079,357,810
<b>Other comprehensive income:</b>						
Other comprehensive income - currency translation difference	-	-	-	-	4,959,390	- 4,959,390
<b>Total other comprehensive income for the year</b>	-	-	-	-	4,959,390	- 4,959,390
<b>Transactions with owners:</b>						
Transfers from retained earnings to general reserves	55,327,925	225,073,999	(55,327,925)	(225,073,999)	-	- -
Transfer from retained earnings to regulatory reserves	-	-	97,140,004	395,165,536	-	97,140,004 395,165,536
Currency translation differences	-	13,538,963	-	1,855,383	(837,800)	- 14,556,546
<b>Total transactions with owners:</b>	55,327,925	238,612,962	41,812,079	171,946,920	(837,800)	97,140,004 409,722,082
<b>As at 31 December 2021</b>	510,741,556	2,080,761,099	97,140,004	395,748,379	17,529,804	607,881,560 2,494,039,282
<b>Balance at 1 January 2020</b>	388,464,324	1,582,992,120	37,245,288	151,774,549	17,601,987	425,709,612 1,752,368,656
<b>Other comprehensive income:</b>						
Other comprehensive income - currency translation difference	-	-	-	-	(7,961,797)	- (7,961,797)
<b>Total other comprehensive income for the year</b>	-	-	-	-	(7,961,797)	- (7,961,797)
<b>Transactions with owners:</b>						
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)
<b>Total transactions with owners:</b>	66,949,305	259,156,009	18,082,637	72,026,910	3,768,024	85,031,942 334,950,943
<b>As at 31 December 2020</b>	455,413,629	1,842,148,129	55,327,925	223,801,459	13,408,214	510,741,554 2,079,357,802

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 37. 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 13	Subsidiaries
Shareholders as disclosed in Note 26	Shareholders
Key managements	The key managements are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all Directors of the Group and the Bank and members of senior management of the Group and the Bank.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (b) Related parties balances

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>i). Loans and advances</b>								
Key managements	14,570,028	13,988,651	59,358,294	56,584,093	13,904,162	12,996,169	56,645,556	52,569,504
Subsidiaries	-	-	-	-	-	6,440,590	-	26,052,187
	<u>14,570,028</u>	<u>13,988,651</u>	<u>59,358,294</u>	<u>56,584,093</u>	<u>13,904,162</u>	<u>19,436,759</u>	<u>56,645,556</u>	<u>78,621,691</u>
<b>ii). Balances with related parties</b>								
Shareholder	639,918	412,162	2,607,026	1,667,195	639,918	412,162	2,607,026	1,667,195
Subsidiaries	-	-	-	-	1,005,356	502,678	4,095,820	2,033,333
	<u>639,918</u>	<u>412,162</u>	<u>2,607,026</u>	<u>1,667,195</u>	<u>1,645,274</u>	<u>914,840</u>	<u>6,702,846</u>	<u>3,700,528</u>
<b>iii). Receivables from/(payables to) related parties</b>								
Key managements deposit								
Other payables	(60,218)	(28,375)	(245,328)	(114,777)	(26,973)	(28,375)	(109,888)	(114,777)
Shareholders								
Other payables	(26,106)	(500)	(106,356)	(2,023)	(26,106)	(500)	(106,356)	(2,023)
Subsidiaries								
Other receivables	-	-	-	-	46,319	169,544	188,703	685,806
Other payables	-	-	-	-	(37,318)	(2,187)	(152,033)	(8,846)
	<u>(86,324)</u>	<u>(28,875)</u>	<u>(351,684)</u>	<u>(116,800)</u>	<u>(44,078)</u>	<u>138,482</u>	<u>(179,574)</u>	<u>560,160</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>iv). Deposits from related parties</b>						
Key managements	5,548,116	5,206,782	22,603,025	4,912,471	20,013,407	18,258,531
Shareholders						
Current accounts	11,095,171	12,867,384	45,201,727	11,095,171	45,201,727	52,048,568
Saving accounts	22,287	99,712	90,797	22,287	90,797	403,335
Fixed deposits	2,146,106	150,500	8,743,236	2,146,106	8,743,236	608,773
Subsidiaries						
Current accounts	-	-	-	2,555,788	10,412,280	6,622,571
Saving accounts	-	-	-	164,269	669,232	728,646
Fixed deposits	-	-	-	3,642,598	14,839,944	6,876,346
	<b>18,811,680</b>	<b>18,324,378</b>	<b>76,638,785</b>	<b>24,538,690</b>	<b>99,970,623</b>	<b>85,546,770</b>
<b>v). Borrowings from related parties</b>						
Shareholders	-	-	-	-	-	-

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### (c) Related parties transactions

	The Group			The Bank		
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>i). Interest income from related parties</b>						
Loans and advances to key managements	1,131,722	1,118,336	4,602,713	1,064,057	4,327,520	4,378,824
Deposit from shareholder	-	16,989	-	-	-	69,264
Deposits with subsidiary	-	-	-	39,303	159,845	27,397
Loan to subsidiary	-	-	-	167,205	680,023	1,601,462
	<u>1,131,722</u>	<u>1,135,325</u>	<u>4,602,713</u>	<u>1,270,565</u>	<u>5,167,388</u>	<u>6,076,947</u>
<b>ii). Fee and commission income from related parties</b>						
Shareholders	28,063	28,063	114,132	28,063	114,132	114,413
Subsidiaries	-	-	-	8,521	34,655	50,099
	<u>28,063</u>	<u>28,063</u>	<u>114,132</u>	<u>36,584</u>	<u>148,787</u>	<u>164,512</u>
<b>iii). Interest expenses to related parties</b>						
Deposits of key managements	158,999	147,282	646,649	143,482	583,541	553,265
Borrowing from shareholders	-	44,373	-	-	-	-
Deposits of shareholders	32,903	201,670	133,816	32,903	133,816	822,208
Deposits of subsidiaries	-	-	-	197,499	803,229	388,917
	<u>191,902</u>	<u>393,325</u>	<u>780,465</u>	<u>373,884</u>	<u>1,520,586</u>	<u>1,764,390</u>
<b>iv). Fee and remuneration expenses to related parties</b>						
Board of Directors	666,357	829,387	2,710,074	407,587	1,657,656	2,151,449
Key managements	9,016,472	7,682,706	36,669,992	7,418,959	30,172,906	24,423,419
Subsidiary	-	-	-	2,541,176	10,334,963	8,972,645
	<u>9,682,829</u>	<u>8,512,093</u>	<u>39,380,066</u>	<u>10,367,722</u>	<u>42,165,525</u>	<u>35,547,513</u>
<b>v). Other commitments</b>						
ECL on financial guarantee on AIB's debt from IFC	-	-	-	(241,116)	(980,619)	(317,578)

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

#### 38. Financial risk management

##### (a) Introduction and overview

The Group and the Bank is the leading and first listed bank in Cambodia and currently has the largest branch network and self-service units which offers multiple products and services to its customer such as credits, deposits, funds transfers, cash management, trade finance, ACLEDA card, credit and debit card, and digital services including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. As disclosed on Note 13, the Bank's four subsidiaries are as follows:

- a. ACLEDA Bank Lao Ltd.,
- b. ACLEDA Securities Plc.,
- c. ACLEDA Institute of Business, and
- d. ACLEDA MFI Myanmar Co., Ltd.

In the competitive business environment along with the rapid evolution and development of technology and difference or change in laws and jurisdictions, the Group and the Bank need to have effective risk management in place in order to manage and ensure all risks are within the risk appetite and tolerance. This also provides reasonable assurance regarding the achievement of the Group's and the Bank's objectives.

The established risk management framework comprises of core components such as (1) effective governance and oversight by the Board of Directors and senior management; (2) effective implementation of risk appetite and tolerance; (3) effective implementation of risk management processes; and (4) effective technology and data infrastructure. It must be integrated into the day-to-day management of the business and operations to provide transparent and consistent management of risks across the Bank and the Group.

The Group and the Bank instil proactive risk management by embedding accountability and risk ownership culture in managing risks for all levels, which includes the Group's and the Bank's Board of Directors, senior management, and employees. This culture is supported by (1) the Bank's employee's policies (ethics and human resource management, code of conduct, conflict of interest, remuneration and nomination, whistle blower's protection, or detailed of misconduct etc.); (2) alignment of compensation policies with the Bank's risk appetite and tolerance limits; and (3) availability of risk management training throughout the Bank and the Group.

Risk management within the Bank and the Group is managed by a three-line model, supported by sufficient numbers of personnel skilled in the management of risks within all areas in the three-line model.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### (b) Objective and principles

The objectives of the Group's and the Bank's risk management are:

- To ensure risks are within the risk appetite and tolerance and to provide reasonable assurance regarding the achievement of objectives.
- To manage risk effectively and to identify the risk before it occurs and minimize the potential risk properly and timely.
- To manage risk in a way that optimally balances managing risk while adding value to the Group and the Bank.

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

The Bank's and the Group's risk appetite and tolerance statement is prepared in accordance with its business strategy and the role of the Bank in the financial system.

The Board of Directors approves the Bank's and the Group'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 defines risk categories in line with the categories identified by the Basel Committee on Banking Supervision "Basel" and the nature of the Bank's business context. The policy sets risk tolerance/internal targets per individual risk category.

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### (b) Objective and principles (continued)

The Group's and the Bank's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange rate risk, and interest rate risk. Equity risk and commodity risk are not applicable given that the Group and the Bank does not hold any equity and commodity position.), and liquidity risk.

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

#### a. Financial assets and financial liabilities measured at amortised cost

	The Group			The Bank				
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Financial assets</b>								
Cash on hand	450,375,149	412,759,051	1,834,828,357	1,669,610,361	439,465,980	400,816,126	1,790,384,403	1,621,301,230
Deposits and placements with other banks	577,117,298	534,653,146	2,351,175,872	2,162,671,976	543,426,920	507,629,407	2,213,921,272	2,053,360,951
Statutory deposits	415,456,960	360,377,008	1,692,571,655	1,457,724,997	412,986,454	356,753,756	1,682,506,814	1,443,068,943
Financial investments	800,894,722	566,520,994	3,262,845,098	2,291,577,421	800,894,722	566,520,994	3,262,845,098	2,291,577,421
Loans and advances, net	5,393,953,503	4,471,300,618	21,974,966,571	18,086,411,000	5,232,058,920	4,292,649,159	21,315,408,040	17,363,765,848
Other assets	7,720,538	6,921,852	31,453,472	27,998,891	6,801,988	6,923,222	27,711,299	28,004,433
<b>Total financial assets</b>	<b>7,645,518,170</b>	<b>6,352,532,669</b>	<b>31,147,841,025</b>	<b>25,695,994,646</b>	<b>7,435,634,984</b>	<b>6,131,292,664</b>	<b>30,292,776,926</b>	<b>24,801,078,826</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	483,740,992	317,009,459	1,970,760,801	1,282,303,262	455,606,835	296,764,554	1,856,142,246	1,200,412,621
Deposits from customers	5,232,278,693	4,294,286,048	21,316,303,395	17,370,387,064	5,126,926,990	4,180,268,737	20,887,100,557	16,909,187,041
Lease liabilities	27,874,940	28,617,902	113,562,506	115,759,414	25,371,736	25,772,385	103,364,452	104,249,297
Borrowings	608,488,803	542,398,916	2,478,983,383	2,194,003,615	583,641,056	507,352,916	2,377,753,662	2,052,242,545
Subordinated debts	156,492,941	167,158,623	637,552,242	676,156,630	156,492,941	167,158,623	637,552,242	676,156,630
Other liabilities	32,335,775	28,699,228	131,735,947	116,088,377	32,184,457	28,488,959	131,119,478	115,237,839
<b>Total financial liabilities</b>	<b>6,541,212,144</b>	<b>5,378,170,176</b>	<b>26,648,898,274</b>	<b>21,754,698,362</b>	<b>6,380,224,015</b>	<b>5,205,806,174</b>	<b>25,993,032,637</b>	<b>21,057,485,973</b>
<b>Net financial instruments</b>	<b>1,104,306,026</b>	<b>974,362,493</b>	<b>4,498,942,751</b>	<b>3,941,296,284</b>	<b>1,055,410,969</b>	<b>925,486,490</b>	<b>4,299,744,289</b>	<b>3,743,592,853</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### (b) Objective and principles (continued)

##### b. Financial assets and financial liabilities measured at fair value

	The Group			The Bank				
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Financial assets</b>								
Financial investments	189,670	153,529	772,715	621,025	189,670	153,529	772,715	621,025
Derivative financial instruments	-	-	-	-	-	-	-	-
<b>Total financial assets</b>	<u>189,670</u>	<u>153,529</u>	<u>772,715</u>	<u>621,025</u>	<u>189,670</u>	<u>153,529</u>	<u>772,715</u>	<u>621,025</u>
<b>Financial liabilities</b>								
Derivative financial instruments	506,158	-	2,062,088	-	506,158	-	2,062,088	-
<b>Total financial liabilities</b>	<u>506,158</u>	<u>-</u>	<u>2,062,088</u>	<u>-</u>	<u>506,158</u>	<u>-</u>	<u>2,062,088</u>	<u>-</u>
<b>Net financial instruments</b>	<u>(316,488)</u>	<u>153,529</u>	<u>(1,289,373)</u>	<u>621,025</u>	<u>(316,488)</u>	<u>153,529</u>	<u>(1,289,373)</u>	<u>621,025</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 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, commitment and guarantee, interbank transaction, settlement of transactions, foreign exchange transactions, bonds, equities and financial derivative instruments.

Principles of the credit risk:

- The Board of Directors recognises that the loan book is the main sources of income for the Group and the Bank and, conversely, also constitutes the greatest risk of losses.
- The Board of Directors considers that lending to the lower segments of the market of small business loans, provided the existing policies are implemented properly, carries a credit risk which is smaller than for larger loans as history has shown that losses due to default on these loans have been minimal. The Board of Directors considers the risk return equation favourable for loans provided to the lower segments in the market and considers this the core product of the Group and the Bank.
- The Board of Directors considers that the Management has freedom to adjust, adapt or develop existing products and product lines but requires that new product lines need to be approved by the Board of Directors.
- The day-to-day responsibility for the credit risk lies with the senior management of the Credit Sale Management Division and branches.
- The credit risk is regularly measured by calculating the ECL taking probability of customer defaults, exposure in the event of default and severity of LGD of the customer base where credit scoring is applied for.
- The Board of Directors requires that credit risk is spread across different sectors (like trade, agriculture, services, industrial, infrastructure etc.) and products to avoid undue over exposure to one particular sector or industry.
- Systemic risk is the risk of system wide breakdown of the financial sector. The Board of Directors requires that credit risk on counterparty financial institutions should be subject to the same principles of the prudential assessment and controls as with other forms of lending and prudential position limits should be set to sufficiently protect the Group and 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 and IT Committee ("BRIC") and approved by the Board of Directors. The internal targets will be in line with the risk appetite of the Board of Directors.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

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

In order to maintain the credit growth in a prudent and reasonable way and to ensure the maintenance of portfolio quality, various control limits have been imposed to credit products, which must be strictly complied with:

- Loan exposure ratio: defined as the aggregate amount of loan assets in arrears > 30 days minus loan loss reserves divided by the net worth should be less than 25%.
- Ceilings on lending to sectors and by product to put limits on concentration risk.
- The maximum exposure to a single client or group of clients is up to 5% of the net worth.
- Counterparty financial institutions.

#### (a) Credit risk management

The Boards of Directors has delegated responsibility for oversight of credit risk to its BRIC. Credit Division is responsible for management of the credit risk based on the following:

- Separation of roles between the persons involved in dealing with the clients 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 Group and the Bank will maintain a diversified loan assets portfolio in terms of industry sector, geographical area, and currency and loan size.
- Loan analysis will strongly focus on the client's ability and willingness to repay the loan through character and cash flow based on assessment and in applying green-lining methodology.

The Group and the Bank's total exposure to a single client or group of clients (one obligor principle) acting in concert shall not exceed 5% of the Bank's net worth. "Exposure" includes the aggregate of (i) the face amount of the assets of the Borrower with respect to which such Person is the obligor and (ii) any claim of such



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(a) Credit risk management (continued)

Person against the Borrower comprising any commitment to provide funds or credit to, or on behalf of such Person including, but not limited to, loan guarantees, letters of credit and derivatives.

(b) Internal targets and mitigation policies

The Group and the Bank 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 manage limits and controls concentration of credit risk whenever they are identified. Large exposure is defined by the NBC as overall exposure to any individual beneficiary which exceeds 10% of the net worth.

The Bank is required, under the conditions of Prakas No. B7-06-226 of the NBC, to maintain at all times a maximum ratio of 20% between 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.

ACLEDA Bank Lao Ltd. is required, based on the letter No: 296 of the Bank of Lao P.D.R, to maintain at all times a maximum ratio of 25% 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 500% of the Bank's net worth. However, for ACLEDA MFI Myanmar Co., Ltd. there is no requirement by Financial Regulatory Department ("FRD").

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

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

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

For financial assets reflected in the 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

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

	The Group				The Bank			
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	450,375,149	412,759,051	1,834,828,357	1,669,610,361	439,465,980	400,816,126	1,790,384,403	1,621,301,230
Deposits and placements with other banks	577,117,298	534,653,146	2,351,175,872	2,162,671,976	543,426,920	507,629,407	2,213,921,272	2,053,360,951
Statutory deposits	415,456,960	360,377,008	1,692,571,655	1,457,724,997	412,986,454	356,753,756	1,682,506,814	1,443,068,943
Financial investments	801,084,392	566,674,523	3,263,617,813	2,292,198,446	801,084,392	566,674,523	3,263,617,813	2,292,198,446
Loans and advances, net	5,393,953,503	4,471,300,618	21,974,966,571	18,086,411,000	5,232,058,920	4,292,649,159	21,315,408,040	17,363,765,848
Other assets	7,720,538	6,921,852	31,453,472	27,998,891	6,801,988	6,923,222	27,711,299	28,004,433
	<u>7,645,707,840</u>	<u>6,352,686,198</u>	<u>31,148,613,740</u>	<u>25,696,615,671</u>	<u>7,435,824,654</u>	<u>6,131,446,193</u>	<u>30,293,549,641</u>	<u>24,801,699,851</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	146,104,629	120,937,607	595,230,259	489,192,620	145,914,488	120,108,962	594,455,624	485,840,751
Bank guarantees	49,271,411	47,038,166	200,731,728	190,269,381	49,074,212	46,831,662	199,928,340	189,434,073
Letters of credit	9,713,537	7,862,818	39,572,950	31,805,099	9,713,537	7,862,818	39,572,950	31,805,099
Foreign exchange spot transactions	300,030	-	1,222,322	-	300,030	-	1,222,322	-
	<u>205,389,607</u>	<u>175,838,591</u>	<u>836,757,259</u>	<u>711,267,100</u>	<u>205,002,267</u>	<u>174,803,442</u>	<u>835,179,236</u>	<u>707,079,923</u>
<b>Total maximum credit risk exposure</b>	<u>7,851,097,447</u>	<u>6,528,524,789</u>	<u>31,985,370,999</u>	<u>26,407,882,771</u>	<u>7,640,826,921</u>	<u>6,306,249,635</u>	<u>31,128,728,877</u>	<u>25,508,779,774</u>

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank as at 31 December 2021 and 2020, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

As shown above, 68.70% for the Group and 68.48% for the Bank of total maximum exposure is derived from loans and advances to customers (2020: 68.49% and 68.07% for the Group and for the Bank respectively).

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. Significant credit risk exposure is arising from loans and advances, net. In order to mitigate the exposure of credit risk arising from loans and advances, net, all loan size limits must not exceed 75% of estimated saleable value of the pledged collateral, except for other loans authorized by Management Credit Committee wherein the loan to collateral value exceed 75%. As at 31 December 2021, approximately 96.45% (2020: 98.59%) of these loans and advances, net, are collateralised.

(d) Concentration of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group and the Bank analysed the concentration of credit risk by geographic purpose and industry sector on the succeeding pages:

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2021 and 31 December 2020 are as follows:

	The Group							Total US\$	
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$		Other US\$
<b>As at 31 December 2021</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	439,489,116	-	-	10,234,359	-	-	651,674	-	450,375,149
Deposits and placements with other banks	334,783,968	506,606	147,194	30,048,035	1,497,819	191,249,290	2,100,080	16,784,306	577,117,298
Statutory deposits	413,231,913	-	-	2,225,047	-	-	-	-	415,456,960
Financial investments	801,084,392	-	-	-	-	-	-	-	801,084,392
Loans and advances, net	5,232,061,387	-	-	144,546,013	-	-	17,346,103	-	5,393,953,503
Other assets	6,786,049	-	-	149,917	-	-	784,572	-	7,720,538
	<u>7,227,436,825</u>	<u>506,606</u>	<u>147,194</u>	<u>187,203,371</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>20,882,429</u>	<u>16,784,306</u>	<u>7,645,707,840</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitment	145,914,488	-	-	190,141	-	-	-	-	146,104,629
Bank guarantees	49,074,212	-	-	197,199	-	-	-	-	49,271,411
Letters of credit	9,713,537	-	-	-	-	-	-	-	9,713,537
Foreign exchange spot transactions	300,030	-	-	-	-	-	-	-	300,030
	<u>205,002,267</u>	<u>-</u>	<u>-</u>	<u>387,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,389,607</u>
<b>Total maximum credit risk exposure</b>	<u>7,432,439,092</u>	<u>506,606</u>	<u>147,194</u>	<u>187,590,711</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>20,882,429</u>	<u>16,784,306</u>	<u>7,851,097,447</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>30,279,756,861</u>	<u>2,063,913</u>	<u>599,668</u>	<u>764,244,557</u>	<u>6,102,115</u>	<u>779,149,607</u>	<u>85,075,016</u>	<u>68,379,263</u>	<u>31,985,371,000</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Group								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$	
<b>As at 31 December 2020</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
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
Statutory deposits	357,000,974	-	-	3,376,034	-	-	-	-	360,377,008
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances, net	4,286,426,601	-	-	140,902,367	-	-	43,971,650	-	4,471,300,618
Other assets	6,774,532	-	-	147,320	-	-	-	-	6,921,852
	<u>5,886,728,862</u>	<u>631,569</u>	<u>568,916</u>	<u>176,662,899</u>	<u>263,969</u>	<u>232,975,901</u>	<u>49,099,965</u>	<u>5,754,117</u>	<u>6,352,686,198</u>
<b>Credit exposure for off-balance sheet items:</b>									
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
	<u>174,803,442</u>	<u>-</u>	<u>-</u>	<u>1,035,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,838,591</u>
<b>Total maximum credit risk exposure</b>	<u>6,061,532,304</u>	<u>631,569</u>	<u>568,916</u>	<u>177,698,048</u>	<u>263,969</u>	<u>232,975,901</u>	<u>49,099,965</u>	<u>5,754,117</u>	<u>6,528,524,789</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>24,518,898,170</u>	<u>2,554,697</u>	<u>2,301,265</u>	<u>718,788,604</u>	<u>1,067,755</u>	<u>942,387,520</u>	<u>198,609,358</u>	<u>23,275,403</u>	<u>26,407,882,772</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank										Total US\$	
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$				
As at 31 December 2021												
Credit exposure for on-balance sheet financial assets:												
Cash on hand	439,465,980	-	-	-	-	-	-	-	-	-	-	439,465,980
Deposits and placements with other banks	332,288,876	506,606	147,194	999,595	1,497,819	191,249,290	46,770	16,690,770	-	-	-	543,426,920
Statutory deposits	412,986,454	-	-	-	-	-	-	-	-	-	-	412,986,454
Financial investments	801,084,392	-	-	-	-	-	-	-	-	-	-	801,084,392
Loans and advances, net	5,232,058,920	-	-	-	-	-	-	-	-	-	-	5,232,058,920
Other assets	6,761,025	-	-	-	-	-	40,963	-	-	-	-	6,801,988
	<u>7,224,645,647</u>	<u>506,606</u>	<u>147,194</u>	<u>999,595</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>87,733</u>	<u>16,690,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,435,824,654</u>
Credit exposure for off-balance sheet items:												
Unused portion of loan commitment	145,914,488	-	-	-	-	-	-	-	-	-	-	145,914,488
Bank guarantees	49,074,212	-	-	-	-	-	-	-	-	-	-	49,074,212
Letters of credit	9,713,537	-	-	-	-	-	-	-	-	-	-	9,713,537
Foreign exchange spot transactions	300,030	-	-	-	-	-	-	-	-	-	-	300,030
	<u>205,002,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,002,267</u>
Total maximum credit risk exposure	<u>7,429,647,914</u>	<u>506,606</u>	<u>147,194</u>	<u>999,595</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>87,733</u>	<u>16,690,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,640,826,921</u>
In KHR'000 equivalent (Note 5)	<u>30,268,355,602</u>	<u>2,063,913</u>	<u>599,668</u>	<u>4,072,350</u>	<u>6,102,115</u>	<u>779,149,607</u>	<u>357,424</u>	<u>67,998,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,128,728,876</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank										Total US\$	
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$				
<b>As at 31 December 2020</b>												
<b>Credit exposure for on-balance sheet financial assets:</b>												
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
Statutory deposits	356,753,756	-	-	-	-	-	-	-	-	-	-	356,753,756
Financial investments	566,674,523	-	-	-	-	-	-	-	-	-	-	566,674,523
Loans and advances, net	4,292,649,159	-	-	-	-	-	-	-	-	-	-	4,292,649,159
Other assets	6,756,356	-	-	-	-	-	166,866	-	-	-	-	6,923,222
	<u>5,891,094,341</u>	<u>631,569</u>	<u>568,916</u>	<u>499,861</u>	<u>263,969</u>	<u>232,975,901</u>	<u>213,739</u>	<u>5,197,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,131,446,193</u>
<b>Credit exposure for off-balance sheet items:</b>												
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
	<u>174,803,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,803,442</u>
<b>Total maximum credit risk exposure</b>	<u>6,065,897,783</u>	<u>631,569</u>	<u>568,916</u>	<u>499,861</u>	<u>263,969</u>	<u>232,975,901</u>	<u>213,739</u>	<u>5,197,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,306,249,635</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>24,536,556,532</u>	<u>2,554,697</u>	<u>2,301,265</u>	<u>2,021,938</u>	<u>1,067,755</u>	<u>942,387,520</u>	<u>864,574</u>	<u>21,025,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,508,779,774</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) at carrying amount as at 31 December 2021 and 31 December 2020 based on the industry sectors of the counterparty are as follows:

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Other US\$	
As at 31 December 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	450,375,149	-	-	-	-	-	-	450,375,149
Deposits and placements with other banks	577,117,298	-	-	-	-	-	-	577,117,298
Statutory deposits	-	-	-	-	-	-	415,456,960	415,456,960
Financial investments	-	-	-	-	-	-	801,084,392	801,084,392
Loans and advances, net	15,954,365	1,816,075,968	1,364,682,355	190,507,187	179,980,839	1,093,971,162	732,781,627	5,393,953,503
Other assets	2,183,722	-	-	-	-	-	5,536,816	7,720,538
	1,045,630,534	1,816,075,968	1,364,682,355	190,507,187	179,980,839	1,093,971,162	1,954,859,795	7,645,707,840
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	146,104,629	146,104,629
Bank guarantees	-	-	-	-	-	-	49,271,411	49,271,411
Letters of credit	-	-	-	-	-	-	9,713,537	9,713,537
Foreign exchange spot transactions	-	-	-	-	-	-	300,030	300,030
	-	-	-	-	-	-	205,389,607	205,389,607
Total maximum credit risk exposure	1,045,630,534	1,816,075,968	1,364,682,355	190,507,187	179,980,839	1,093,971,162	2,160,249,402	7,851,097,447
In KHR000 equivalent (Note 5)	4,259,898,796	7,398,693,494	5,559,715,914	776,126,280	733,241,938	4,456,838,514	8,800,856,064	31,985,371,000



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Other 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
Statutory deposits	-	-	-	-	-	-	360,377,008	360,377,008
Financial investments	566,520,994	-	-	-	-	-	153,529	566,674,523
Loans and advances, net	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
	<u>1,540,393,813</u>	<u>1,511,327,042</u>	<u>1,086,409,481</u>	<u>160,232,558</u>	<u>130,933,136</u>	<u>888,839,788</u>	<u>1,034,550,380</u>	<u>6,352,686,198</u>
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	<u>1,540,393,813</u>	<u>1,511,327,042</u>	<u>1,086,409,481</u>	<u>160,232,558</u>	<u>130,933,136</u>	<u>888,839,788</u>	<u>1,210,388,971</u>	<u>6,528,524,789</u>
In KHR000 equivalent (Note 5)	<u>6,230,892,974</u>	<u>6,113,317,885</u>	<u>4,394,526,351</u>	<u>648,140,697</u>	<u>529,624,535</u>	<u>3,595,356,942</u>	<u>4,896,023,388</u>	<u>26,407,882,772</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Other US\$	
As at 31 December 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	439,465,980	-	-	-	-	-	-	439,465,980
Deposits and placements with other banks	543,426,920	-	-	-	-	-	-	543,426,920
Statutory deposits	-	-	-	-	-	-	412,986,454	412,986,454
Financial investments	-	-	-	-	-	-	801,084,392	801,084,392
Loans and advances, net	15,954,365	1,748,609,961	1,327,649,187	183,090,996	173,294,202	1,063,792,710	719,667,499	5,232,058,920
Other assets	2,120,249	-	-	-	-	-	4,681,739	6,801,988
	1,000,967,514	1,748,609,961	1,327,649,187	183,090,996	173,294,202	1,063,792,710	1,938,420,084	7,435,824,654
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	145,914,488	145,914,488
Bank guarantees	-	-	-	-	-	-	49,074,212	49,074,212
Letters of credit	-	-	-	-	-	-	9,713,537	9,713,537
Foreign exchange spot transactions	-	-	-	-	-	-	300,030	300,030
	-	-	-	-	-	-	205,002,267	205,002,267
Total maximum credit risk exposure	1,000,967,514	1,748,609,961	1,327,649,187	183,090,996	173,294,202	1,063,792,710	2,143,422,351	7,640,826,921
In KHR'000 equivalent (Note 5)	4,077,941,652	7,123,836,981	5,408,842,788	745,912,718	706,000,579	4,333,891,501	8,732,302,658	31,128,728,877

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank									
	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, net	507,629,407	-	-	-	-	-	-	-	-	507,629,407
Statutory deposits	-	-	-	-	-	-	356,753,756	-	-	356,753,756
Financial investments	566,520,994	-	-	-	-	-	153,529	-	-	566,674,523
Loans and advances, net	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	1,008,197,959	-	-	6,131,446,193
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	1,183,001,401	-	-	6,306,249,635
In KHR000 equivalent (Note 5)	6,073,455,656	5,800,321,019	4,272,483,086	644,327,447	501,814,841	3,431,137,058	4,785,240,667	-	-	25,508,779,774

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

###### (e) Write-off policy

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

- a) All forms of securities or collateral have been called and realized but proceeds failed to cover the entire outstanding amount of the facility;
- b) The Group and the Bank are unable to collect, or there is no longer reasonable assurance that the Group and the Bank will collect all amounts due according to the contractual terms of the facility'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 Group and the Bank expect 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-month 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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Recognition of ECL*

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

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI
- Financial assets measured at FVPL.

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

The Group and the Bank measured ECL by using the general approach and the simplified approach.

The general approach consists of segregating the customers into three different stages according to the staging criteria by assessing the credit risk. 12-month ECL will be computed for stage 1, while lifetime ECL will be computed for stage 2 and stage 3. At each reporting date, the Group and the Bank will assess credit risk of each account as compared to the risk level at origination date.

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

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

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

Staging	Day Past Due	NBC’s Classification	Indicator	Default Indicator
1	LT* : $0 \leq \text{DPD} \leq 29$ ST** : $0 \leq \text{DPD} \leq 14$	Normal	-	Not Default / Performing
2	LT* : $30 \leq \text{DPD} \leq 89$ ST** : $15 \leq \text{DPD} \leq 30$	Special Mention	Hit SICR triggers	
3	LT* : $90 \leq \text{DPD} \leq 179$ ST** : $31 \leq \text{DPD} \leq 60$	Substandard	Hit NPL triggers	Default / Non-Performing
	LT* : $180 \leq \text{DPD} \leq 359$ ST** : $61 \leq \text{DPD} \leq 90$	Doubtful		
	LT* : $\text{DPD} \geq 360$ ST** : $\text{DPD} \geq 91$	Loss		

\*Long-term facilities; \*\* Short-term facilities.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Recognition of ECL (continued)*

ACLEDA Bank Lao Ltd.

Staging	Day Past Due	BOL's Classification	Indicator	Default Indicator
1	$0 \leq \text{DPD} \leq 30$	Normal	-	Not Default / Performing
2	$30 \leq \text{DPD} \leq 89$	Sub-standard	Hit SICR triggers	
3	$90 \leq \text{DPD} \leq 179$	Watch	Hit NPL triggers	Default / Non-performing
	$180 \leq \text{DPD} \leq 359$	Doubtful		
	$\text{DPD} \geq 360$	Loss		

ACLEDA MFI Myanmar Co., Ltd.

Staging	Day Past Due	Financial Regulatory Department's Classification	Indicator	Default Indicator
1	On time	Normal	-	Not Default / Performing
2	$0 \leq \text{DPD} \leq 30$	Sub-standard	Hit SICR triggers	
3	$31 \leq \text{DPD} \leq 60$	Watch	Hit NPL triggers	Default / Non-performing
	$61 \leq \text{DPD} \leq 90$	Doubtful		
	$\text{DPD} \geq 91$	Loss		

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Recognition of ECL (continued)*

*Credit classification for financial assets*

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p><b>3- SUB-STANDARD</b></p> <p>A facility in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position of the counterparty and his repayment capacity. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources such as the realization of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include:</p> <ul style="list-style-type: none"> <li>▪ Inability of the counterparty to meet the contractual repayments' terms,</li> <li>▪ Unfavourable economic and market conditions that would affect the business and profitability of the counterparty in the future,</li> <li>▪ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments.</li> <li>▪ Difficulties experienced by the counterparty in repaying other facilities granted by the bank or by other institutions when the information is available.</li> <li>▪ Breach of financial covenants by the counterparty.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due from 90 days to 179 days.</li> <li>- When interest payments for 90 to 179 days have been capitalized, refinanced, or rolled over into a new facility.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due for maximum 60 days.</li> <li>- When interest payments for maximum 60 days have been capitalized, refinanced, or rolled over into a new facility.</li> <li>- In case of overdrafts, excess of the approval limit is for maximum 60 days, or the current account has been inactive for maximum 60 days.</li> <li>- The overdraft that has had no net inflow for 60 days must be modified into a term loan.</li> </ul>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p><b>4- DOUBTFUL</b> A facility classified in this category faces similar but more severe weaknesses than one classified as Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.</p>	<ul style="list-style-type: none"> <li>- When any facility is past due from 180 days to 359 days.</li> <li>- When interest payment for 180 to 359 days have been capitalized or rolled over into a new facility.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due for maximum 90 days.</li> <li>- When interest payment for maximum 90 days have been capitalized or rolled over into a new facility.</li> <li>- In case of overdrafts, excess of the approval limit is for maximum 90 days, or the current account has been inactive for maximum 90 days.</li> </ul>
<p><b>5- LOSS</b> A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.</p>	<ul style="list-style-type: none"> <li>- When any facility is past due from 360 days.</li> <li>- When interest payment for 360 days or more have been capitalized or rolled over into a new facility.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due for maximum 180 days.</li> <li>- When interest payment for maximum 180 days have been capitalized or rolled over into a new facility.</li> <li>- In case of overdrafts, excess of the approval limit is for maximum 180 days, or the current account has been inactive for maximum 180 days.</li> </ul>

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

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

Loans and advances at amortised cost	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	5,275,035,464	-	-	5,275,035,464	4,375,262,025
Special mention	-	27,261,060	-	27,261,060	26,470,310
Substandard	-	-	32,401,734	32,401,734	32,985,705
Doubtful	-	-	36,344,207	36,344,207	50,125,889
Loss	-	-	57,532,112	57,532,112	21,799,236
	<u>5,275,035,464</u>	<u>27,261,060</u>	<u>126,278,053</u>	<u>5,428,574,577</u>	<u>4,506,643,165</u>
ECL allowance	(17,344,702)	(2,195,419)	(15,080,953)	(34,621,074)	(35,342,547)
Carrying amount	<u>5,257,690,762</u>	<u>25,065,641</u>	<u>111,197,100</u>	<u>5,393,953,503</u>	<u>4,471,300,618</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>21,419,832,165</u>	<u>102,117,421</u>	<u>453,016,985</u>	<u>21,974,966,571</u>	<u>18,086,411,000</u>
<b>The Bank</b>					
Normal	5,106,864,657	-	-	5,106,864,657	4,198,757,317
Special mention	-	24,833,478	-	24,833,478	23,945,494
Substandard	-	-	31,201,768	31,201,768	31,773,683
Doubtful	-	-	34,567,497	34,567,497	48,178,299
Loss	-	-	57,180,025	57,180,025	21,203,755
	<u>5,106,864,657</u>	<u>24,833,478</u>	<u>122,949,290</u>	<u>5,254,647,425</u>	<u>4,323,858,548</u>
ECL allowance	(6,781,999)	(1,696,685)	(14,109,821)	(22,588,505)	(31,209,389)
Carrying amount	<u>5,100,082,658</u>	<u>23,136,793</u>	<u>108,839,469</u>	<u>5,232,058,920</u>	<u>4,292,649,159</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>20,777,736,748</u>	<u>94,259,295</u>	<u>443,411,997</u>	<u>21,315,408,040</u>	<u>17,363,765,848</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Financial investments at amortised cost	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	801,084,392	-	-	801,084,392	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	801,084,392	-	-	801,084,392	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	801,084,392	-	-	801,084,392	566,520,994
<i>In KHR'000 equivalent (Note 5)</i>	3,263,617,813	-	-	3,263,617,813	2,291,577,421
<b>The Bank</b>					
Normal	801,084,392	-	-	801,084,392	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	801,084,392	-	-	801,084,392	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	801,084,392	-	-	801,084,392	566,520,994
<i>In KHR'000 equivalent (Note 5)</i>	3,263,617,813	-	-	3,263,617,813	2,291,577,421

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

*Credit classification for financial assets (continued)*

Cash and deposit and placement with other banks	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	1,027,971,610	-	-	1,027,971,610	947,994,641
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,027,971,610</u>	<u>-</u>	<u>-</u>	<u>1,027,971,610</u>	<u>947,994,641</u>
ECL allowance	(479,163)	-	-	(479,163)	(582,444)
Carrying amount	<u>1,027,492,447</u>	<u>-</u>	<u>-</u>	<u>1,027,492,447</u>	<u>947,412,197</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,186,004,229</u>	<u>-</u>	<u>-</u>	<u>4,186,004,229</u>	<u>3,832,282,337</u>
<b>The Bank</b>					
Normal	983,113,182	-	-	983,113,182	908,587,076
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>983,113,182</u>	<u>-</u>	<u>-</u>	<u>983,113,182</u>	<u>908,587,076</u>
ECL allowance	(220,282)	-	-	(220,282)	(141,543)
Carrying amount	<u>982,892,900</u>	<u>-</u>	<u>-</u>	<u>982,892,900</u>	<u>908,445,533</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,004,305,675</u>	<u>-</u>	<u>-</u>	<u>4,004,305,675</u>	<u>3,674,662,181</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

*Credit classification for financial assets (continued)*

Statutory deposits	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	415,456,960	-	-	415,456,960	360,377,008
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>415,456,960</u>	<u>-</u>	<u>-</u>	<u>415,456,960</u>	<u>360,377,008</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>415,456,960</u>	<u>-</u>	<u>-</u>	<u>415,456,960</u>	<u>360,377,008</u>
<i>In KHR'000 equivalent (Note4)</i>	<u>1,692,571,655</u>	<u>-</u>	<u>-</u>	<u>1,692,571,655</u>	<u>1,457,724,997</u>
<b>The Bank</b>					
Normal	412,986,454	-	-	412,986,454	356,753,756
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>412,986,454</u>	<u>-</u>	<u>-</u>	<u>412,986,454</u>	<u>356,753,756</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>412,986,454</u>	<u>-</u>	<u>-</u>	<u>412,986,454</u>	<u>356,753,756</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,682,506,814</u>	<u>-</u>	<u>-</u>	<u>1,682,506,814</u>	<u>1,443,068,943</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

*Credit classification for financial assets (continued)*

Other Asset	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	7,728,427	-	-	7,728,427	6,921,852
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>7,728,427</u>	<u>-</u>	<u>-</u>	<u>7,728,427</u>	<u>6,921,852</u>
ECL allowance	(7,889)	-	-	(7,889)	(199,393)
Carrying amount	<u>7,720,538</u>	<u>-</u>	<u>-</u>	<u>7,720,538</u>	<u>6,722,459</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,453,472</u>	<u>-</u>	<u>-</u>	<u>31,453,472</u>	<u>27,192,347</u>
<b>The Bank</b>					
Normal	6,807,418	-	-	6,807,418	6,923,222
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>6,807,418</u>	<u>-</u>	<u>-</u>	<u>6,807,418</u>	<u>6,923,222</u>
ECL allowance	(5,430)	-	-	(5,430)	(197,045)
Carrying amount	<u>6,801,988</u>	<u>-</u>	<u>-</u>	<u>6,801,988</u>	<u>6,726,177</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>27,711,299</u>	<u>-</u>	<u>-</u>	<u>27,711,299</u>	<u>27,207,386</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

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

###### *Credit classification for financial assets (continued)*

Financial guarantee contracts	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	49,271,411	-	-	49,271,411	47,038,166
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	49,271,411	-	-	49,271,411	47,038,166
ELC allowance	(15,324)	-	-	(15,324)	(154,907)
Carrying amount – fair value	49,256,087	-	-	49,256,087	46,883,259
<i>In KHR'000 equivalent (Note 5)</i>	200,669,298	-	-	200,669,298	189,642,783
<b>The Bank</b>					
Normal	57,517,680	-	-	57,517,680	56,978,543
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	57,517,680	-	-	57,517,680	56,978,543
ECL allowance	(144,625)	-	-	(144,625)	(525,324)
Carrying amount – fair value	57,373,055	-	-	57,373,055	56,453,219
<i>In KHR'000 equivalent (Note 5)</i>	233,737,826	-	-	233,737,826	228,353,271



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(g) Amounts arising from ECL

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

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

###### *Definition of default*

The 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 / non-performing facilities (“NPL”) definition for long-term facilities where original tenure is more than a year as follow:

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

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

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

- 3) In addition to the classification according to day past due information, the Bank also performs 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 and the Bank incorporate forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group and the Bank formulate 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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

##### *Incorporation of forward-looking information (continued)*

one downside. The base case is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting.

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

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments in accordance with each country and, 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 2021 included the following key indicators for Cambodia for the years ending 2022 to 2026:

Exposure	2022	2023	2024	2025	2026
<b>1- Small Loan</b>					
- Domestic credit to private sector (% of GDP)					
Base	118.82%	122.31%	123.98%	70.88%	70.88%
Upside	67.52%	71.01%	72.68%	19.58%	19.58%
Downside	170.11%	173.60%	175.27%	122.17%	122.17%
- Cambodia CPI All Items 2006=100					
Base	183.74	183.98	184.09	161.43	161.43
Upside	162.80	163.04	163.16	140.49	140.49
Downside	204.67	204.92	205.03	182.37	182.37

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Incorporation of forward-looking information (continued)*

Exposure	2022	2023	2024	2025	2026
<b>2- Medium Loan</b>					
- Domestic credit to private sector (% of GDP)					
Base	118.82%	122.31%	123.98%	76.69%	76.69%
Upside	65.36%	68.85%	70.52%	23.24%	23.24%
Downside	172.27%	175.76%	177.43%	130.14%	130.14%
- Credits (Exports) Year-on-Year Change					
Base	24.63%	24.93%	25.09%	15.20%	15.20%
Upside	38.29%	38.58%	38.74%	28.86%	28.86%
Downside	10.98%	11.27%	11.43%	1.55%	1.55%
<b>3- Overdraft</b>					
- Cambodia CPI All Items 2006=100					
Base	187.37	187.64	187.80	164.57	164.57
Upside	166.16	166.43	166.59	143.36	143.36
Downside	208.57	208.85	209.01	185.78	185.78
<b>4- Public Housing Loan</b>					
- GDP at Current Price, Industry (YOY, %)					
Base	8.97%	7.91%	7.09%	14.43%	14.43%
Upside	20.08%	19.01%	18.20%	25.54%	25.54%
Downside	-2.13%	-3.20%	-4.01%	3.32%	3.32%
- US 1 Year Treasury Yield Curve Rates					
Base	1.79%	1.73%	1.72%	0.80%	0.80%
Upside	0.08%	0.03%	0.02%	-0.90%	-0.90%
Downside	3.49%	3.44%	3.43%	2.51%	2.51%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

###### *Incorporation of forward-looking information (continued)*

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing available historical data over the past 7 years.

###### *Modified financial assets*

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 2(e)(iv).

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

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

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

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

##### *Loss allowance*

During the year, the allowance for/(reversal of) impairment loss recognised in profit or loss are as follows:

Type	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Deposit and placements with banks	(81,385)	(7,786)	(331,074)	(31,744)	78,820	96,083	320,640	391,730
Loans and advances to customers	13,797,947	20,852,357	56,130,048	85,015,059	429,538	16,204,462	1,747,360	66,065,592
Other assets	(174,588)	(50,540)	(710,224)	(206,051)	(191,604)	(52,869)	(779,445)	(215,547)
	13,541,974	20,794,031	55,088,750	84,777,264	316,754	16,247,676	1,288,555	66,241,775
Financial guarantee contracts	(139,449)	(54,156)	(567,279)	(220,794)	(380,569)	(132,082)	(1,548,155)	(538,498)
<b>Total</b>	<b>13,402,525</b>	<b>20,739,875</b>	<b>54,521,471</b>	<b>84,556,470</b>	<b>(63,815)</b>	<b>16,115,594</b>	<b>(259,600)</b>	<b>65,703,277</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

##### Loss allowance (continued)

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

Loans and advances at amortised cost	2021						2020		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
<b>The Group</b>									
As at 1 January	11,905,498	3,303,698	20,133,351	35,342,547	24,627,422	344,453	8,263,701	33,235,576	
Allowance for/(reversal of) impairment loss during the year	5,439,205	(1,108,279)	9,467,021	13,797,947	(12,721,922)	2,959,245	30,615,034	20,852,357	
Written off during the year	-	-	(11,393,716)	(11,393,716)	-	-	(18,676,459)	(18,676,459)	
Currency translation difference	-	-	(3,125,704)	(3,125,704)	-	-	(68,927)	(68,927)	
At 31 December	17,344,703	2,195,419	15,080,952	34,621,074	11,905,500	3,303,698	20,133,349	35,342,547	
<i>In KHR'000 equivalent (Note 5)</i>	70,662,320	8,944,137	61,439,799	141,046,256	48,157,748	13,363,458	81,439,397	142,960,602	

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

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

Loans and advances at amortised cost	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>The Bank</b>								
As at 1 January	10,839,155	2,906,941	17,463,293	31,209,389	24,066,137	286,202	7,837,241	32,189,580
Allowance for/(reversal of) impairment loss during the year	(4,057,156)	(1,210,256)	5,696,950	429,538	(13,226,982)	2,620,739	26,810,704	16,204,462
Written off during the year	-	-	(8,281,746)	(8,281,746)	-	-	(17,158,054)	(17,158,054)
Currency translation difference	-	-	(768,676)	(768,676)	-	-	(26,599)	(26,599)
At 31 December	6,781,999	1,696,685	14,109,821	22,588,505	10,839,155	2,906,941	17,463,293	31,209,389
<i>In KHR'000 equivalent (Note 5)</i>	27,629,865	6,912,295	57,483,411	92,025,571	43,844,382	11,758,576	70,639,020	126,241,978



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Measurement of ECL (continued)*

*Loss allowance (continued)*

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

Cash and deposit and placement with other banks	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
At 1 January	582,444	-	-	582,444	589,956
Allowance for/(reversal of ) impairment loss during the year	(81,385)	-	-	(81,385)	(7,786)
Currency translation difference	(21,896)	-	-	(21,896)	274
At 31 December	479,163	-	-	479,163	582,444
<i>In KHR'000 equivalent (Note 5)</i>	1,952,110	-	-	1,952,110	2,355,985
<b>The Bank</b>					
At 1 January	141,543	-	-	141,543	45,241
Allowance for impairment loss during the year	78,820	-	-	78,820	96,083
Currency translation difference	(81)	-	-	(81)	219
At 31 December	220,282	-	-	220,282	141,543
<i>In KHR'000 equivalent (Note 5)</i>	897,429	-	-	897,429	572,542
Other assets	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
At 1 January	199,393	-	-	199,393	295,027
Allowance for/(reversal of ) impairment loss during the year	(174,588)	-	-	(174,588)	(50,540)
Currency translation difference	(16,916)	-	-	(16,916)	(45,094)
At 31 December	7,889	-	-	7,889	199,393
<i>In KHR'000 equivalent (Note 5)</i>	32,140	-	-	32,140	806,545
<b>The Bank</b>					
At 1 January	197,045	-	-	197,045	295,009
Allowance for/(reversal of ) impairment loss during the year	(191,604)	-	-	(191,604)	(52,869)
Currency translation difference	(11)	-	-	(11)	(45,095)
At 31 December	5,430	-	-	5,430	197,045
<i>In KHR'000 equivalent (Note 5)</i>	22,122	-	-	22,122	797,047

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Measurement of ECL (continued)*

*Loss allowance (continued)*

Financial guarantee contracts	2021			2020	
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>The Group</b>					
At 1 January	154,907	-	-	154,907	207,479
Reversal of allowance for impairment loss during the year	(139,449)	-	-	(139,449)	(54,156)
Currency translation difference	(134)	-	-	(134)	1,584
At 31 December	15,324	-	-	15,324	154,907
<i>In KHR'000 equivalent (Note 5)</i>	62,430	-	-	62,430	626,599
<b>The Bank</b>					
At 1 January	525,324	-	-	525,324	655,822
Reversal of allowance for impairment loss during the year	(380,569)	-	-	(380,569)	(132,082)
Currency translation difference	(130)	-	-	(130)	1,584
At 31 December	144,625	-	-	144,625	525,324
<i>In KHR'000 equivalent (Note 5)</i>	589,202	-	-	589,202	2,124,936

(h) COVID-19 Outbreak and Impact on ECL

The COVID-19 outbreak on the economic growth resulting the economic variables that were used in the models were out of the bounds for which CIFRS 9 models had been built and recalibrated to operate. This resulted CIFRS 9 models not commensurate with the accurate outcomes under the COVID-19 condition. Hence, the post-model overlays based on a sensitive analysis and the Group's and the Bank's senior management's judgment were necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

The Management did not provide post-model overlays or adjustments as at 31 December 2021, since the recalibrated ECL models as the recalibrated models already considered the observed impacts of COVID-19. In addition, the Management assessed the current situation as better than the recent years since the infection and death cases are dropping sharply, coupled with the economic recovery measures taken by the government such as lifting travelling restrictions and lockdown on economic zones.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.1 Credit risk (continued)

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

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.

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 NBC, 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 the Group's and the Bank's senior management since COVID-19 outbreak in March 2020. In addition, the management made another review after the government is implementing an economic recovery plan since 1 November 2021, the country's success in rolling out its vaccination program and decrease in coronavirus infections and mortalities, but due to uncertainty of COVID-19 impact and new variants, the management decided to keep the same probabilities.

#### 38.2 Market risk

The Group and the Bank are exposed to market risks, which is the risk of changes in the level or volatility of market rates or prices such as interest rates, 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.
- (iii) Commodity risk and equity risk are not applicable at the moment given that the Group and the Bank does not hold any commodity or equity position.

The BRIC is established by the Board of Directors to assist in the effective discharge of its responsibilities for risk management and to regularly review Management's ability to assess and manage the Bank's risks. Market risks are managed based on the following principles and internal targets.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.2 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.
- 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 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 at 31 December 2021, the Group's and the Bank's derivative liabilities, net and financial investments designated as FVOCI are valued at fair value in accordance with the methods disclosed in Note 39 (2020: nil). The Group uses derivative financial instruments such as foreign exchange contract and interest rate swaps to hold its risk exposures.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.2 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 Group's and the Bank's interest rate risk arise from borrowings and subordinated debt. 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 on the next page 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

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

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2021</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	-	450,375,149
Deposits and placements with other banks, net	212,012,830	21,163,967	8,818,360	-	-	-	335,122,141
Statutory deposits	-	-	43,316,302	-	-	-	372,140,658
Financial investments	585,002,454	215,489,102	300,000	-	-	-	292,836
Loans and advances, net							
- Performing	138,605,200	281,871,786	929,583,060	3,224,506,978	727,729,500	-	5,302,296,524
- Non performing	-	-	-	-	-	-	126,278,053
- Loss allowance	-	-	-	-	-	-	(34,621,074)
Other assets	-	-	-	-	-	-	7,720,538
<b>Total financial assets</b>	<b>935,620,484</b>	<b>518,524,855</b>	<b>982,017,722</b>	<b>3,224,506,978</b>	<b>727,729,500</b>	<b>1,257,308,301</b>	<b>7,645,707,840</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions							
Deposits from customers	86,450,130	15,737,918	104,106,507	49,230,924	73,150,000	155,065,513	488,740,992
Lease liabilities	2,368,714,691	358,800,690	1,179,246,693	667,754,559	17,814,252	639,947,808	5,232,278,693
Borrowings	1,183,384	1,523,390	8,231,108	15,521,584	1,415,474	-	27,874,940
Subordinated debts	1,562,121	52,719,643	149,595,730	391,611,821	6,007,539	6,991,949	608,488,803
Derivative liabilities, net	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941
Other liabilities	-	-	-	-	-	506,158	506,158
<b>Total financial liabilities</b>	<b>2,457,910,326</b>	<b>428,781,641</b>	<b>1,469,928,500</b>	<b>1,216,414,275</b>	<b>133,465,899</b>	<b>32,335,775</b>	<b>6,541,718,302</b>
<b>Net interest sensitivity gap</b>	<b>(1,522,289,842)</b>	<b>89,743,214</b>	<b>(487,910,778)</b>	<b>2,008,092,703</b>	<b>594,263,601</b>	<b>422,090,640</b>	<b>1,103,989,538</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(6,201,808,814)</b>	<b>365,613,854</b>	<b>(1,987,748,510)</b>	<b>8,180,969,672</b>	<b>2,421,029,910</b>	<b>1,719,597,266</b>	<b>4,497,653,378</b>
Unused portion of overdrafts	-	-	-	-	-	-	146,104,629
Guarantees, acceptances and other financial facilities	-	-	-	-	-	-	58,984,948
Foreign exchange spot transactions	-	-	-	-	-	-	300,030
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,389,607</b>	<b>205,389,607</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>836,757,259</b>	<b>836,757,259</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2020</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	412,759,051	412,759,051
Deposits and placements with other banks, net	234,738,355	4,076,310	-	-	-	295,838,481	534,653,146
Statutory deposits	-	-	43,316,302	-	-	317,060,706	360,377,008
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances, net	114,672,830	239,865,582	845,044,589	2,744,589,864	454,249,545	-	4,398,422,410
- Performing	-	-	-	-	-	108,220,753	108,220,753
- Non performing	-	-	-	-	-	(35,342,545)	(35,342,545)
- Loss allowance	-	-	-	-	-	6,921,852	6,921,852
Other assets	-	-	-	-	-	1,105,621,882	6,352,686,198
<b>Total financial assets</b>	<b>915,549,627</b>	<b>243,941,892</b>	<b>888,733,388</b>	<b>2,744,589,864</b>	<b>454,249,545</b>	<b>1,105,621,882</b>	<b>6,352,686,198</b>
<b>Financial liabilities</b>							
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
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
Other liabilities	-	-	-	-	-	28,699,228	28,699,228
<b>Total financial liabilities</b>	<b>2,070,312,605</b>	<b>339,250,492</b>	<b>1,102,922,750</b>	<b>998,620,003</b>	<b>157,684,051</b>	<b>709,380,275</b>	<b>5,378,170,176</b>
<b>Net interest sensitivity gap</b>	<b>(1,154,762,978)</b>	<b>(95,308,600)</b>	<b>(214,189,362)</b>	<b>1,745,969,861</b>	<b>296,565,494</b>	<b>396,241,607</b>	<b>974,516,022</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(4,671,016,246)</b>	<b>(385,523,287)</b>	<b>(866,395,969)</b>	<b>7,062,448,088</b>	<b>1,199,607,423</b>	<b>1,602,797,300</b>	<b>3,941,917,309</b>
Unused portion of overdrafts	-	-	-	-	-	120,937,607	120,937,607
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,900,984	54,900,984
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,838,591</b>	<b>175,838,591</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>711,267,100</b>	<b>711,267,100</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

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

	The Bank							Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$		
<b>As at 31 December 2021</b>								
<b>Financial assets</b>								
Cash on hand	-	-	-	-	-	-	439,465,980	439,465,980
Deposits and placements with other banks, net	212,012,830	21,163,967	9,818,360	-	-	-	300,431,763	543,426,920
Statutory deposits	-	-	43,316,302	-	-	-	369,670,152	412,986,454
Financial investments	585,002,454	215,489,102	300,000	-	-	-	292,836	801,084,392
Loans and advances, net	130,886,839	269,263,205	882,736,880	3,130,584,424	718,226,787	-	122,949,290	5,131,698,135
- Performing	-	-	-	-	-	-	(22,588,505)	(22,588,505)
- Non performing	-	-	-	-	-	-	6,801,988	6,801,988
- Loss allowance	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>927,902,123</b>	<b>505,916,274</b>	<b>936,171,542</b>	<b>3,130,584,424</b>	<b>718,226,787</b>	<b>1,217,023,504</b>	<b>7,435,824,654</b>	<b>7,435,824,654</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	83,080,276	14,742,082	82,011,341	45,836,029	73,150,000	156,787,107	455,606,835	455,606,835
Deposits from customers	2,336,167,776	351,205,089	1,152,519,915	646,854,746	12,133,279	628,046,185	5,126,926,990	5,126,926,990
Lease liabilities	1,109,168	1,487,403	7,616,125	14,655,057	503,983	-	25,371,736	25,371,736
Borrowings	359,984	45,166,483	144,684,423	381,338,926	5,328,561	6,762,679	583,641,056	583,641,056
Subordinated debts	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941	156,492,941
Derivative liabilities, net	-	-	-	-	-	-	506,158	506,158
Other liabilities	-	-	-	-	-	-	32,184,457	32,184,457
<b>Total financial liabilities</b>	<b>2,420,717,204</b>	<b>412,601,057</b>	<b>1,415,580,266</b>	<b>1,180,980,145</b>	<b>126,194,457</b>	<b>824,657,044</b>	<b>6,380,730,173</b>	<b>6,380,730,173</b>
Net interest sensitivity gap	(1,492,815,081)	93,315,217	(479,408,724)	1,949,604,279	592,032,330	392,366,460	1,055,094,481	1,055,094,481
<i>In KHR'000 equivalent (Note 5)</i>	<b>(6,081,728,639)</b>	<b>380,166,194</b>	<b>(1,953,111,142)</b>	<b>7,942,687,834</b>	<b>2,411,939,712</b>	<b>1,598,500,957</b>	<b>4,298,454,916</b>	<b>4,298,454,916</b>
Unused portion of overdrafts	-	-	-	-	-	-	145,914,488	145,914,488
Guarantees, acceptances and other financial facilities	-	-	-	-	-	-	58,787,749	58,787,749
Foreign exchange spot transactions	-	-	-	-	-	-	300,030	300,030
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,002,267</b>	<b>205,002,267</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>835,179,236</b>	<b>835,179,236</b>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.2 Market risk (continued)

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

	The Bank						Total US\$
	Up to 1 month US\$	1-3 months US\$	3-12 months US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2020</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks, net	234,700,199	3,000,000	-	-	-	-	507,629,407
Statutory deposits	-	-	43,316,302	-	-	-	356,753,756
Financial investments	566,138,442	-	372,497	-	-	-	566,674,523
Loans and advances, net							
- 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
- Loss allowance	-	-	-	-	-	-	(31,209,389)
Other assets	-	-	-	-	-	-	6,923,222
<b>Total financial assets</b>	<b>906,777,907</b>	<b>223,918,625</b>	<b>831,641,709</b>	<b>2,656,562,739</b>	<b>451,329,271</b>	<b>1,061,215,942</b>	<b>6,131,446,193</b>
<b>Financial liabilities</b>							
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
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
Other liabilities	-	-	-	-	-	28,488,959	28,488,959
<b>Total financial liabilities</b>	<b>2,024,815,180</b>	<b>325,190,094</b>	<b>1,043,826,029</b>	<b>963,337,580</b>	<b>150,809,239</b>	<b>697,828,052</b>	<b>5,205,806,174</b>
Net interest sensitivity gap	(1,118,037,273)	(101,271,469)	(212,184,320)	1,693,225,159	300,520,032	363,387,890	925,640,019
<i>In KHR'000 equivalent (Note 5)</i>	<i>(4,522,460,769)</i>	<i>(409,643,092)</i>	<i>(858,285,574)</i>	<i>6,849,095,768</i>	<i>1,215,603,529</i>	<i>1,469,904,016</i>	<i>3,744,213,878</i>
Unused portion of overdrafts	-	-	-	-	-	-	120,108,962
Guarantees, acceptances and other financial facilities	-	-	-	-	-	-	54,694,480
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,803,442</b>
<i>In KHR'000 equivalent (Note 5)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>707,079,923</i>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

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

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

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

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

The Group’s and the Bank’s exposure to interest rate risk relates to borrowing of funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the statements of financial position or protecting interest expense through different interest rate cycles.

The Group’s and the Bank’s sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps to swap floating rate debt to fixed.

(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, Kyats 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 as at 31 December 2021 and 31 December 2020. Included in the table are the financial instruments at carrying amount by currency in US\$ equivalent.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.2 Market risk (continued)

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

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 31 December 2021</b>								
<b>Financial assets</b>								
Cash on hand	104,996,360	313,847,464	19,019,091	2,521,480	468,711	6,886,884	2,635,159	450,375,149
Deposits and placements with other banks, net	123,088,971	418,633,199	8,852,280	653,868	204,778	22,249,895	3,434,307	577,117,298
Statutory deposits	58,615,611	354,853,002	487,405	-	-	1,500,942	-	415,456,960
Financial investments	135,674,903	665,409,489	-	-	-	-	-	801,084,392
Loans and advances, net	745,538,515	4,463,834,854	22,716,994	-	-	144,517,036	17,346,104	5,393,953,503
Other assets	259,477	6,531,131	45,284	-	-	100,075	784,571	7,720,538
<b>Total financial assets</b>	<b>1,168,173,837</b>	<b>6,223,109,139</b>	<b>51,121,054</b>	<b>3,175,348</b>	<b>673,489</b>	<b>175,254,832</b>	<b>24,200,141</b>	<b>7,645,707,840</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	30,712,864	422,594,095	39,235	-	-	30,394,798	-	483,740,992
Deposits from customers	1,062,782,876	4,025,376,336	47,919,130	3,673,210	-	90,755,162	1,771,979	5,232,278,693
Lease liabilities	-	27,300,127	85,027	-	-	284,429	205,357	27,874,940
Borrowings	41,579,492	550,414,881	-	-	-	12,626,264	3,868,166	608,488,803
Subordinated debts	-	156,492,941	-	-	-	-	-	156,492,941
Derivative liabilities, net	-	506,158	-	-	-	-	-	506,158
Other liabilities	4,475,095	27,576,400	44,762	70,327	8,413	56,104	104,674	32,335,775
<b>Total financial liabilities</b>	<b>1,139,550,327</b>	<b>5,210,260,938</b>	<b>48,088,154</b>	<b>3,743,537</b>	<b>8,413</b>	<b>134,116,757</b>	<b>5,950,176</b>	<b>6,541,718,302</b>
<b>Net on-balance sheet position</b>	<b>28,623,510</b>	<b>1,012,848,201</b>	<b>3,032,900</b>	<b>(568,189)</b>	<b>665,076</b>	<b>41,138,075</b>	<b>18,249,965</b>	<b>1,103,989,538</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>116,612,180</b>	<b>4,126,343,570</b>	<b>12,356,035</b>	<b>(2,314,802)</b>	<b>2,709,520</b>	<b>167,596,518</b>	<b>74,350,357</b>	<b>4,497,653,376</b>
Unused portion of overdrafts	3,566,395	142,242,343	105,750	-	-	190,141	-	146,104,629
Guarantees, acceptances and other financial facilities	6,173,865	49,588,423	2,511,491	69,027	-	195,836	446,306	58,984,948
Foreign exchange spot transactions	-	300,030	-	-	-	-	-	300,030
<b>Credit commitment</b>	<b>9,740,260</b>	<b>192,130,796</b>	<b>2,617,241</b>	<b>69,027</b>	<b>-</b>	<b>385,977</b>	<b>446,306</b>	<b>205,389,607</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>39,681,819</b>	<b>782,740,863</b>	<b>10,662,640</b>	<b>281,216</b>	<b>-</b>	<b>1,572,470</b>	<b>1,818,251</b>	<b>836,757,259</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.2 Market risk (continued)

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

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 31 December 2020</b>								
<b>Financial assets</b>								
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, net	78,882,898	431,103,914	4,323,331	1,200,340	78,488	15,945,738	3,118,437	534,653,146
Statutory deposits	43,584,672	313,941,072	662,559	-	-	2,188,705	-	360,377,008
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances net	605,355,296	3,663,522,729	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
<b>Total financial assets</b>	<b>863,786,339</b>	<b>5,224,433,602</b>	<b>44,850,825</b>	<b>4,167,842</b>	<b>305,108</b>	<b>166,561,705</b>	<b>48,580,777</b>	<b>6,352,686,198</b>
<b>Financial liabilities</b>								
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
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
Other liabilities	1,156,153	27,287,797	34,800	112,286	-	96,196	11,996	28,699,228
<b>Total financial liabilities</b>	<b>807,574,925</b>	<b>4,375,884,785</b>	<b>40,290,278</b>	<b>3,936,287</b>	<b>-</b>	<b>127,741,258</b>	<b>22,742,643</b>	<b>5,378,170,176</b>
<b>Net on-balance sheet position</b>	<b>56,211,414</b>	<b>848,548,817</b>	<b>4,560,547</b>	<b>231,555</b>	<b>305,108</b>	<b>38,820,447</b>	<b>25,838,134</b>	<b>974,516,022</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>227,375,170</b>	<b>3,432,379,965</b>	<b>18,447,413</b>	<b>936,640</b>	<b>1,234,162</b>	<b>157,028,708</b>	<b>104,515,251</b>	<b>3,941,917,309</b>
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
<b>Credit commitment</b>	<b>7,882,943</b>	<b>162,489,420</b>	<b>3,882,757</b>	<b>349,515</b>	<b>-</b>	<b>1,033,786</b>	<b>200,170</b>	<b>175,838,591</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>31,886,504</b>	<b>657,269,704</b>	<b>15,705,752</b>	<b>1,413,788</b>	<b>-</b>	<b>4,181,664</b>	<b>809,688</b>	<b>711,267,100</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.2 Market risk (continued)

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

	The Bank							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
<b>As at 31 December 2021</b>								
<b>Financial assets</b>								
Cash on hand	104,994,430	312,306,524	17,152,508	2,518,765	468,423	3,184	2,022,146	439,465,980
Deposits and placements with other banks, net	123,088,969	416,379,056	1,709,907	653,868	204,778	-	1,390,342	543,426,920
Statutory deposits	58,370,152	354,616,302	-	-	-	-	-	412,986,454
Financial investments	135,674,903	665,409,489	-	-	-	-	-	801,084,392
Loans and advances net	745,538,515	4,463,803,411	22,716,994	-	-	-	-	5,232,058,920
Other assets	254,977	6,547,005	6	-	-	-	-	6,801,988
<b>Total financial assets</b>	<b>1,167,921,946</b>	<b>6,219,061,787</b>	<b>41,579,415</b>	<b>3,172,633</b>	<b>673,201</b>	<b>3,184</b>	<b>3,412,488</b>	<b>7,435,824,654</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	30,712,864	423,731,401	1,162,570	-	-	-	-	455,606,835
Deposits from customers	1,063,261,483	4,022,664,585	37,327,712	3,673,210	-	-	-	5,126,926,990
Lease liabilities	-	25,371,736	-	-	-	-	-	25,371,736
Borrowings	41,579,492	542,061,564	-	-	-	-	-	583,641,056
Subordinated debts	-	156,492,941	-	-	-	-	-	156,492,941
Derivative liabilities, net	-	506,158	-	-	-	-	-	506,158
Other liabilities	4,473,925	27,499,541	44,762	70,327	8,413	-	87,489	32,184,457
<b>Total financial liabilities</b>	<b>1,140,027,764</b>	<b>5,198,327,926</b>	<b>38,535,044</b>	<b>3,743,537</b>	<b>8,413</b>	<b>-</b>	<b>87,489</b>	<b>6,380,730,173</b>
<b>Net on-balance sheet position</b>	<b>27,894,182</b>	<b>1,020,733,861</b>	<b>3,044,371</b>	<b>(570,904)</b>	<b>664,788</b>	<b>3,184</b>	<b>3,324,999</b>	<b>1,055,094,481</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>113,640,897</b>	<b>4,158,469,751</b>	<b>12,402,767</b>	<b>(2,325,863)</b>	<b>2,708,346</b>	<b>12,972</b>	<b>13,546,046</b>	<b>4,298,454,916</b>
Unused portion of overdrafts	3,566,395	142,242,343	105,750	-	-	-	-	145,914,488
Guarantees, acceptances and other financial facilities	6,173,865	49,587,060	2,511,491	69,027	-	-	446,306	58,787,749
Foreign exchange spot transactions	-	300,030	-	-	-	-	-	300,030
<b>Credit commitment</b>	<b>9,740,260</b>	<b>192,129,433</b>	<b>2,617,241</b>	<b>69,027</b>	<b>-</b>	<b>-</b>	<b>446,306</b>	<b>205,002,267</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>39,681,819</b>	<b>782,735,310</b>	<b>10,662,640</b>	<b>281,216</b>	<b>-</b>	<b>-</b>	<b>1,818,251</b>	<b>835,179,236</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.2 Market risk (continued)

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

	The Bank							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 31 December 2020</b>								
<b>Financial assets</b>								
Cash on hand	103,480,325	283,028,828	9,927,044	2,966,106	226,023	3,227	1,185,573	400,816,126
Deposits and placements with other banks, net	78,882,898	426,153,616	613,723	1,200,340	78,488	-	700,342	507,629,407
Statutory deposits	43,337,454	313,416,302	-	-	-	-	-	356,753,756
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances net	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
<b>Total financial assets</b>	<b>863,530,587</b>	<b>5,223,421,299</b>	<b>38,135,208</b>	<b>4,165,446</b>	<b>304,511</b>	<b>3,227</b>	<b>1,885,915</b>	<b>6,131,446,193</b>
<b>Financial liabilities</b>								
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
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
Other liabilities	1,150,276	27,196,955	29,335	112,286	-	-	107	28,488,959
<b>Total financial liabilities</b>	<b>807,838,331</b>	<b>4,360,577,722</b>	<b>33,453,727</b>	<b>3,936,287</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>5,205,806,174</b>
<b>Net on-balance sheet position</b>	<b>55,692,256</b>	<b>862,843,577</b>	<b>4,681,481</b>	<b>229,159</b>	<b>304,511</b>	<b>3,227</b>	<b>1,885,808</b>	<b>925,640,019</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>225,275,176</b>	<b>3,490,202,269</b>	<b>18,936,591</b>	<b>926,948</b>	<b>1,231,747</b>	<b>13,053</b>	<b>7,628,094</b>	<b>3,744,213,878</b>
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
<b>Credit commitment</b>	<b>7,882,943</b>	<b>162,488,057</b>	<b>3,882,757</b>	<b>349,515</b>	<b>-</b>	<b>-</b>	<b>200,170</b>	<b>174,803,442</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>31,886,504</b>	<b>657,264,191</b>	<b>15,705,752</b>	<b>1,413,788</b>	<b>-</b>	<b>-</b>	<b>809,688</b>	<b>707,079,923</b>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### 38.2 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.

#### 38.3 Liquidity risk

Liquidity risk is the risk that the Group and 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 Group and the Bank do not have enough cash and/or cash equivalents to meet the needs of depositors, borrowers, and contingent liabilities, 2) the sale of non-liquid assets are lower than market price, and 3) non-liquid assets would not be sold at the desired time due to the lack of buyers.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To the date of this report, 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 of savings, demand, and fixed deposits. This provides the Group of a large stable funding base.

(a) Liquidity risk management process

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

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

###### *Principles of the liquidity risk:*

- At all times the related senior management of the Treasury Department shall ensure that the Bank's operations can meet its current and future funding needs. The Treasury Department shall stress-test its liquidity position on a daily basis.
- The related senior management of Treasury Department has established a risk control framework and procedures to ensure it maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources such as deposits, borrowings, 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 daily liquidity as well as short, medium and long-term liquidity as these are key periods for liquidity management. The Treasury Department develops and implements stress tests on the projected cash flows. The outputs are used to inform the 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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

*Internal targets of the liquidity 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 for remedial actions and President & Group Managing Director for approval.
- Any change level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all 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 BRIC 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 funding plan (CFP) is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The objective of contingency funding plan is to ensure that the 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).

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

The purpose of the LCR aims at promoting short-term resilience of each institution's liquidity risk profile, ensuring that each institution has an adequate stock of unencumbered liquid assets that can be converted into cash at no or little loss of value in markets, to meet its liquidity needs for a 30-day liquidity stress scenario, and ensuring that prompt corrective actions are taken by the 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, deposits and placements of other banks and financial institutions and deposits from customers. The sources of liquidity are regularly reviewed via the Management's daily review of maturity of fixed deposits and key depositors. The Group's Borrowings and subordinated debts are also regularly reviewed via Management's daily 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.3 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\$
<b>As at 31 December 2021</b>							
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	238,883,378	17,035,757	68,100,968	44,653,019	77,109,999	102,019,369	547,802,490
Deposits from customers	2,965,874,002	381,917,125	482,724,667	778,874,470	735,598,466	23,202,988	5,368,191,718
Lease liabilities	1,150,095	1,482,259	3,022,972	5,639,302	18,225,873	3,894,237	33,414,738
Borrowings*	7,194,887	64,440,962	46,798,894	68,950,284	471,177,564	6,068,464	664,631,055
Subordinated debts*	-	-	19,239,375	18,516,339	114,689,065	43,707,138	196,151,917
Other liabilities	32,235,898	55,623	44,254	-	-	-	32,335,775
<b>Total financial liabilities</b> (contractual maturity dates)	<b>3,245,338,260</b>	<b>464,931,726</b>	<b>619,931,130</b>	<b>916,633,414</b>	<b>1,416,800,967</b>	<b>178,892,196</b>	<b>6,842,527,693</b>
<i>In KHR'000 equivalent (Note 5)</i>	<i>13,221,508,071</i>	<i>1,894,131,852</i>	<i>2,525,599,424</i>	<i>3,734,364,529</i>	<i>5,772,047,140</i>	<i>728,806,807</i>	<i>27,876,457,823</i>
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)	<b>1,968,771,765</b>	<b>400,717,892</b>	<b>472,608,558</b>	<b>798,717,463</b>	<b>4,005,355,596</b>	<b>1,356,446,240</b>	<b>9,002,617,514</b>
<i>In KHR'000 equivalent (Note 5)</i>	<i>8,020,776,171</i>	<i>1,632,524,692</i>	<i>1,925,407,265</i>	<i>3,253,974,944</i>	<i>16,317,818,698</i>	<i>5,526,161,982</i>	<i>36,676,663,752</i>
<b>As at 31 December 2020</b>							
<b>Financial liabilities</b>							
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
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
Other liabilities	28,620,226	63,785	12,677	2,540	-	-	28,699,228
<b>Total financial liabilities</b> (contractual maturity dates)	<b>2,740,235,511</b>	<b>348,023,523</b>	<b>366,852,476</b>	<b>776,525,323</b>	<b>1,227,308,516</b>	<b>207,953,623</b>	<b>5,666,898,972</b>
<i>In KHR'000 equivalent (Note 5)</i>	<i>11,084,252,642</i>	<i>1,407,755,151</i>	<i>1,483,918,265</i>	<i>3,141,044,932</i>	<i>4,964,462,947</i>	<i>841,172,405</i>	<i>22,922,606,342</i>
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)	<b>1,669,790,702</b>	<b>317,803,320</b>	<b>423,641,084</b>	<b>719,599,200</b>	<b>3,405,850,353</b>	<b>980,859,187</b>	<b>7,516,543,846</b>
<i>In KHR'000 equivalent (Note 5)</i>	<i>6,754,303,390</i>	<i>1,285,514,429</i>	<i>1,713,628,185</i>	<i>2,906,733,764</i>	<i>13,776,664,678</i>	<i>3,967,575,411</i>	<i>30,404,419,857</i>

\* The amounts included above for variable interest rate instruments for both non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.3 Liquidity risk (continued)

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

	The Bank						Total 5 years US\$	Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$		
<b>As at 31 December 2021</b>								
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	237,867,947	15,994,986	60,141,818	29,255,780	73,310,810	102,019,369	518,590,710	
Deposits from customers	2,922,833,830	373,643,928	471,830,877	760,423,264	710,238,362	14,692,424	5,253,662,685	
Lease liabilities	1,074,349	1,445,835	2,733,766	5,283,390	17,176,362	746,529	28,460,231	
Borrowings*	5,809,818	56,486,598	43,537,460	66,283,482	459,010,642	5,328,561	636,456,561	
Subordinated debts*	-	-	19,239,375	18,516,339	114,689,065	43,707,138	196,151,917	
Other liabilities	32,136,957	47,500	-	-	-	-	32,184,457	
<b>Total financial liabilities</b> (contractual maturity dates)	<b>3,199,722,901</b>	<b>447,618,847</b>	<b>597,483,295</b>	<b>879,762,255</b>	<b>1,374,425,241</b>	<b>166,494,021</b>	<b>6,665,506,560</b>	
<i>In KHR'000 equivalent (Note 5)</i>	<i>13,035,671,099</i>	<i>1,823,599,183</i>	<i>2,434,146,944</i>	<i>3,584,151,427</i>	<i>5,599,408,432</i>	<i>678,296,642</i>	<i>27,155,273,727</i>	
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)	<b>1,912,440,511</b>	<b>384,234,137</b>	<b>449,361,582</b>	<b>761,262,635</b>	<b>3,883,302,548</b>	<b>1,351,200,331</b>	<b>8,741,801,744</b>	
<i>In KHR'000 equivalent (Note 5)</i>	<i>7,791,282,642</i>	<i>1,565,369,874</i>	<i>1,830,699,085</i>	<i>3,101,383,975</i>	<i>15,820,574,581</i>	<i>5,504,790,148</i>	<i>35,614,100,305</i>	
<b>As at 31 December 2020</b>								
<b>Financial liabilities</b>								
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	
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	
Other liabilities	28,434,359	54,600	-	-	-	-	28,488,959	
<b>Total financial liabilities</b> (contractual maturity dates)	<b>2,685,520,422</b>	<b>332,387,482</b>	<b>338,851,712</b>	<b>739,706,483</b>	<b>1,185,280,835</b>	<b>197,074,370</b>	<b>5,478,821,304</b>	
<i>In KHR'000 equivalent (Note 5)</i>	<i>10,862,930,107</i>	<i>1,344,507,365</i>	<i>1,370,655,175</i>	<i>2,992,112,724</i>	<i>4,794,460,978</i>	<i>797,165,827</i>	<i>22,161,832,176</i>	
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)	<b>1,622,393,307</b>	<b>296,587,899</b>	<b>398,341,665</b>	<b>685,014,808</b>	<b>3,318,881,281</b>	<b>971,740,867</b>	<b>7,292,959,827</b>	
<i>In KHR'000 equivalent (Note 5)</i>	<i>6,552,580,927</i>	<i>1,199,698,051</i>	<i>1,611,292,035</i>	<i>2,770,884,898</i>	<i>13,424,874,782</i>	<i>3,930,691,807</i>	<i>29,500,022,500</i>	

\* The amounts included above for variable interest rate instruments for both non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.3 Liquidity risk (continued)

###### (d) Derivative financial instruments

The following table details the Group's and Bank's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. The amount payable or receivable is not fixed; the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of each reporting period.

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
<b>At 31 December 2021</b>						
Gross settled (interest rate swap - cash flow hedges)	-	(61,179)	(517,358)	(853,859)	-	(1,432,396)
- (inflow)	-	526,565	2,357,771	2,784,807	-	5,669,143
- outflow	-	465,386	1,840,413	1,930,948	-	4,236,747
<b>Net</b>	-	-	-	-	-	-
	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\$
<b>At 31 December 2020</b>						
Gross settled (interest rate swap - cash flow hedges)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- (inflow)	-	526,497	2,200,304	4,501,866	12,583	7,241,250
- outflow	-	470,592	1,703,236	3,479,603	5,014	5,658,445
<b>Net</b>	-	-	-	-	-	-

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.3 Liquidity risk (continued)

(d) Derivative financial instruments (continued)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
<b>At 31 December 2021</b>						
Gross settled (interest rate swap - cash flow hedges)	-	(61,179)	(517,358)	(853,859)	-	(1,432,396)
- (inflow)	-	526,565	2,357,771	2,784,807	-	5,669,143
- outflow	-	465,386	1,840,413	1,930,948	-	4,236,747
<b>Net</b>						

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
<b>At 31 December 2020</b>						
Gross settled (interest rate swap - cash flow hedges)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- (inflow)	-	526,497	2,200,304	4,501,866	12,583	7,241,250
- outflow	-	470,592	1,703,236	3,479,603	5,014	5,658,445
<b>Net</b>						

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.3 Liquidity risk (continued)

- (e) 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 it is committed to extend as credit to customers and other facilities (Note 35) are summarised in table below:

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
<b>At 31 December 2021</b>						
Unused portion of overdrafts	146,104,629	-	-	-	-	146,104,629
Bank guarantees	2,601,237	11,590,699	21,286,993	13,364,055	428,427	49,271,411
Letters of credit	2,996,982	4,658,039	2,058,516	-	-	9,713,537
Gross settled (Foreign exchange spot transactions - cash flow hedges)	(300,687)	-	-	-	-	(300,687)
- (inflow)	300,030	-	-	-	-	300,030
- outflow	(657)	-	-	-	-	(657)
Net						
<b>Total</b>	<b>151,702,191</b>	<b>16,248,738</b>	<b>23,345,509</b>	<b>13,364,055</b>	<b>428,427</b>	<b>205,088,920</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

(e) 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\$
<b>At 31 December 2020</b>						
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 (Foreign exchange spot transactions - cash flow hedges)	-	-	-	-	-	-
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
<b>Total</b>	<b>125,489,463</b>	<b>14,429,557</b>	<b>20,960,396</b>	<b>14,959,175</b>	<b>-</b>	<b>175,838,591</b>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

##### 38.3 Liquidity risk (continued)

- (e) 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\$
<b>At 31 December 2021</b>						
Unused portion of overdrafts	145,914,488	-	-	-	-	145,914,488
Bank guarantees	2,601,237	11,408,620	21,271,873	13,364,055	428,427	49,074,212
Letters of credit	2,996,982	4,658,039	2,058,516	-	-	9,713,537
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(300,687)	-	-	-	-	(300,687)
- outflow	300,030	-	-	-	-	300,030
Net	(657)	-	-	-	-	(657)
<b>Total</b>	<b>151,512,050</b>	<b>16,066,659</b>	<b>23,330,389</b>	<b>13,364,055</b>	<b>428,427</b>	<b>204,701,580</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

*i. Loan commitments and guarantee (continued)*

	The Bank						Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$		
<b>At 31 December 2020</b>							
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 (Foreign exchange spot transactions - cash flow hedges)	-	-	-	-	-	-	-
- (inflow)	-	-	-	-	-	-	-
- outflow	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
<b>Total</b>	<b>124,660,818</b>	<b>14,429,557</b>	<b>20,755,255</b>	<b>14,957,812</b>	<b>-</b>	<b>-</b>	<b>174,803,442</b>

*ii. Other financial facilities*

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 38. Financial risk management (continued)

#### 38.3 Liquidity risk (continued)

(f) COVID-19 pandemic and impact on liquidity

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

- The Bank has maintained the optimal level of fund or cash-on-hand for operations at headquarters, branches, and ATMs in order to deal with the unprecedented events which resulted from the COVID-19 pandemic;
- As part of the implementation of the contingency funding plan, the Bank has signed facility agreements with lenders for long-term loans (senior loans);
- Additionally, the Bank has communicated and negotiated with potential lenders for acquiring long-term loans (senior loans) for 2022 and 2023.

### 39. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities disclosed on Note 38. The Group and the Bank have an established framework and policies which provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

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

The valuation of financial instruments are determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### Determination of fair value

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

#### Determination of fair value (continued)

(a) Financial instruments measured at fair value

As at 31 December 2021, the Group and the Bank's derivative financial instruments are valued using the discounted cash flow method and are verified with the interest rate swap providers. Under the discounted cash flow method, future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

(b) Financial instruments not measured at fair value

As at the reporting date, the fair values of 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\$189,670 (2020: 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 these investments.

Bank's Investment in SWIFT amounting \$36,141 is the investment required by the SWIFT SCRL to all swift members, no dividend provided. So, the fair value of investment is the cost of this investment

- *Financial investments at amortised cost*

Financial investments at amortised cost include NCD with the NBC with maturities of less than one year. The fair value of financial investments approximates their carrying values at the reporting date due to the relatively short-term maturity of these instruments.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

*iii. Loans and advances*

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. 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.

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 approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

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

*v. Statutory deposits*

Capital guarantee and reserve requirement represents the minimum reserve required by NBC. These deposits, are not available for use in the Bank's day-to-day operations and are refundable should the Bank voluntarily ceases its operations in Cambodia. The fair value is the carrying amount as at reporting date.

*vi. Other assets and other liabilities*

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

vii. *Borrowings, subordinated debts and lease liabilities*

The fair value of borrowings, subordinated debts and lease liabilities are estimated by discounting their 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 believe that the effective 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 of the Group's and the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings, subordinated debts and lease liabilities approximates their carrying values at the reporting date.

#### 40. Capital risk management

The Group and 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 NBC;
- 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 NBC requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth of at least equal to the minimum capital, and iii) comply with solvency ratios, liquidity coverage ratios and other prudential ratios.

The table below summarises the composition of regulatory capital which follows the requirements of the NBC. These amounts are based on the consolidated and separate financial statements as at 31 December 2021 and for the year then ended.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 40. Capital risk management (continued)

	The Group			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Tier 1 capital</b>				
Share capital	433,163,019	433,163,019	1,764,706,139	1,752,144,412
Share premium	11,706,215	11,706,215	47,691,120	47,351,640
Retained earnings	163,933,025	143,767,688	667,863,144	581,540,298
General reserves based on NBC Prakas	524,576,552	460,472,664	2,137,124,873	1,862,611,926
Less: Intangible assets	(12,258,314)	(14,666,345)	(49,940,371)	(59,325,366)
Less: Loans to related parties	(14,570,028)	(20,429,241)	(59,358,294)	(82,636,280)
Less: Other losses	(35,338,456)	(21,641,208)	(143,968,870)	(87,538,686)
	<u>1,071,212,013</u>	<u>992,372,792</u>	<u>4,364,117,741</u>	<u>4,014,147,944</u>
<b>Tier 2 complementary capital</b>				
General provision based on NBC Prakas	55,234,927	46,043,738	225,027,093	186,246,920
Subordinated debts (*)	156,122,483	166,723,802	636,042,996	674,397,779
Less: Equity participation in banking or financial institutions	(2,010,000)	(2,010,000)	(8,188,740)	(8,130,450)
	<u>209,347,410</u>	<u>210,757,540</u>	<u>852,881,349</u>	<u>852,514,249</u>
	<u>1,280,559,423</u>	<u>1,203,130,332</u>	<u>5,216,999,090</u>	<u>4,866,662,193</u>

(\*) This represents subordinated debts approved by the National Bank of Cambodia and only represent the outstanding principal amount.

	The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
<b>Tier 1 capital</b>				
Share capital	433,163,019	433,163,019	1,764,706,139	1,752,144,412
Share premium	11,706,215	11,706,215	47,691,120	47,351,640
Retained earnings	156,341,550	138,414,769	636,935,475	559,887,741
General reserves based on NBC Prakas	510,741,556	455,413,629	2,080,761,099	1,842,148,129
Less: Intangible assets	(11,415,853)	(13,884,558)	(46,508,185)	(56,163,037)
Less: Loans to related parties	(13,904,162)	(19,436,759)	(56,645,556)	(78,621,690)
	<u>1,086,632,325</u>	<u>1,005,376,315</u>	<u>4,426,940,092</u>	<u>4,066,747,195</u>
<b>Tier 2 complementary capital</b>				
General provision based on NBC Prakas	53,690,830	44,467,660	218,736,441	179,871,685
Subordinated debts (*)	156,122,483	166,723,802	636,042,996	674,397,779
Less: Equity participation in banking or financial institutions	(71,312,716)	(71,310,571)	(290,528,005)	(288,451,260)
	<u>138,500,597</u>	<u>139,880,891</u>	<u>564,251,432</u>	<u>565,818,204</u>
	<u>1,225,132,922</u>	<u>1,145,257,206</u>	<u>4,991,191,524</u>	<u>4,632,565,399</u>

(\*) This represents subordinated debts approved by the National Bank of Cambodia and only represent the outstanding principal amount.



# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

### 41. Tax contingencies

On 24 December 2018, the Bank obtained a letter for tax reassessment for various tax matters for the financial years ended 2009 to 2013 from the Department of Enterprise Tax Audit of the GDT.

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 a notification letter for tax collection from the GDT. This letter is requesting for the Bank's payment on tax in arrears which resulted from the tax reassessment.

On 23 September 2019, a protest letter was submitted by the Bank to the GDT on the grounds that the reassessment is not appropriate. On 10 February 2020, the Bank received a notification letter from the GDT regarding the temporary delay on tax collection related to above tax reassessment. As at the date of this report, the GDT has not yet requested for payment from the Bank.

On 6 March 2020, the Bank received a new notification letter from the GDT to conduct a tax audit for the fiscal years beginning 2015 to 2018. The Bank has provided several requested documents to the GDT on 2 July 2020. As at the date of these financial statements, the GDT has not yet issued an official response on the protest letter for the results of the tax audit for the fiscal years beginning 2015 to 2018.

On 06 August 2021, the Department of Enterprise Tax Audit of the GDT issued a letter to the Bank for the tax reassessment for the financial year 2019 and requested the submission of several documents. The Bank received the letter from the tax auditors on 16 September 2021. The Bank has provided several requested documents to the GDT on 2 November 2021. As at the date of this report, the GDT has not yet requested more documents from the Bank.

Management believes that the tax liability recorded by the Bank is adequate.

### 42. Events after reporting period

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

### 43. Authorisation of the financial statements

The consolidated and separate financial statements as at 31 December 2021 and for the year then ended were approved for issue by the Board of Directors on 7 February 2022.

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