

**ACLEDA BANK PLC.
AND ITS SUBSIDIARIES**

**Consolidated and Separate
Interim Financial Statements
As at 30 September 2022 and
For the three-month and nine-month periods
then ended and
Independent Auditor's Report on
Interim Financial Statements**

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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Report of the Board of Directors

The Board of Directors (“the Board” or “the Directors”) hereby submits its report together with the consolidated interim financial statements of ACLEDA Bank Plc. (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) and the separate interim financial statements of the Bank as at 30 September 2022 and for the three-month and nine-month periods then ended (hereafter collectively referred to as “the interim financial statements”).

The Group and the Bank

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

On 25 May 2020, the Bank was successfully listed in the Cambodia Securities Exchange. The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the initial public offering (“IPO”) amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR48,235,459 thousand). On 23 November 2020, the shareholders approved the amendment to the Memorandum of Association (“MAA”) relating to the capital increase from the IPO. On 18 February 2021, the Bank submitted a letter to the NBC requesting for its approval on the capital increase, which was approved on 29 March 2021. Accordingly, the Bank’s amended MAA was approved by the MOC on 12 May 2021.

The Bank and its subsidiaries, ACLEDA Bank Lao Ltd. (“ABL”) and ACLEDA MFI Myanmar Co., Ltd. (“AMM”), are all in the financial industry sector and have operations across 263 offices covering all provinces and cities in the Kingdom of Cambodia, 37 offices in the Lao People’s Democratic Republic (“PDR”), and 17 offices in the Republic of the Union of Myanmar. The Bank’s other subsidiaries, ACLEDA Securities Plc. (“ACS”) is in the securities sector and ACLEDA Institute of Business Co., Ltd. (“AIB”) is in the education sector.

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

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

Interim financial performance

The audited interim financial performance of the Group and the Bank for the three-month and nine-month periods ended 30 September 2022 are set out in the consolidated interim statements of profit or loss and other comprehensive income and separate interim statements of profit or loss and other comprehensive income on pages 14 – 15 and 21, respectively.

Share capital and share premium

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

Reserves and provisions

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

Bad and doubtful loans

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

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

Assets

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

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

Valuation methods

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

Contingent and other liabilities

At the date of this report, there is:

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

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

Change of circumstances

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

Items of an unusual nature

The results of the operations of the Group and the Bank for the financial period were not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature except for the 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 period and the date of this report, any items, transactions or events of a material and unusual nature that are likely, in the opinion of the Directors, to substantially affect the results of the operations of the Group and the Bank for the period in which this report is made.

Coronavirus and impact on expected credit loss

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

- Mr. Chhay Soeun Chairman (Non-executive Director)
- Dr. In Channy Member (Executive Director)
- Mr. Rath Yumeng Member (Executive Director)
- Mr. Kyosuke Hattori Member (Non-executive Director)
- Mr. Albertus Bruggink Member (Non-executive Director)
- Mr. Kay Lot Member (Non-executive Director)
- Mr. Stéphane Mangiavacca Member (Non-executive Director)
- Drs. Pieter Kooi Member (Independent Director)
- Mr. Van Sou Ieng Member (Independent Director)
- Ms. Ratana Phurik Member (Independent Director)

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

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

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

The Management and those charged with governance are responsible for ensuring that the interim financial statements are properly drawn up so as to present fairly, in all material respects, the interim financial position as at 30 September 2022, financial performance for the three-month and the nine-month periods then ended, and cash flows for the nine-month periods then ended of the Group and the Bank in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and guidelines of the NBC.

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

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

Headquarters



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

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

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



Dr. In Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 6 November 2022

Approval of the interim financial statements

The accompanying interim financial statements, together with the notes thereto set out on pages 13 to 212, present fairly, in all material respects, the interim financial position as at 30 September 2022, financial performance for the three-month and the nine-month periods then ended, and cash flows for the nine-month periods then ended of the Group and the Bank in accordance with CIFRSs, were approved by the Board of Directors.

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



Mr. Chhay Soeun
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 6 November 2022



Independent auditor's report

Grant Thornton (Cambodia) Limited

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

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

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

We have audited the consolidated interim financial statements of ACLEDA Bank Plc. and its subsidiaries (“the Group”) and the separate interim financial statements of ACLEDA Bank Plc. (“the Bank”), which comprise the consolidated and separate interim statements of financial position of the Group and the Bank as at 30 September 2022, and the consolidated and separate interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, consolidated and separate interim statements of changes in equity and interim statements of cash flows for the nine-month period then ended, and notes to the consolidated and separate interim financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 13 to 212 (hereafter referred to as “the interim financial statements”).

In our opinion, the accompanying consolidated and separate interim financial statements present fairly, in all material respects, the interim financial position of the Group and of the Bank as at 30 September 2022, and their interim financial performance for the three-month and nine-month periods then ended and their cash flows for the nine-month period then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and guidelines of the National Bank of Cambodia.

Basis for opinion

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

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Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for impairment losses on loans to customers</p> <p>Loans to customers constitute approximately 73.92% and 73.33% 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 both corporate and individuals.</p> <p>The Group and the Bank expected credit loss ("ECL") impairment model is significant to our audit as this requires the use of complex models and significant assumptions about future economic conditions and credit behaviors. This ECL impairment model requires considerable judgement and interpretation in its implementation of the requirements of CIFRS 9, <i>Financial Instruments</i>, especially during this unprecedented era – Coronavirus ("COVID-19") pandemic, which brings about a high degree of estimation uncertainty.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> • 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; • Timely identification of loans to customers and financing that have experienced a significant increase in credit risk; • Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets; and, 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We updated our understanding, evaluated the design and implementation, and tested the operating effectiveness of the key controls over the allowance for impairment losses. These controls, among others, included: <ul style="list-style-type: none"> - Loan applications and credit reviews; - Identification of significant increase in credit risk; - Subsequent annual review of the credit worthiness of the borrower; and - Accuracy of data inputs. • 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. • We reviewed a sample of loans for the appropriateness of the loan grading and staging, challenged Management's evaluations and conclusions on the credit worthiness and classification of the selected loans. • We evaluated the processes used by Management to develop forward-looking information. For a sample of significant forward-looking information variables, we compared it to independently derived forecasts and publicly available information. • We tested the accuracy of key inputs into the ECL models by comparing them against source systems and documents. • We recomputed the ECL to test the mathematical accuracy of the ECL models.

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Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> Continuing effects of COVID-19 pandemic in relation to the significant judgement listed above. <p>The details of the accounting policies, critical accounting judgements and estimation uncertainty and credit risk management used by the Group and the Bank have been disclosed in Notes 2(e)(vii), 4 and 38.1 to the interim financial statements, respectively.</p>	<ul style="list-style-type: none"> We assessed the adequacy of disclosures to ensure compliance with CIFRS 9. <p>We involved our specialists in the performance of the above procedures, when necessary, where their specific expertise is required.</p>

Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors as set out in pages 1 to 7, but does not include the interim financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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


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 Certified Public Accountants
 Registered Auditors




Ronald C. Almera
 Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
 6 November 2022

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ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022 US\$	31 December 2021 US\$ (Note 42)	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Notes 5 & 42)
ASSETS					
Cash on hand	7	537,569,732	450,375,149	2,214,249,726	1,834,828,357
Deposits and placements with other banks, net	8	586,607,730	577,117,298	2,416,237,240	2,351,175,872
Financial investments, net	9	359,809,000	801,084,392	1,482,053,271	3,263,617,813
Loans and advances, net	10	6,194,606,996	5,393,953,503	25,515,586,217	21,974,966,571
Other assets	11	41,642,954	28,141,190	171,527,328	114,647,208
Statutory deposits	12	469,903,401	415,456,960	1,935,532,109	1,692,571,655
Property and equipment, net	14	139,970,192	139,431,244	576,537,221	568,042,888
Intangible assets, net	15	10,923,951	12,286,098	44,995,754	50,053,563
Right-of-use assets, net	16	27,491,676	28,337,884	113,238,213	115,448,539
Deferred tax assets	17	1,464,748	9,068,606	6,033,297	36,945,501
Derivative financial instruments	23	10,139,790	-	41,765,795	-
TOTAL ASSETS		8,380,130,170	7,855,252,324	34,517,756,171	32,002,297,967
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	427,122,849	483,740,992	1,759,319,015	1,970,760,801
Deposits from customers	19	5,471,510,652	5,232,278,693	22,537,152,376	21,316,303,395
Other liabilities	20	96,122,487	78,422,171	395,928,524	319,491,925
Borrowings	21	884,178,735	608,488,803	3,641,932,209	2,478,983,383
Subordinated debts	22	143,911,912	156,492,941	592,773,166	637,552,242
Derivative financial instruments	23	-	506,158	-	2,062,088
Lease liabilities	24	27,484,559	27,874,940	113,208,899	113,562,506
Employee benefits	25	34,982,881	26,096,817	144,094,487	106,318,432
Current income tax liabilities	32(a)	24,878,644	36,315,767	102,475,135	147,950,435
Deferred tax liabilities	17	877,046	-	3,612,552	-
TOTAL LIABILITIES		7,111,069,765	6,650,217,282	29,290,496,363	27,092,985,207
EQUITY					
Share capital	26	433,163,019	433,163,019	1,784,198,475	1,764,706,139
Share premium	26	11,706,215	11,706,215	48,217,900	47,691,120
Reserves	36 & 42	636,009,958	592,403,586	2,645,330,855	2,431,370,827
Retained earnings	42	182,117,150	161,769,465	724,534,703	641,130,182
Non-controlling interests		6,064,063	5,992,757	24,977,875	24,414,492
TOTAL EQUITY		1,269,060,405	1,205,035,042	5,227,259,808	4,909,312,760
TOTAL LIABILITIES AND EQUITY		8,380,130,170	7,855,252,324	34,517,756,171	32,002,297,967

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

	Notes	For the nine-month period ended				For the three-month period ended			
		30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
		US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Interest income	27	492,875,091	425,856,713	2,008,958,871	1,731,959,252	170,835,509	146,030,907	701,792,271	595,368,008
Interest expense	28	(155,118,380)	(125,259,246)	(632,262,517)	(509,429,353)	(56,657,441)	(44,786,398)	(232,748,768)	(182,594,145)
Net interest income		<u>337,756,711</u>	<u>300,597,467</u>	<u>1,376,696,354</u>	<u>1,222,529,899</u>	<u>114,178,068</u>	<u>101,244,509</u>	<u>469,043,503</u>	<u>412,773,863</u>
Fee and commission income	29	36,123,366	32,378,996	147,238,840	131,685,377	12,267,705	10,467,168	50,395,732	42,674,644
Fee and commission expense		(3,399,991)	(1,792,396)	(13,858,363)	(7,289,675)	(1,626,354)	(409,606)	(6,681,062)	(1,669,964)
Net fee and commission income		<u>32,723,375</u>	<u>30,586,600</u>	<u>133,380,477</u>	<u>124,395,702</u>	<u>10,641,351</u>	<u>10,057,562</u>	<u>43,714,670</u>	<u>41,004,680</u>
Allowance for impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(19,989,394)	(18,567,410)	(81,476,770)	(75,513,656)	(1,502,133)	(8,326,614)	(6,170,762)	(33,947,605)
Reversal of impairment losses on off-balance sheet commitments	10	2,441	123,235	9,950	501,197	(1,109)	(914)	(4,556)	(3,726)
Net impairment losses		<u>(19,986,953)</u>	<u>(18,444,175)</u>	<u>(81,466,820)</u>	<u>(75,012,459)</u>	<u>(1,503,242)</u>	<u>(8,327,528)</u>	<u>(6,175,318)</u>	<u>(33,951,331)</u>
Income after impairment losses		<u>350,493,133</u>	<u>312,739,892</u>	<u>1,428,610,011</u>	<u>1,271,913,142</u>	<u>123,316,177</u>	<u>102,974,543</u>	<u>506,582,855</u>	<u>419,827,212</u>
Other income, net	30	20,074,416	12,965,902	81,823,320	52,732,323	5,926,989	4,623,241	24,348,071	18,848,954
General and administrative expenses	31	(203,012,927)	(178,967,081)	(827,480,690)	(727,859,118)	(67,406,608)	(58,900,912)	(276,906,346)	(240,139,018)
Profit before income tax		<u>167,554,622</u>	<u>146,738,713</u>	<u>682,952,641</u>	<u>596,786,347</u>	<u>61,836,558</u>	<u>48,696,872</u>	<u>254,024,580</u>	<u>198,537,148</u>
Income tax expense	32(b)	(34,517,355)	(26,616,639)	(140,692,739)	(108,249,871)	(12,416,936)	(9,772,399)	(51,008,773)	(39,842,071)
Profit for the period (carried forward to next page)		<u>133,037,267</u>	<u>120,122,074</u>	<u>542,259,902</u>	<u>488,536,476</u>	<u>49,419,622</u>	<u>38,924,473</u>	<u>203,015,807</u>	<u>158,695,077</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

Notes	For the nine-month period ended				For the three-month period ended			
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	US\$	US\$ (Note 42)	KHR'000 (Note 5)	KHR'000 (Notes 5 & 42)	US\$	US\$ (Note 42)	KHR'000 (Note 5)	KHR'000 (Notes 5 & 42)
Profit for the period (brought forward from previous page)	<u>133,037,267</u>	<u>120,122,074</u>	<u>542,259,902</u>	<u>488,536,476</u>	<u>49,419,622</u>	<u>38,924,473</u>	<u>203,015,807</u>	<u>158,695,077</u>
Other comprehensive income:								
Items that will not be reclassified to profit or loss:								
Remeasurement of employee benefit obligations	25 (3,594,481)	57,140	(14,651,105)	232,389	258,164	107,687	1,060,538	439,040
Currency translation differences	-	-	56,512,312	38,476,097	-	-	60,731,240	4,685,939
Items that are or may be reclassified subsequently to profit or loss:								
Currency translation differences - foreign subsidiaries	(17,331,364)	(10,259,569)	(70,642,640)	(41,725,667)	(5,047,128)	(4,685,303)	(20,733,602)	(19,101,980)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	10,645,948	-	43,392,884	-	6,009,391	-	24,686,578	-
Other comprehensive (loss)/income for the period	<u>(10,279,897)</u>	<u>(10,202,429)</u>	<u>14,611,451</u>	<u>(3,017,181)</u>	<u>1,220,427</u>	<u>(4,577,616)</u>	<u>65,744,754</u>	<u>(13,977,001)</u>
Total comprehensive income for the period	<u>122,757,370</u>	<u>109,919,645</u>	<u>556,871,353</u>	<u>485,519,295</u>	<u>50,640,049</u>	<u>34,346,857</u>	<u>268,760,561</u>	<u>144,718,076</u>
Profit for the period attributable to:								
Owners of the Bank	132,956,660	120,364,518	541,931,348	489,522,496	49,439,395	38,964,512	203,097,035	158,858,315
Non-controlling interests	80,607	(242,444)	328,554	(986,020)	(19,773)	(40,039)	(81,228)	(163,238)
	<u>133,037,267</u>	<u>120,122,074</u>	<u>542,259,902</u>	<u>488,536,476</u>	<u>49,419,622</u>	<u>38,924,473</u>	<u>203,015,807</u>	<u>158,695,077</u>
Total other comprehensive income attributable to:								
Owners of the Bank	122,686,064	110,164,554	556,307,970	486,518,279	50,668,047	34,388,055	268,875,577	144,886,039
Non-controlling interests	71,306	(244,909)	563,383	(998,984)	(27,998)	(41,198)	(115,016)	(167,963)
	<u>122,757,370</u>	<u>109,919,645</u>	<u>556,871,353</u>	<u>485,519,295</u>	<u>50,640,049</u>	<u>34,346,857</u>	<u>268,760,561</u>	<u>144,718,076</u>
The earnings per share attributable to shareholders of the Bank during the period are as follows:								
Basic earnings per share	33 0.31	0.28	1.25	1.13	0.11	0.09	0.47	0.37
Diluted earnings per share	33 0.31	0.28	1.25	1.13	0.11	0.09	0.47	0.37

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Attributable to equity holders of the Parent												Non-controlling interest		Total equity	
	Share capital		Share premium		Reserves		Retained earnings		Total							
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000		
As at 1 January 2022, as reclassified (Note 42)	433,163,019	1,764,706,139	11,706,215	47,691,120	592,403,586	2,431,370,827	161,769,465	641,130,182	1,199,042,285	4,884,898,268	5,992,757	24,414,492	1,205,035,042	4,909,312,760		
Profit for the period	-	-	-	-	-	-	132,956,660	541,931,348	132,956,660	541,931,348	80,607	328,554	133,037,267	542,259,902		
<i>Other comprehensive income:</i>																
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	10,645,948	43,392,884	-	-	10,645,948	43,392,884	-	-	10,645,948	43,392,884		
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(3,589,483)	(14,630,733)	(3,589,483)	(14,630,733)	(4,998)	(20,372)	(3,594,481)	(14,651,105)		
Currency translation differences - foreign subsidiaries	-	-	-	-	(17,327,061)	(70,625,101)	-	-	(17,327,061)	(70,625,101)	(4,303)	(17,539)	(17,331,364)	(70,642,640)		
Currency translation differences	-	-	-	-	-	12,842,412	-	-	-	12,842,412	-	272,740	-	13,115,152		
Total comprehensive income for the period	-	-	-	-	(6,681,113)	(14,389,805)	129,367,177	527,300,615	122,686,064	512,910,810	71,306	563,383	122,757,370	513,474,193		
Transaction with owners:																
ABL increase in capital	-	-	-	-	-	-	(312,446)	(1,273,530)	(312,446)	(1,273,530)	-	-	(312,446)	(1,273,530)		
Dividends paid	-	-	-	-	-	-	(58,419,561)	(237,650,775)	(58,419,561)	(237,650,775)	-	-	(58,419,561)	(237,650,775)		
Transfer from retained earnings to regulatory reserves	-	-	-	-	50,287,485	204,971,789	(50,287,485)	(204,971,789)	-	-	-	-	-	-		
Currency translation differences	-	19,492,336	-	526,780	-	23,378,044	-	-	-	43,397,160	-	-	-	43,397,160		
Total transactions with owners	-	19,492,336	-	526,780	50,287,485	228,349,833	(109,019,492)	(443,896,094)	(58,732,007)	(195,527,145)	-	-	(58,732,007)	(195,527,145)		
As at 30 September 2022	<u>433,163,019</u>	<u>1,784,198,475</u>	<u>11,706,215</u>	<u>48,217,900</u>	<u>636,009,958</u>	<u>2,645,330,855</u>	<u>182,117,150</u>	<u>724,534,703</u>	<u>1,262,996,342</u>	<u>5,202,281,933</u>	<u>6,064,063</u>	<u>24,977,875</u>	<u>1,269,060,405</u>	<u>5,227,259,808</u>		

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Attributable to equity holders of the Parent												Non-controlling interest		Total equity	
	Share capital		Share premiums		Reserves		Retained earnings		Total							
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)		
As at 1 January 2021	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 period	-	-	-	-	-	-	120,364,518	489,522,496	120,364,518	489,522,496	(242,444)	(986,020)	120,122,074	488,536,476		
<i>Other comprehensive income:</i>																
Remeasurement of employee benefit obligations	-	-	-	-	-	-	57,684	234,601	57,684	234,601	(544)	(2,212)	57,140	232,389		
Currency translation differences - foreign subsidiaries	-	-	-	-	(10,257,648)	(41,717,854)	-	-	(10,257,648)	(41,717,854)	(1,921)	(7,813)	(10,259,569)	(41,725,667)		
Currency translation differences	-	-	-	-	-	6,261,573	-	-	-	6,261,573	-	(2,939)	-	6,258,634		
Total comprehensive income for the period	-	-	-	-	(10,257,648)	(35,456,281)	120,422,202	489,757,097	110,164,554	454,300,816	(244,909)	(998,984)	109,919,645	453,301,832		
Transaction with owners:																
Increase in share capital of AIB invested by AFT	-	-	-	-	-	-	-	-	-	-	6,971,681	28,353,827	6,971,681	28,353,827		
Dividends paid	-	-	-	-	-	-	(426,231)	(1,733,481)	(426,231)	(1,733,481)	-	-	(426,231)	(1,733,481)		
Transfers from retained earnings to general reserves	-	-	-	-	64,103,889	260,710,517	(64,527,753)	(262,434,371)	(423,864)	(1,723,854)	-	-	(423,864)	(1,723,854)		
Transfer from retained earnings to regulatory reserves	-	-	-	-	25,439,645	103,463,036	(25,439,645)	(103,463,036)	-	-	-	-	-	-		
Transfers from retained earnings to NCI	-	-	-	-	-	-	720,092	2,928,614	720,092	2,928,614	(720,092)	(2,928,614)	-	-		
Reserve NCI	-	-	-	-	3,028,319	12,316,173	-	-	3,028,319	12,316,173	-	-	3,028,319	12,316,173		
Currency translation differences	-	14,727,543	-	398,011	-	17,016,890	-	-	-	32,142,444	-	75,019	-	32,217,463		
Total transactions with owners	-	14,727,543	-	398,011	92,571,853	393,506,616	(89,673,537)	(364,702,274)	2,898,316	43,929,896	6,251,589	25,500,232	9,149,905	69,430,128		
As at 30 September 2021	433,163,019	1,766,871,955	11,706,215	47,749,651	585,408,441	2,406,759,332	172,410,702	684,384,950	1,202,688,377	4,905,765,888	6,006,680	24,501,248	1,208,695,057	4,930,267,136		

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Notes	For the nine-month period ended			
		30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the period before income tax		167,554,622	146,738,713	682,952,641	596,786,347
<i>Adjustments for:</i>					
Net impairment losses	10	19,986,953	18,444,175	81,466,820	75,012,459
Depreciation of property and equipment	14	16,557,552	15,235,897	67,488,582	61,964,393
Depreciation of right-of-use assets	16	8,754,452	8,514,698	35,683,146	34,629,277
Seniority indemnity benefits	25(c)	7,192,381	5,913,314	29,316,145	24,049,448
Amortisation	15	2,361,662	2,950,927	9,626,134	12,001,420
Retirement benefits	25(a)	2,125,574	1,247,183	8,663,840	5,072,293
Career development	25(b)	1,324,917	1,153,574	5,400,362	4,691,585
Adjustment in property and equipment		479,339	547,358	1,953,786	2,226,105
Adjustment in intangible assets		(47,152)	(230,698)	(192,192)	(938,249)
Dividend income	30	(117,333)	(116,614)	(478,249)	(474,269)
(Gain)/loss on disposals of property and equipment, intangible assets and lease	30	(443,846)	270,789	(1,809,116)	1,101,299
Unrealised exchange gains		(2,774,926)	(3,166,063)	(11,310,598)	(12,876,379)
Currency translation reserves		(17,331,364)	(10,259,569)	(70,642,640)	(41,725,667)
Net interest income		(337,756,711)	(300,597,467)	(1,376,696,354)	(1,222,529,899)
Operating loss before changes in working capital		(132,133,880)	(113,353,783)	(538,577,693)	(461,009,837)
<i>Changes in:</i>					
Deposits from customers		239,231,959	637,504,710	975,109,465	2,592,731,656
Other liabilities		12,445,247	18,173,851	50,726,827	73,913,052
Other assets		(13,572,696)	(4,459,172)	(55,322,309)	(18,135,453)
Statutory deposits		(54,446,441)	146,445,293	(221,923,694)	595,593,007
Deposits and placements with other banks		(9,306,862)	(207,632,534)	(37,934,770)	(844,441,516)
Deposits and placements from other banks and financial institutions		(56,618,143)	190,476,555	(230,775,551)	774,668,149
Loans and advances		(816,452,957)	(541,358,259)	(3,327,862,253)	(2,201,704,039)
Cash flows (used in)/generated from operations		(830,853,773)	125,796,661	(3,386,559,978)	511,615,019
Interest received		491,090,580	425,056,580	2,001,685,204	1,728,705,111
Career development benefits paid	25(b)	(7,367)	(3,636)	(30,028)	(14,788)
Retirement benefits paid	25(a)	(87,738)	(110,370)	(357,620)	(448,875)
Seniority benefits paid	25(c)	(5,062,350)	(3,934,595)	(20,634,139)	(16,001,998)
Income tax paid	32(a)	(37,743,732)	(29,187,137)	(153,843,452)	(118,704,086)
Interest paid		(109,835,317)	(81,926,530)	(447,688,752)	(333,195,198)
Net cash (used in)/from operating activities (carried forward to next page)		(492,499,697)	435,690,973	(2,007,428,765)	1,771,955,185

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Notes	For the nine-month period ended			
		30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Net cash (used in)/from operating activities (brought forward from previous page)		(492,499,697)	435,690,973	(2,007,428,765)	1,771,955,185
Cash flows from investing activities					
Interest received from investing		1,784,510	359,853	7,273,663	1,463,522
Proceeds from disposals of property and equipment and intangible assets		1,117,758	241,320	4,555,982	981,448
Proceeds from matured investments		1,012,498	87,034	4,126,942	353,967
Dividends received		117,333	116,614	478,249	474,269
Payment from disposal of lease		-	(3,420)	-	(13,909)
Purchase of additional investments		-	(36,141)	-	(146,985)
Purchases of intangible assets	15	(1,200,130)	(2,294,166)	(4,891,730)	(9,330,373)
Purchases of property and equipment	14	(18,729,971)	(19,061,688)	(76,343,362)	(77,523,885)
Financial investments		(186,155,685)	(2,302,326)	(758,770,572)	(9,363,560)
Net cash used in investing activities		(202,053,687)	(22,892,920)	(823,570,828)	(93,105,506)
Cash flows from financing activities					
Proceeds from borrowings		437,448,846	99,854,283	1,783,041,496	406,107,369
Investments made by holders of non-controlling interest in AIB		-	10,000,000	-	40,670,000
Proceeds from subordinated debts		-	-	-	-
Payment of tax on ABL's increase in capital		(312,446)	(423,864)	(1,273,530)	(1,723,855)
Payment of lease liabilities	24	(9,664,385)	(9,143,047)	(39,392,033)	(37,184,772)
Repayments of subordinated debts		(15,000,000)	-	(61,140,000)	-
Interest paid		(49,658,083)	(38,189,337)	(202,406,346)	(155,316,034)
Payments of dividends		(58,419,561)	(426,231)	(238,118,131)	(1,733,481)
Repayments of borrowings		(148,256,949)	(120,072,258)	(604,295,324)	(488,333,873)
Net cash from/(used in) financing activities		156,137,422	(58,400,454)	636,416,132	(237,514,646)
Net (decrease)/increase in cash and cash equivalents		(538,415,962)	354,397,599	(2,194,583,461)	1,441,335,033
Cash and cash equivalents at the beginning of the period		1,803,239,297	1,497,105,504	7,346,396,896	6,055,791,764
Currency translation differences		-	-	57,993,882	55,154,360
Cash and cash equivalents at the end of the period	34	1,264,823,335	1,851,503,103	5,209,807,317	7,552,281,157

During the period, the Group entered into new lease agreements and recognised right-of-use assets amounting to US\$9,195,216 (30 September 2021: US\$8,183,835). The pretermination of right-of-use assets and lease liabilities are amounting to US\$1,193,753 (30 September 2021: US\$727,606) and US\$1,194,485 (30 September 2021: US\$741,647), respectively, and the gain/loss from pretermination is amounting to US\$3,261 (30 September 2021: US\$14,041), which is a non-cash transaction.

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

		30 September 2022 US\$	31 December 2021 US\$ (Note 42)	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Notes 5 & 42)
ASSETS					
Cash on hand	7	528,478,192	439,465,980	2,176,801,673	1,790,384,403
Deposits and placements with other banks, net	8	567,907,859	543,426,920	2,339,212,471	2,213,921,272
Financial investments, net	9	359,809,000	801,084,392	1,482,053,271	3,263,617,813
Loans and advances, net	10	6,066,315,613	5,232,058,920	24,987,154,010	21,315,408,040
Other assets	11	40,520,477	26,049,513	166,903,846	106,125,717
Statutory deposits	12	467,067,101	412,986,454	1,923,849,389	1,682,506,814
Investments in subsidiaries	13	91,117,716	91,117,716	375,313,872	371,213,575
Property and equipment, net	14	105,906,201	104,437,183	436,227,642	425,477,084
Intangible assets, net	15	10,454,041	11,415,853	43,060,195	46,508,185
Right-of-use assets, net	16	25,241,128	25,596,727	103,968,206	104,281,066
Deferred tax assets	17	-	7,523,717	-	30,651,623
Derivative financial instruments	23	10,139,790	-	41,765,795	-
TOTAL ASSETS		<u>8,272,957,118</u>	<u>7,695,163,375</u>	<u>34,076,310,370</u>	<u>31,350,095,592</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	403,387,187	455,606,835	1,661,551,823	1,856,142,246
Deposits from customers	19	5,392,705,878	5,126,926,990	22,212,555,511	20,887,100,557
Other liabilities	20	93,996,681	76,702,179	387,172,329	312,484,677
Borrowings	21	869,363,787	583,641,056	3,580,909,439	2,377,753,662
Subordinated debts	22	143,911,912	156,492,941	592,773,166	637,552,242
Derivative financial instruments	23	-	506,158	-	2,062,088
Lease liabilities	24	25,483,071	25,371,736	104,964,769	103,364,452
Employee benefits	25	34,236,609	25,331,807	141,020,592	103,201,782
Current income tax liabilities	32(a)	24,269,856	35,491,329	99,967,537	144,591,674
Deferred tax liabilities		620,420	-	2,555,510	-
TOTAL LIABILITIES		<u>6,987,975,401</u>	<u>6,486,071,031</u>	<u>28,783,470,676</u>	<u>26,424,253,380</u>
EQUITY					
Share capital	26	433,163,019	433,163,019	1,784,198,475	1,764,706,139
Share premium	26	11,706,215	11,706,215	48,217,900	47,691,120
Reserves	36 & 42	672,077,131	607,375,402	2,792,887,367	2,491,977,194
Retained earnings	42	168,035,352	156,847,708	667,535,952	621,467,759
TOTAL EQUITY		<u>1,284,981,717</u>	<u>1,209,092,344</u>	<u>5,292,839,694</u>	<u>4,925,842,212</u>
TOTAL LIABILITIES AND EQUITY		<u>8,272,957,118</u>	<u>7,695,163,375</u>	<u>34,076,310,370</u>	<u>31,350,095,592</u>

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

	Notes	For the nine-month period ended				For the three-month period ended			
		30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
		US\$	US\$ (Note 42)	KHR'000 (Note 5)	KHR'000 (Notes 5 & 42)	US\$	US\$ (Note 42)	KHR'000 (Note 5)	KHR'000 (Notes 5 & 42)
Interest income	27	469,687,092	398,050,262	1,914,444,587	1,618,870,416	163,637,539	137,026,922	672,223,010	558,658,761
Interest expense	28	(149,880,251)	(118,228,365)	(610,911,903)	(480,834,760)	(55,074,265)	(42,578,807)	(226,245,081)	(173,593,796)
Net interest income		319,806,841	279,821,897	1,303,532,684	1,138,035,656	108,563,274	94,448,115	445,977,929	385,064,965
Fee and commission income	29	32,081,202	29,212,409	130,762,979	118,806,867	11,285,065	9,373,043	46,359,047	38,213,896
Fee and commission expense		(3,164,670)	(1,578,628)	(12,899,195)	(6,420,280)	(1,570,482)	(363,949)	(6,451,540)	(1,483,820)
Net fee and commission income		28,916,532	27,633,781	117,863,784	112,386,587	9,714,583	9,009,094	39,907,507	36,730,076
Allowances for impairment losses for loans and advances, deposits and placements with other banks, other receivables and investment securities	10	(13,799,515)	(6,737,466)	(56,246,823)	(27,401,274)	(568,606)	(6,199,453)	(2,335,833)	(25,275,170)
Reversal of impairment losses on off-balance sheet commitments	10	60,366	176,022	246,052	715,881	5,310	18,600	21,813	75,832
Net impairment losses		(13,739,149)	(6,561,444)	(56,000,771)	(26,685,393)	(563,296)	(6,180,853)	(2,314,020)	(25,199,338)
Income after impairment losses		334,984,224	300,894,234	1,365,395,697	1,223,736,850	117,714,561	97,276,356	483,571,416	396,595,703
Other income, net	30	17,449,038	11,899,412	71,122,279	48,394,909	4,958,502	4,266,471	20,369,526	17,394,402
General and administrative expenses	31	(192,374,576)	(166,308,785)	(784,118,772)	(676,377,829)	(64,184,921)	(54,893,808)	(263,671,655)	(223,802,055)
Profit before income tax		160,058,686	146,484,861	652,399,204	595,753,930	58,488,142	46,649,019	240,269,287	190,188,050
Income tax expense	32(b)	(32,772,249)	(28,667,721)	(133,579,687)	(116,591,621)	(11,703,457)	(9,190,176)	(48,077,801)	(37,468,348)
Profit for the period		127,286,437	117,817,140	518,819,517	479,162,309	46,784,685	37,458,843	192,191,486	152,719,702
Other comprehensive income:									
Items that will not be reclassified to profit or loss:									
Remeasurement of employee benefit obligations	25	(3,623,451)	96,737	(14,769,186)	393,429	276,534	117,212	1,136,002	477,873
Currency translation differences		-	-	57,205,042	38,606,721	-	-	23,345,425	4,747,104
Items that are or may be reclassified subsequently to profit or loss--									
Remeasurement of the effective portion of derivatives arising from cash flow hedge		10,645,948	-	43,392,884	-	6,009,391	-	24,686,578	-
Other comprehensive income during the period		7,022,497	96,737	85,828,740	39,000,150	6,285,925	117,212	49,168,005	5,224,977
Total comprehensive income for the period		134,308,934	117,913,877	604,648,257	518,162,459	53,070,610	37,576,055	241,359,491	157,944,679

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	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)
As at 1 January 2022, as reclassified (Note 42)	433,163,019	1,764,706,139	11,706,215	47,691,120	607,375,402	2,491,977,194	156,847,708	621,467,759	1,209,092,344	4,925,842,212
Profit for the period	-	-	-	-	-	-	127,286,437	518,819,517	127,286,437	518,819,517
<i>Other comprehensive income:</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	10,645,948	43,392,884	-	-	10,645,948	43,392,884
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(3,623,451)	(14,769,186)	(3,623,451)	(14,769,186)
Currency translation differences	-	-	-	-	-	12,375,655	-	-	-	12,375,655
Total comprehensive income for the period	-	-	-	-	10,645,948	55,768,539	123,662,986	504,050,331	134,308,934	559,818,870
Transaction with owners:										
Dividends paid	-	-	-	-	-	-	(58,419,561)	(237,650,775)	(58,419,561)	(237,650,775)
Transfer from retained earnings to regulatory reserves	-	-	-	-	54,055,781	220,331,363	(54,055,781)	(220,331,363)	-	-
Currency translation differences	-	19,492,336	-	526,780	-	24,810,271	-	-	-	44,829,387
Total transactions with owners	-	19,492,336	-	526,780	54,055,781	245,141,634	(112,475,342)	(457,982,138)	(58,419,561)	(192,821,388)
As at 30 September 2022	<u>433,163,019</u>	<u>1,784,198,475</u>	<u>11,706,215</u>	<u>48,217,900</u>	<u>672,077,131</u>	<u>2,792,887,367</u>	<u>168,035,352</u>	<u>667,535,952</u>	<u>1,284,981,717</u>	<u>5,292,839,694</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	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)
As at 1 January 2021	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 period	-	-	-	-	-	-	117,817,140	479,162,309	117,817,140	479,162,309
<i>Other comprehensive income:</i>										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	96,737	393,429	96,737	393,429
Currency translation differences	-	-	-	-	-	6,121,069	-	-	-	6,121,069
Total comprehensive income for the period	-	-	-	-	-	6,121,069	117,913,877	479,555,738	117,913,877	485,676,807
Transaction with owners:										
Dividends paid	-	-	-	-	-	-	(426,231)	(1,733,481)	(426,231)	(1,733,481)
Transfer from retained earnings to general reserves	-	-	-	-	55,327,925	225,018,671	(55,327,925)	(225,018,671)	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	30,064,005	122,270,308	(30,064,005)	(122,270,308)	-	-
Currency translation differences	-	14,727,543	-	398,011	-	17,360,098	-	-	-	32,485,652
Total transactions with owners	-	14,727,543	-	398,011	85,391,930	364,649,077	(85,818,161)	(349,022,460)	(426,231)	30,752,171
As at 30 September 2021	<u>433,163,019</u>	<u>1,766,871,955</u>	<u>11,706,215</u>	<u>47,749,651</u>	<u>596,133,486</u>	<u>2,450,127,956</u>	<u>170,510,485</u>	<u>677,012,804</u>	<u>1,211,513,205</u>	<u>4,941,762,366</u>

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Notes	For the nine-month period ended			
		30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the period before income tax		160,058,686	146,484,861	652,399,204	595,753,930
<i>Adjustments for:</i>					
Net impairment losses	10	13,739,149	6,561,444	56,000,771	26,685,393
Depreciation of property and equipment	14	15,272,723	13,504,181	62,251,619	54,921,504
Depreciation of right-of-use assets	16	8,243,830	7,901,627	33,601,851	32,135,917
Seniority indemnity benefits	25(c)	7,137,337	5,763,793	29,091,786	23,441,346
Amortisation	15	2,165,632	2,627,619	8,827,116	10,686,526
Retirement benefits	25(a)	2,055,343	1,193,636	8,377,578	4,854,518
Career development	25(b)	1,236,918	1,142,677	5,041,678	4,647,267
Adjustment in property and equipment		479,339	547,358	1,953,786	2,226,105
Adjustment in intangible assets		(47,152)	(230,698)	(192,192)	(938,249)
Dividend income	30	(117,333)	(116,614)	(478,249)	(474,269)
Gain on disposals of property and equipment, intangible assets and lease	30	(441,485)	265,619	(1,799,493)	1,080,272
Unrealised exchange gains		(443,786)	(961,637)	(1,808,872)	(3,910,978)
Net interest income		(319,806,841)	(279,821,897)	(1,303,532,684)	(1,138,035,656)
Operating loss before changes in working capital					
		(110,467,640)	(95,138,031)	(450,266,101)	(386,926,374)
<i>Changes in:</i>					
Deposits from customers		265,778,888	644,318,654	1,083,314,747	2,620,443,966
Other liabilities		12,313,886	16,730,022	50,191,399	68,040,999
Statutory deposits		(54,080,647)	135,537,271	(220,432,717)	551,230,081
Other assets		(14,475,747)	(4,856,103)	(59,003,145)	(19,749,771)
Deposits and placements of other banks and financial institutions		(52,219,648)	181,810,616	(212,847,285)	739,423,775
Deposits and placements with other banks		(9,291,258)	(197,878,666)	(37,871,168)	(804,772,535)
Loans and advances		(846,983,495)	(542,357,421)	(3,452,304,726)	(2,205,767,631)
Cash flows (used in)/generated from operations					
		(809,425,661)	138,166,342	(3,299,218,996)	561,922,510
Interest received		467,902,582	397,241,810	1,907,170,924	1,615,582,441
Career development benefits paid	25(b)	(7,367)	(3,636)	(30,028)	(14,788)
Retirement benefits paid	25(a)	(87,738)	(110,370)	(357,620)	(448,875)
Seniority benefits paid	25(c)	(4,991,795)	(3,865,825)	(20,346,556)	(15,722,310)
Income tax paid	32(a)	(35,849,585)	(26,893,610)	(146,122,908)	(109,376,312)
Interest paid		(105,869,382)	(76,755,231)	(431,523,601)	(312,163,524)
Net cash (used in)/from operating activities (carried forward to next page)					
		(488,328,946)	427,779,480	(1,990,428,785)	1,739,779,142

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Notes	For the nine-month period ended			
		30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Net cash from operating activities (brought forward from previous page)		(488,328,946)	427,779,480	(1,990,428,785)	1,739,779,142
Cash flows from investing activities					
Interest received from investing		1,784,510	359,853	7,273,663	1,463,522
Proceeds from matured investments		909,332	76,979	3,706,437	313,074
Proceeds from disposals of property and equipment		451,874	239,349	1,841,838	973,432
Dividend received		117,333	116,614	478,249	474,269
Additional investment in subsidiaries		-	(2,145)	-	(8,724)
Proceeds from disposal of lease		-	(3,420)	-	(13,909)
Purchase of additional investments		-	(36,141)	-	(146,985)
Purchases of intangible assets	15	(1,145,945)	(1,710,702)	(4,670,872)	(6,957,425)
Purchases of property and equipment	14	(17,157,513)	(18,178,468)	(69,934,023)	(73,931,829)
Financial investments		(186,052,519)	(2,292,271)	(758,350,067)	(9,322,666)
Net cash used in investing activities		<u>(201,092,928)</u>	<u>(21,430,352)</u>	<u>(819,654,775)</u>	<u>(87,157,241)</u>
Cash flows from financing activities					
Proceeds from borrowings		425,414,946	80,508,888	1,733,991,320	327,429,647
Payment of lease liabilities	24	(9,058,951)	(8,684,271)	(36,924,284)	(35,318,930)
Repayments of subordinated debts		(15,000,000)	-	(61,140,000)	-
Interest paid		(41,771,430)	(29,686,055)	(170,260,349)	(120,733,186)
Payments of dividends		(58,419,561)	(426,231)	(238,118,131)	(1,733,481)
Repayments of borrowings		(133,142,486)	(98,616,270)	(542,688,773)	(401,072,370)
Net cash from/(used in) financing activities		<u>168,022,518</u>	<u>(56,903,939)</u>	<u>684,859,783</u>	<u>(231,428,320)</u>
Net (decrease)/increase in cash and cash equivalents		(521,399,356)	349,445,189	(2,125,223,777)	1,421,193,581
Cash and cash equivalents at the beginning of the period		1,758,380,868	1,457,697,939	7,163,643,656	5,896,388,163
Currency translation differences		-	-	56,706,969	53,755,075
Cash and cash equivalents at the end of the period	34	<u>1,236,981,512</u>	<u>1,807,143,128</u>	<u>5,095,126,848</u>	<u>7,371,336,819</u>

During the period, the Bank entered into new lease agreements and recognised right-of-use assets amounting to US\$9,003,158 (30 September 2021: US\$8,056,710). The pretermination of right-of-use assets and lease liabilities are amounting to US\$1,167,006 (30 September 2021: US\$727,606) and US\$1,160,921 (30 September 2021: US\$741,647), respectively, and the gain/loss from pretermination is amounting to US\$10,328 (30 September 2021: US\$14,041), which is a non-cash transaction.

The accompanying notes on page 26 to 212 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

1. Background information

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

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

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

The Bank has four subsidiaries (collectively referred to as “the Group”) operating in Lao People’s Democratic Republic (“PDR”), Republic of the Union of Myanmar, and in the Kingdom of Cambodia. The principal activities of the subsidiaries are disclosed in Note 13 to the interim financial statements. Currently, the Group has 263 offices covering all provinces and cities in the Kingdom of Cambodia, 37 offices in the Lao PDR, and 17 offices in the Republic of the Union of Myanmar.

As at 30 September 2022, the Group and the Bank have 13,631 and 12,096 employees, respectively (2021: 13,674 and 12,081 employees, respectively).

2. Summary of significant accounting policies

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

(a) Basis of preparation and presentation

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

- Financial instruments at amortised cost;
- Financial instruments, including derivatives, which are valued at fair value;
- 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(a) Basis of preparation and presentation (continued)

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

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

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

(b) Adoption of amended accounting standards

(i) Amended accounting standards effective during the period

The Group and the Bank adopted all accounting standards and interpretations as at 30 September 2022. The amended accounting standards were assessed to be applicable and have no material impact to the Group's and the Bank's interim financial statements follow:

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CIAS 16, *Property, Plant and Equipment*)
- Reference to the Conceptual Framework (Amendments to CIFRS 3, *Business Combinations*)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to CIAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*)
- Annual Improvements to CIFRS Standards 2018–2020

(ii) Amended accounting standards which are not yet effective

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

- Classification of Liabilities as Current or Non-current (Amendments to CIAS 1, *Presentation of Financial Statements*)
- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(b) Adoption of amended accounting standards (continued)

(ii) *Amended accounting standards which are not yet effective (continued)*

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

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

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

(c) Consolidation

(i) *Subsidiaries*

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

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

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

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

(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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for retained interest as an associate, joint venture, or financial assets. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Bank had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Investments in subsidiaries

In the Bank's separate interim financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of investments are recognised in the interim statements 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 interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The interim financial statements are presented in United States Dollars ("US\$" or "USD"), which is the Group's and the Bank's functional and presentation currency.

(ii) Transactions and balances

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

(iii) Group's companies

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group's companies (continued)

- b) income and expenses for each interim 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 interim statements of profit or loss and other comprehensive income as part of gain or loss on sale.

(e) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification

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

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

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified as FVTPL.

In addition, on initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, FVOCI, or 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 the Management. The information considered includes:

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

Assessment of whether contractual cash flows are SPPI

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 SPPI

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

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

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

The Group and the Bank hold a portfolio of long-term fixed-rate loans for which the Group and the Bank have the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision in which the Group and the Bank have an option to either accept the revised rate or redeem the loan at par without penalty. The Group and the Bank have determined that the contractual cash flows of these loans are SPPI because the option varies with the interest rate in consideration for the time value of money, credit risk, 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 from the borrower limit the Group's and the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Group and the Bank apply judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group and the Bank typically consider the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's and the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and,
- whether the Group and the Bank will benefit from any upside from the underlying assets.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) *Classification (continued)*

Reclassifications

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

Financial liabilities

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

(iii) *Derecognition*

Financial assets

The Group and the Bank derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Bank neither transfer nor retain substantially all of the risks and rewards of ownership and do not retain control of the financial asset.

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

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

Financial liabilities

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

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

Financial assets

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

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

Financial assets (continued)

If the 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 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.

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.

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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)

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 recomputing the effective interest rate on the instrument.

(v) *Offsetting*

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

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

(vi) *Fair value measurement*

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

The fair value of a financial liability with a demand feature (e.g. 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;
- loans and advances;
- financial guarantee contracts issued; and,
- loan commitments issued.

No impairment loss is recognised on equity investments.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

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

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

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

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

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

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

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

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

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Measurement of ECL (continued)

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

Measurement of ECL (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's and the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group and the Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group and the Bank become aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group and the Bank expect to take, 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 is measured as follows.

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

In accordance with NBC Circular No. B7.021.2314 dated 28 December 2021 on Classification and Provisioning Requirements on Restructured Loans, the Bank is required to reassess the classification of restructured loans, which are outstanding as at 31 December 2021, and provide provision as follows:

- Restructured loan that is "viable" shall be deemed as "performing" and shall be classified as "Special Mention" with 3% provisioning, regardless of the number of restructuring.
- Restructured loan that needs "more restructuring" should be deemed as "non-performing" and shall be classified as "Substandard" with 20% provisioning for loans under the first restructuring, and "Doubtful" with 50% provisioning for loans under the second restructuring.
- Restructured loan that is "non-viable" shall be deemed as "non-performing" and shall be classified as "Loss" with 100% provisioning.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

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

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

Presentation of allowance for ECL in the interim statements of financial position

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

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 interim statements of profit or loss and other comprehensive income.

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

Non-integral financial guarantee contracts

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

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

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

If the Group and the Bank determine that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure is neither credit-impaired nor has undergone a significant increase in credit risk ("SICR") when the guarantee is acquired. These assets are recognised in 'Other assets'. The Group and the Bank present gains or losses on a compensation right in profit or loss in the line item 'Impairment losses on financial instruments'.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) *Derivative financial instruments*

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

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

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

(ix) *Hedge accounting*

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

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

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ix) *Hedge accounting (continued)*

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

As at 30 September 2022, the Group and the Bank only have cash flow hedges for its interest rate swap agreements.

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

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

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

(f) Cash and cash equivalents

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

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

(g) Loans and advances

The 'Loans and advances' caption in the interim statements 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(h) Financial investments

The 'Financial investments' caption in the interim statements of financial position includes:

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

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

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

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

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

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

(i) 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 period attributable to common shareholders by the weighted average number of common stocks outstanding during the period, after giving retroactive effect to any stock dividends declared in the current period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 period. However, net profit attributable to common stocks and the weighted average number of common stocks outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred stocks. Convertible preferred stocks are deemed to have been converted into common stocks at the issuance of preferred stocks.

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

(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 the Management.

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss in the line item 'Other income, net'.

(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 is five years except for license of core banking system which has useful life of ten years.

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

(m) Impairment of non-financial assets

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 interim statements 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 differences of the net investment in foreign operations.

(o) Current and deferred income tax

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

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and generate taxable income and includes all taxes based upon the taxable profits.

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 it is contractually obliged or where there is a past practice that has created a constructive obligation.

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

(ii) Post-employment benefits

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

Seniority benefits

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

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation period) by September 30, or December 31, will receive seniority indemnity equal to 7.5 days.
- Back Pay Seniority Indemnity: Employees who have worked under permanent contract from 1 month to 6 months in fiscal year will receive payment of seniority indemnity equal to 3 days; in case of over 3 months, employees will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 days of the average base salary from each year that shall be compensated from 2008 to 2018 but shall not exceed 156 days. The payment will be made from December 2021.

The liability was recognised at the present value of defined benefit obligation at the reporting period using the Projected Unit Credit method to better estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the periods from 2008 to 2018. The Group and the Bank attribute 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 expect to pay in future reporting periods.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Retirement benefits

The Bank and its subsidiaries, except AMM, provide an unfunded retirement benefit plan, which is a defined benefit plan for eligible employees, upon reaching the retirement age, as follows:

- When employees, who have worked for the Group or the Bank for 15 years or more, reach a retirement age of 58 years and 60 years old for unskilled and skilled, respectively, eligible employees are entitled to the retirement benefits equivalent to 12 months of last salary; or,
- When employees, who have worked for the Group or the Bank for 15 years or more, reach the early retirement age of 55 years and 57 years old for unskilled and skilled, respectively, eligible employees are entitled to the retirement benefits equivalent to 6 months of last salary.

No separate fund is maintained for the retirement benefits.

The liability is recognised in the interim statements of financial position at the present value of defined benefit obligation at the reporting period using the Projected Unit Credit method to estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods. The Group and the Bank attribute benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expect to pay in future reporting periods. The present value of the retirement benefit obligation is determined by discounting the estimated future payments using the Bank's long-term fixed deposit interest rate as its reference rate, as there is no deep high-quality corporate bond market nor government bonds currently being offered in the market.

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

Management position level	Benefits
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 INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 interim statements of financial position at the present value of employee benefit obligation at the end of each reporting period using the Projected Unit Credit method. The present value is determined by discounting the estimated future payments by reference to three-year fixed deposit interest rate, as the period of benefit entitlement is three years.

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Interest (continued)

Effective interest rate (continued)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group and the Bank estimate future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows, including ECL.

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

Amortised cost and gross carrying amount

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

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

Calculation of interest income and interest expense

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

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

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

Presentation

Interest income calculated using the effective interest method presented in the interim statements 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 INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Interest (continued)

Presentation (continued)

- the effective portion of fair value changes in qualifying hedging derivatives designated as cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and,
- the effective portion of fair value changes in qualifying hedging derivatives designated as fair value hedges of interest rate risk.

Interest expense presented in the interim statements of profit or loss and other comprehensive income includes:

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

Interest income and interest expense on other financial assets and financial liabilities at FVTPL are presented in the interim statements of profit or loss and other comprehensive income.

(s) Fee and commission

Fee and commission income and expense are integral part of the effective interest rate calculation of a financial asset or financial liability.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed.

If a loan commitment is not expected to result in the drawdown of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's and the Bank's interim financial statements may be partially in the scope of CIFRS 9 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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 and consultancy services are recognised when the 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 and the Bank use incremental borrowing rate. Practically, the Group and the Bank use its incremental borrowing rate as the discount rate to measure its right-of-use assets and lease liabilities.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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.

Short-term leases and leases of low-value assets

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 interim 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 interim 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, both favorable and unfavorable, that occur between the end of the reporting period and the date when the interim financial statements are authorised for issue. The interim financial statements of the Group and the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the interim financial statements when material.

(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 the Management believes that information about the segment would be useful to users of the consolidated interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(x) Segment reporting (continued)

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

Financial information on segment reporting is presented in Note 6.

3. Composition of the Group

Details of the Bank's subsidiaries as at 30 September 2022 and 31 December 2021 are presented in Note 13.

The significant financial information on the interim financial statements of non-wholly owned subsidiary interests of the Bank that has material non-controlling interest as at 30 September 2022 and for the quarter then ended are shown below and in the succeeding page. The summarised financial information represents amounts before intragroup eliminations.

ACLEDA Institute of Business Co., Ltd.

	30 September 2022	31 December 2021
	US\$	US\$
<u>Financial position:</u>		
Current assets	2,460,517	2,016,518
Non-current assets	32,340,228	32,712,894
Total assets	34,800,745	34,729,412
Current liabilities	2,362,130	459,759
Non-current liabilities	6,497,881	8,647,414
Total liabilities	8,860,011	9,107,173
Equity	25,940,734	25,622,239
Ownership and voting interest held by non-controlling interests	23.391%	23.391%
Equity attributable to:		
Equity holders of the Group	19,872,937	19,628,941
Non-controlling interests	6,067,797	5,993,298

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

3. Composition of the Group (continued)

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

	30 September 2022 US\$	30 September 2021 US\$
<u>Results of operations:</u>		
Revenue	4,139,448	2,778,095
Costs and expenses	3,799,532	3,819,165
Profit/(loss) for the period	339,916	(1,041,070)
Total comprehensive income/(loss) for the period	318,496	(1,043,354)
<u>Profit/(loss) attributable to:</u>		
Equity holders of the Group	260,406	(797,553)
Non-controlling interests	79,510	(243,517)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of the Group	243,997	(799,303)
Non-controlling interests	74,499	(244,051)
Dividends paid to non-controlling interests	-	-
<u>Cash flows:</u>		
Net cash inflow/(outflow) from operating activities	1,092,293	(1,121,445)
Net cash outflow from investing activities	(50,840)	(61,287)
Net cash (outflow)/inflow from financing activities	(955,648)	2,591,997
Net cash inflow	85,805	1,409,265

4. Critical accounting estimates and judgements in applying accounting policies

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

(a) Judgements

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

(a) Judgements (continued)

- Note 38.1(f): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.
- The long-term fixed deposit rate on deposits from customers is used as the discount rate for calculating lease liabilities and the retirement benefit obligation.

Functional currency

Based on the economic substance of underlying circumstances relevant to the Group and the Bank, the Management determines the functional currency of the Group and the Bank to be the USD. The USD is the currency of the primary economic environment in which the Group and the Bank operate.

Leases

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

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

Retirement benefits

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

(b) Assumptions and estimation uncertainties

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

Impairment of financial and non-financial assets

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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)

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

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

Following CIAS 36, *Impairment of assets*, at the end of each reporting period, the Group and the Bank assess whether there is any indication that non-financial assets may be impaired. If any such indication exists, the Bank shall estimate the recoverable amount of the assets and writes down its carrying amount to the assessed amount.

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

- External sources of information
 - a) Market value of the assets has declined significantly during the period more than what would be expected as a result of the passage of time or normal use.
 - b) Significant changes with an adverse effect on the Group and the Bank have taken place during the period, or will take place in the near future, in the technological, market, economic, or legal environment in which the Group and the Bank operate or in the market to which an asset is dedicated.
 - c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
 - d) The carrying amount of the net assets of the entity is more than its market capitalisation.
- Internal sources of information
 - a) Evidence is available of obsolescence or physical damage of an asset.
 - b) Significant changes with an adverse effect on the Group and the Bank have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, and plans to dispose of an asset before the previously expected date.
 - c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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)

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

As at 30 September 2022, the Management believes that the recoverable amounts of its equity investments, exceed their carrying amounts. Accordingly, no impairment loss was recognised.

Coronavirus and impact on ECL

The ECL was estimated based on a range of forecasted economic conditions as at the reporting date. The Novel Coronavirus (“COVID-19”) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity.

The calculation of the ECL in this current environment is subject to significant uncertainty. The Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, 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.

Retirement benefits

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

Taxes

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

(b) Assumptions and estimation uncertainties (continued)

Estimating cost of right-of-use assets

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

Lease liabilities are measured at the present value of lease payments to be made over the lease term. In calculating the lease liabilities, the Group and the Bank use its average borrowing rate 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 and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's and the Bank's assets. In addition, the estimation of the useful lives is based on the Group's and the Bank's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognised operating expenses and decrease non-current assets.

5. Translation of United States Dollars into Khmer Riel

The interim financial statements are expressed in USD. The translations of USD amounts into Khmer Riel ("KHR") are included solely for compliance with the Law on Accounting and Auditing. Assets and liabilities are translated at the closing rate as at the reporting date. The interim statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the three-month and nine-month periods then ended. Exchange differences arising from the translation are recognised as "Currency translation differences" in the other comprehensive income.

The Group and the Bank have used the exchange rates:

			Closing rate	Average rate nine-month	Average rate three-month
30 September 2022	US\$1	=	KHR4,119	KHR4,076	KHR4,108
30 September 2021	US\$1	=	KHR4,079	KHR4,067	KHR4,077
31 December 2021	US\$1	=	KHR4,074	Not applicable	Not applicable

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

6. Segment information

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

(a) Business segments

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

6. Segment information (continued)

(b) Analysis of primary segment information

Primary segment information by business segment on a consolidated basis for the periods ended 30 September 2022 and 30 September 2021 follow:

	30 September 2022						30 September 2021					
	Lending		Other financial services		Total		Lending		Other financial services		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Revenues												
From customers												
Interest income	492,875,091	2,008,958,871	-	-	492,875,091	2,008,958,871	425,856,713	1,731,959,252	-	-	425,856,713	1,731,959,252
Interest expense	155,118,380	632,262,517	-	-	155,118,380	632,262,517	125,259,246	509,429,353	-	-	125,259,246	509,429,353
Net interest income	337,756,711	1,376,696,354	-	-	337,756,711	1,376,696,354	300,597,467	1,222,529,899	-	-	300,597,467	1,222,529,899
Non-interest income	-	-	56,197,782	229,062,160	56,197,782	229,062,160	-	-	45,344,898	184,417,700	45,344,898	184,417,700
Total net revenues	337,756,711	1,376,696,354	56,197,782	229,062,160	393,954,493	1,605,758,514	300,597,467	1,222,529,899	45,344,898	184,417,700	345,942,365	1,406,947,599

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

6. Segment information (continued)

(c) Analysis of secondary segment information

Secondary information (by geographical locations) as at 30 September 2022 and 31 December 2021 and for the periods ended 30 September 2022 and 30 September 2021 follow:

	30 September 2022								30 September 2021							
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total	
	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)
Interim statements of profit or loss and other comprehensive income																
Total income	524,237,277	2,136,791,141	21,810,902	88,901,237	5,581,683	22,750,940	551,629,862	2,248,443,318	442,310,017	1,798,874,839	23,854,184	97,014,966	7,174,343	29,178,057	473,338,544	1,925,067,862
Total expense	396,202,367	1,614,920,848	17,121,751	69,788,257	5,274,082	21,497,158	418,598,200	1,706,206,263	325,463,011	1,323,658,066	19,266,264	78,355,896	8,131,565	33,071,073	352,860,840	1,435,085,035
Net profit	128,034,910	521,870,293	4,689,151	19,112,980	307,601	1,253,782	133,031,662	542,237,055	116,847,006	475,216,773	4,587,920	18,659,070	(957,222)	(3,893,016)	120,477,704	489,982,827
Other segment information																
Depreciation and amortisation	26,372,322	107,493,584	1,096,770	4,470,435	214,952	876,144	27,684,044	112,840,163	24,960,931	101,516,106	1,428,686	5,810,466	311,905	1,268,518	26,701,522	108,595,090
	30 September 2022								31 December 2021							
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total	
	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)	US\$	KHR'000 (Note5)
Interim statements of financial position																
Total assets	8,310,593,504	34,231,334,643	151,222,960	622,887,372	16,743,181	68,965,164	8,478,559,645	34,923,187,179	7,732,207,958	31,501,015,221	199,218,441	811,615,929	22,313,731	90,906,140	7,953,740,130	32,403,537,290
Total liabilities	6,997,151,757	28,821,268,087	118,793,029	489,308,486	2,610,361	10,752,079	7,118,555,147	29,321,328,652	6,495,379,974	26,462,178,014	156,407,139	637,202,684	5,968,473	24,315,559	6,657,755,586	27,123,696,257

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

6. Segment information (continued)

(d) Reconciliation

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

	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Revenue				
Total segment revenues	551,629,862	473,338,544	2,248,443,318	1,925,067,862
Elimination of intersegment revenues	(2,556,989)	(2,136,933)	(10,422,287)	(8,690,910)
Net revenues as reported in profit or loss	<u>549,072,873</u>	<u>471,201,611</u>	<u>2,238,021,031</u>	<u>1,916,376,952</u>
Profit or loss				
Total segment operating income	133,031,662	120,477,704	542,237,055	489,982,827
Elimination of intersegment profit	5,605	(355,630)	22,847	(1,446,351)
Group net profit as reported in profit or loss	<u>133,037,267</u>	<u>120,122,074</u>	<u>542,259,902</u>	<u>488,536,476</u>
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Assets				
Total segment assets	8,478,559,645	7,953,740,130	34,923,187,179	32,403,537,290
Unallocated assets	(98,429,475)	(98,487,806)	(405,431,008)	(401,239,323)
Total assets	<u>8,380,130,170</u>	<u>7,855,252,324</u>	<u>34,517,756,171</u>	<u>32,002,297,967</u>
Liabilities				
Total segment liabilities	7,118,555,147	6,657,755,586	29,321,328,652	27,123,696,257
Unallocated liabilities (elimination of intersegment liabilities)	(7,485,382)	(7,538,304)	(30,832,289)	(30,711,050)
Total liabilities	<u>7,111,069,765</u>	<u>6,650,217,282</u>	<u>29,290,496,363</u>	<u>27,092,985,207</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

7. Cash on hand

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
By currency:								
In USD	383,367,945	313,847,464	1,579,092,565	1,278,614,568	381,849,052	312,306,524	1,572,836,245	1,272,336,779
In KHR	115,181,478	104,996,359	474,432,508	427,755,167	115,173,567	104,994,430	474,399,922	427,747,308
In Thai Baht	29,437,478	19,019,091	121,252,972	77,483,777	27,576,498	17,152,508	113,587,595	69,879,318
In Euro	1,172,631	2,521,480	4,830,067	10,272,510	1,170,868	2,518,765	4,822,805	10,261,449
In other currencies	8,410,200	9,990,755	34,641,614	40,702,335	2,708,207	2,493,753	11,155,106	10,159,549
	<u>537,569,732</u>	<u>450,375,149</u>	<u>2,214,249,726</u>	<u>1,834,828,357</u>	<u>528,478,192</u>	<u>439,465,980</u>	<u>2,176,801,673</u>	<u>1,790,384,403</u>

8. Deposits and placements with other banks, net

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Balances with local banks:								
National Bank of Cambodia	347,905,046	290,477,441	1,433,020,884	1,183,405,095	347,905,046	290,477,440	1,433,020,884	1,183,405,091
Other banks	76,374,549	41,940,777	314,586,768	170,866,725	76,374,549	41,940,777	314,586,768	170,866,725
	<u>424,279,595</u>	<u>332,418,218</u>	<u>1,747,607,652</u>	<u>1,354,271,820</u>	<u>424,279,595</u>	<u>332,418,217</u>	<u>1,747,607,652</u>	<u>1,354,271,816</u>
Balances with overseas banks:								
Bank of Laos	16,432,149	30,631,426	67,684,022	124,792,430	-	-	-	-
Other banks	146,376,673	214,546,817	602,925,516	874,063,732	144,058,540	211,228,985	593,377,126	860,546,885
	<u>162,808,822</u>	<u>245,178,243</u>	<u>670,609,538</u>	<u>998,856,162</u>	<u>144,058,540</u>	<u>211,228,985</u>	<u>593,377,126</u>	<u>860,546,885</u>
Total balances with local and overseas banks	587,088,417	577,596,461	2,418,217,190	2,353,127,982	568,338,135	543,647,202	2,340,984,778	2,214,818,701
Allowance for impairment losses	(480,687)	(479,163)	(1,979,950)	(1,952,110)	(430,276)	(220,282)	(1,772,307)	(897,429)
	<u>586,607,730</u>	<u>577,117,298</u>	<u>2,416,237,240</u>	<u>2,351,175,872</u>	<u>567,907,859</u>	<u>543,426,920</u>	<u>2,339,212,471</u>	<u>2,213,921,272</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	586,607,730	577,117,298	2,416,237,240	2,351,175,872	567,907,859	543,426,920	2,339,212,471	2,213,921,272
Non-current	-	-	-	-	-	-	-	-
	<u>586,607,730</u>	<u>577,117,298</u>	<u>2,416,237,240</u>	<u>2,351,175,872</u>	<u>567,907,859</u>	<u>543,426,920</u>	<u>2,339,212,471</u>	<u>2,213,921,272</u>

a) By account types

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Balances with local banks:								
Current accounts	348,559,624	291,173,942	1,435,717,091	1,186,242,640	348,559,624	291,173,941	1,435,717,091	1,186,242,636
Fixed deposits	75,719,971	41,244,276	311,890,561	168,029,180	75,719,971	41,244,276	311,890,561	168,029,180
	<u>424,279,595</u>	<u>332,418,218</u>	<u>1,747,607,652</u>	<u>1,354,271,820</u>	<u>424,279,595</u>	<u>332,418,217</u>	<u>1,747,607,652</u>	<u>1,354,271,816</u>
Balances with overseas banks:								
Current accounts	122,495,581	245,178,243	504,559,298	998,856,162	104,045,915	210,223,629	428,565,124	856,451,065
Fixed deposits	40,313,241	-	166,050,240	-	40,012,625	1,005,356	164,812,002	4,095,820
	<u>162,808,822</u>	<u>245,178,243</u>	<u>670,609,538</u>	<u>998,856,162</u>	<u>144,058,540</u>	<u>211,228,985</u>	<u>593,377,126</u>	<u>860,546,885</u>
Total balances with local and overseas banks	587,088,417	577,596,461	2,418,217,190	2,353,127,982	568,338,135	543,647,202	2,340,984,778	2,214,818,701
Allowance for impairment losses	(480,687)	(479,163)	(1,979,950)	(1,952,110)	(430,276)	(220,282)	(1,772,307)	(897,429)
	<u>586,607,730</u>	<u>577,117,298</u>	<u>2,416,237,240</u>	<u>2,351,175,872</u>	<u>567,907,859</u>	<u>543,426,920</u>	<u>2,339,212,471</u>	<u>2,213,921,272</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

b) By interest rate (per annum)

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.00% - 0.50%	0.00% - 0.50%	Nil	Nil
Fixed deposits	0.14% - 7.50%	0.12% - 7.50%	0.14% - 6.00%	0.12% - 5.50%

c) By maturity

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
On demand	471,055,205	536,352,185	1,940,276,390	2,185,098,802	452,605,539	501,397,570	1,864,282,215	2,042,693,701
Within 1 month	72,233,309	10,003,430	297,529,000	40,753,974	72,233,309	11,008,787	297,529,000	44,849,797
Between 2 to 3 months	31,506,415	21,407,693	129,774,923	87,214,941	31,205,799	21,407,691	128,536,686	87,214,933
Between 4 to 6 months	12,293,488	9,833,153	50,636,877	40,060,265	12,293,488	9,833,154	50,636,877	40,060,270
Between 7 to 12 months	-	-	-	-	-	-	-	-
	<u>587,088,417</u>	<u>577,596,461</u>	<u>2,418,217,190</u>	<u>2,353,127,982</u>	<u>568,338,135</u>	<u>543,647,202</u>	<u>2,340,984,778</u>	<u>2,214,818,701</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

9. Financial investments, net

Note	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Unlisted equity securities at FVOCI								
(a) Credit Bureau Holding (Cambodia) Ltd.	153,529	153,529	632,386	625,477	153,529	153,529	632,386	625,477
Swift	36,141	36,141	148,865	147,238	36,141	36,141	148,865	147,238
Total financial investments at FVOCI	189,670	189,670	781,251	772,715	189,670	189,670	781,251	772,715
Unquoted financial investments at amortised cost								
(b) Negotiable Certificate of Deposit with NBC	324,190,648	800,894,722	1,335,341,279	3,262,845,098	324,190,648	800,894,722	1,335,341,279	3,262,845,098
(c) Debt securities	36,036,777	-	148,435,484	-	36,036,777	-	148,435,484	-
	360,227,425	800,894,722	1,483,776,763	3,262,845,098	360,227,425	800,894,722	1,483,776,763	3,262,845,098
ECL Allowance	(608,095)	-	(2,504,743)	-	(608,095)	-	(2,504,743)	-
Total financial investments at amortised cost	359,619,330	800,894,722	1,481,272,020	3,262,845,098	359,619,330	800,894,722	1,481,272,020	3,262,845,098
Total financial investments	359,809,000	801,084,392	1,482,053,271	3,263,617,813	359,809,000	801,084,392	1,482,053,271	3,263,617,813

- (a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly owned at 5% and indirectly owned at 1% through the Association of Banks in Cambodia. As at 30 September 2022, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (31 December 2021: 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 investments approximates its fair value. Dividend income received from CBC during the period amounted to KHR475,200,000 (US\$117,740) (30 September 2021: KHR475,200,000 (US\$116,499)).
- (b) The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$23,983,039 (31 December 2021: US\$15,793,882) with the NBC as collateral for settlement clearing facility. The other NCD amounting to US\$300,207,609 (31 December 2021: US\$785,100,840) with NBC is made for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to twelve months. As at 30 September 2022, the Bank had yet to utilise the overdraft on the settlement clearing facility.
- (c) On 12 January 2022, the Bank invested in a corporate debt security with a face value of US\$30,000,000 guaranteed by Overseas Cambodian Investment Corporation Ltd, a third party. The debt security earns an interest at the rate of 5.5% per annum and will mature on 11 January 2025. On 9 September 2022, the Bank bought 20,000 sheets of G-Bond from the Ministry of Economy and Finance ("MEF") with a face value of KHR1,000,000 per sheet. The investment in G-Bond earns an interest of 2% per annum with a tenure of 12 months and is guaranteed by the Cambodian Government. The G-Bond yield to maturity is at the rate of 2.20% per annum and will mature on 9 September 2023. These bond investments are valued at amortised cost and are held for the purpose of earning interest, and the cash flows are expected to be collected at the specific future period of time.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

9. Financial investments, net (continued)

Analysis of maturity of financial investments at amortised cost

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Within 1 month	300,207,623	785,100,840	1,236,555,198	3,198,500,823	300,207,623	785,100,840	1,236,555,198	3,198,500,823
Between 2 to 3 months	22,048,414	15,493,856	90,817,417	63,121,969	22,048,414	15,493,856	90,817,417	63,121,969
Between 4 to 6 months	3,125,391	300,026	12,873,486	1,222,306	3,125,391	300,026	12,873,486	1,222,306
Between 7 to 12 months	4,845,997	-	19,960,662	-	4,845,997	-	19,960,662	-
More than 12 months	30,000,000	-	123,570,000	-	30,000,000	-	123,570,000	-
	<u>360,227,425</u>	<u>800,894,722</u>	<u>1,483,776,763</u>	<u>3,262,845,098</u>	<u>360,227,425</u>	<u>800,894,722</u>	<u>1,483,776,763</u>	<u>3,262,845,098</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

10. Loans and advances, net

	The Group											
	30 September 2022			31 December 2021			30 September 2022			31 December 2021		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
						(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	
Small Loan	2,761,947,284	23,539,734	2,738,407,550	2,454,306,155	19,970,587	2,434,335,568	11,376,460,863	96,960,164	11,279,500,699	9,998,843,275	81,360,170	9,917,483,105
Medium Loan	2,513,003,574	18,003,324	2,495,000,250	2,126,969,233	10,213,429	2,116,755,804	10,351,061,721	74,155,692	10,276,906,029	8,665,272,655	41,609,511	8,623,663,144
Staff Loan	283,929,663	105,915	283,823,748	255,658,399	154,781	255,503,618	1,169,506,282	436,264	1,169,070,018	1,041,552,318	630,578	1,040,921,740
Personal & Others Loan	242,968,212	2,080,407	240,887,805	202,542,041	1,674,566	200,867,475	1,000,786,065	8,569,197	992,216,868	825,156,274	6,822,182	818,334,092
Public Housing Loan	152,100,337	1,558,377	150,541,960	135,971,808	892,526	135,079,282	626,501,288	6,418,955	620,082,333	553,949,146	3,636,151	550,312,995
Overdraft Loan	136,645,969	251,739	136,394,230	95,974,116	298,253	95,675,863	562,844,746	1,036,913	561,807,833	390,998,549	1,215,083	389,783,466
Credit Card Loan	55,340,376	1,131,296	54,209,080	40,281,078	734,956	39,546,122	227,947,009	4,659,808	223,287,201	164,105,112	2,994,211	161,110,901
Revolving Loan	28,736,318	75,364	28,660,954	49,650,393	83,174	49,567,219	118,364,894	310,424	118,054,470	202,275,701	338,851	201,936,850
Staff Housing Loan	27,247,342	50,833	27,196,509	24,562,089	10,206	24,551,883	112,231,802	209,381	112,022,421	100,065,951	41,579	100,024,372
Home Improvement Loan	23,632,034	1,465,861	22,166,173	31,451,028	575,005	30,876,023	97,340,348	6,037,881	91,302,467	128,131,488	2,342,570	125,788,918
Trade Loan	17,333,107	14,370	17,318,737	11,208,237	13,591	11,194,646	71,395,068	59,190	71,335,878	45,662,358	55,370	45,606,988
	6,242,884,216	48,277,220	6,194,606,996	5,428,574,577	34,621,074	5,393,953,503	25,714,440,086	198,853,869	25,515,586,217	22,116,012,827	141,046,256	21,974,966,571

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

10. Loans and advances, net (continued)

	The Bank											
	30 September 2022			31 December 2021			30 September 2022			31 December 2021		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)
Small Loan	2,644,129,499	11,274,892	2,632,854,607	2,310,778,323	8,630,325	2,302,147,998	10,891,169,406	46,441,280	10,844,728,126	9,414,110,888	35,159,944	9,378,950,944
Medium Loan	2,506,382,071	17,950,145	2,488,431,926	2,118,865,642	10,171,481	2,108,694,161	10,323,787,750	73,936,647	10,249,851,103	8,632,258,626	41,438,614	8,590,820,012
Staff Loan	278,017,413	93,786	277,923,627	248,772,294	117,594	248,654,700	1,145,153,724	386,305	1,144,767,419	1,013,498,326	479,078	1,013,019,248
Personal & Others Loan	239,257,796	1,998,873	237,258,923	196,387,702	1,479,914	194,907,788	985,502,862	8,233,358	977,269,504	800,083,498	6,029,170	794,054,328
Public Housing Loan	149,997,812	1,545,415	148,452,397	134,359,341	891,230	133,468,111	617,840,988	6,365,564	611,475,424	547,379,955	3,630,871	543,749,084
Overdraft Loan	136,460,909	251,187	136,209,722	94,550,853	295,564	94,255,289	562,082,484	1,034,639	561,047,845	385,200,175	1,204,128	383,996,047
Credit Card Loan	55,340,376	1,131,296	54,209,080	40,281,078	734,956	39,546,122	227,947,009	4,659,808	223,287,201	164,105,112	2,994,211	161,110,901
Revolving Loan	28,736,318	75,364	28,660,954	49,650,393	83,174	49,567,219	118,364,894	310,424	118,054,470	202,275,701	338,851	201,936,850
Staff Housing Loan	27,203,806	50,828	27,152,978	24,490,527	10,188	24,480,339	112,052,477	209,361	111,843,116	99,774,407	41,506	99,732,901
Home Improvement Loan	18,001,608	158,946	17,842,662	25,303,035	160,488	25,142,547	74,148,623	654,699	73,493,924	103,084,565	653,828	102,430,737
Trade Loan	17,333,107	14,370	17,318,737	11,208,237	13,591	11,194,646	71,395,068	59,190	71,335,878	45,662,358	55,370	45,606,988
	6,100,860,715	34,545,102	6,066,315,613	5,254,647,425	22,588,505	5,232,058,920	25,129,445,285	142,291,275	24,987,154,010	21,407,433,611	92,025,571	21,315,408,040

(a) Loans and advances in gross amount by maturity

	The Group				The Bank			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
Within 1 year	1,501,212,916	1,350,060,046	6,183,496,001	5,500,144,627	1,448,278,321	1,282,886,924	5,965,458,404	5,226,481,328
Later than 1 year but not later than 3 years	2,107,159,094	1,898,303,942	8,679,388,308	7,733,690,260	2,053,517,789	1,836,584,170	8,458,439,773	7,482,243,909
Later than 3 years but not later than 5 years	1,556,746,204	1,326,203,036	6,412,237,614	5,402,951,169	1,531,230,394	1,294,000,254	6,307,137,993	5,271,757,035
Later than 5 years	1,077,766,002	854,007,553	4,439,318,163	3,479,226,771	1,067,834,211	841,176,077	4,398,409,115	3,426,951,339
	6,242,884,216	5,428,574,577	25,714,440,086	22,116,012,827	6,100,860,715	5,254,647,425	25,129,445,285	21,407,433,611

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

10. Loans and advances, net (continued)

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Allowance for/(reversal of) impairment losses on:								
Loans and advances	19,343,763	18,569,245	78,845,178	75,521,119	12,980,569	6,409,136	52,908,799	26,065,956
Deposits and placements with other banks	16,370	185,803	66,724	755,661	209,235	516,714	852,842	2,101,476
Other receivables	21,166	(187,638)	86,273	(763,124)	1,616	(188,384)	6,587	(766,158)
Investment in debt securities	608,095	-	2,478,595	-	608,095	-	2,478,595	-
	19,989,394	18,567,410	81,476,770	75,513,656	13,799,515	6,737,466	56,246,823	27,401,274
Off-balance sheet commitments	(2,441)	(123,235)	(9,950)	(501,197)	(60,366)	(176,022)	(246,052)	(715,881)
	19,986,953	18,444,175	81,466,820	75,012,459	13,739,149	6,561,444	56,000,771	26,685,393
	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Allowance for/(reversal of) impairment losses on:								
Loans and advances	1,350,638	8,610,475	5,548,421	35,104,907	375,151	6,491,485	1,541,120	26,465,784
Deposits and placements with other banks	146,137	(56,772)	600,331	(231,459)	184,762	(63,981)	759,002	(260,851)
Other receivables	(2,751)	(227,089)	(11,301)	(925,842)	584	(228,051)	2,399	(929,764)
Investment in debt securities	8,109	-	33,311	-	8,109	-	33,312	-
	1,502,133	8,326,614	6,170,762	33,947,606	568,606	6,199,453	2,335,833	25,275,169
Off-balance sheet commitments	1,109	914	4,556	3,726	(5,310)	(18,600)	(21,813)	(75,832)
	1,503,242	8,327,528	6,175,318	33,951,332	563,296	6,180,853	2,314,020	25,199,337

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

10. Loans and advances, net (continued)

Movements in allowance for impairment losses during the period were as follows:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	34,621,074	35,342,547	141,046,256	142,960,602	22,588,505	31,209,389	92,025,571	126,241,978
Allowance for/(reversal of) impairment losses during the period	19,343,763	18,569,245	78,845,178	75,521,119	12,980,569	6,409,136	52,908,799	26,065,956
Written off during the period	(2,143,317)	(9,270,722)	(8,736,160)	(37,704,026)	(770,205)	(7,112,093)	(3,139,356)	(28,924,882)
Currency translation differences	(3,544,300)	(3,239,562)	(14,446,567)	(13,175,299)	(253,767)	(733,108)	(1,034,354)	(2,981,550)
Exchange differences	-	-	2,145,162	1,274,355	-	-	1,530,615	1,043,886
At the end of the period	48,277,220	41,401,508	198,853,869	168,876,751	34,545,102	29,773,324	142,291,275	121,445,388

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	49,461,160	42,669,024	201,306,923	173,876,273	34,723,238	30,440,971	141,323,579	124,046,957
Allowance for/(reversal of) impairment losses during the period	1,350,638	8,610,475	5,548,421	35,104,907	375,151	6,491,485	1,541,120	26,465,784
Written off during the period	(772,037)	(8,153,710)	(3,171,528)	(33,242,676)	(488,673)	(7,068,043)	(2,007,469)	(28,816,411)
Currency translation differences	(1,762,541)	(1,724,281)	(7,240,518)	(7,029,894)	(64,614)	(91,089)	(265,434)	(371,370)
Exchange differences	-	-	2,410,571	168,141	-	-	1,699,479	120,428
At the end of the period	48,277,220	41,401,508	198,853,869	168,876,751	34,545,102	29,773,324	142,291,275	121,445,388

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

11. Other assets

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Prepayments and advances	15,020,829	17,854,484	61,870,795	72,739,168	14,185,259	16,138,351	58,429,082	65,747,642
Stationery supplies	4,454,372	2,820,381	18,347,558	11,490,232	4,256,500	2,673,828	17,532,524	10,893,175
Receivable from Western Union and VISA	1,587,991	2,172,327	6,540,935	8,850,060	1,570,377	2,079,286	6,468,383	8,471,011
Income tax receivable	2,959,114	2,778,369	12,188,591	11,319,075	2,878,488	2,707,597	11,856,492	11,030,750
Others	17,620,648	2,515,629	72,579,449	10,248,673	17,629,853	2,450,451	72,617,365	9,983,139
	<u>41,642,954</u>	<u>28,141,190</u>	<u>171,527,328</u>	<u>114,647,208</u>	<u>40,520,477</u>	<u>26,049,513</u>	<u>166,903,846</u>	<u>106,125,717</u>

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	27,280,391	17,995,402	112,367,931	73,313,268	26,470,100	16,269,441	109,030,342	66,281,705
Non-current	14,362,563	10,145,788	59,159,397	41,333,940	14,050,377	9,780,072	57,873,504	39,844,012
	<u>41,642,954</u>	<u>28,141,190</u>	<u>171,527,328</u>	<u>114,647,208</u>	<u>40,520,477</u>	<u>26,049,513</u>	<u>166,903,846</u>	<u>106,125,717</u>

12. Statutory deposits

		The Group				The Bank			
		30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
With the Central Bank	(a)	467,067,101	412,986,454	1,923,849,389	1,682,506,814	467,067,101	412,986,454	1,923,849,389	1,682,506,814
With Other Central Bank	(b)	2,593,521	2,225,047	10,682,713	9,064,841	-	-	-	-
Others	(c)	242,779	245,459	1,000,007	1,000,000	-	-	-	-
		<u>469,903,401</u>	<u>415,456,960</u>	<u>1,935,532,109</u>	<u>1,692,571,655</u>	<u>467,067,101</u>	<u>412,986,454</u>	<u>1,923,849,389</u>	<u>1,682,506,814</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 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 for KHR and foreign currencies' reserves from 8% to 7% and 12.50% to 7%, respectively.

The reserve requirement amounted to US\$423,679,060 and US\$369,670,152 as at 30 September 2022 and 31 December 2021, 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 ceases its operations in Cambodia. As at 30 September 2022 and 31 December 2021, capital guarantee deposit amounted to US\$43,316,302 (with accrued interest amounted US\$71,739) and US\$43,316,302, respectively. The capital guarantee deposit is earning at an interest rate of $\frac{1}{4}$ of London Inter-bank Offered Rate ("LIBOR") on a 6 month basis. Pursuant to NBC's Prakas No. B5-021-288 issued on 29 December 2021, banks and financial institutions are required to use Secured Overnight Financing Rate instead of LIBOR starting from 3 January 2022.

(b) With Other Central Bank

These are the statutory deposits of ABL maintained with the Bank of Lao PDR ("BOL") in compliance with BOL's regulations. These statutory deposits comprise of reserve requirement calculated at 5% of customers' deposits in local currency and 5% 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. ("ACS") is required to place a security deposit into SECC's bank account maintained with the NBC amounting to KHR1,000,000,000 (equivalent to US\$242,779) for operating as a securities broker in the Kingdom of Cambodia. This statutory deposit does not bear interest.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

13. Investments in subsidiaries

	The Bank			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	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	203,435,622	201,213,092
ACLEDA Securities Plc. (b)	2,010,000	2,010,000	8,279,190	8,188,740
ACLEDA Institute of Business Co., Ltd. (c)	19,805,000	19,805,000	81,576,795	80,685,570
ACLEDA MFI Myanmar Co., Ltd. (d)	19,913,150	19,913,150	82,022,265	81,126,173
Total investments in subsidiaries	91,117,716	91,117,716	375,313,872	371,213,575

Details of the Bank's subsidiaries are as follows:

Name of Subsidiaries	Ownership and Voting Interest	
	30 September 2022	31 December 2021
ACLEDA Bank Lao Ltd. (a)	99.90%	99.90%
ACLEDA Securities Plc. (b)	100%	100%
ACLEDA Institute of Business Co., Ltd. (c)	76.609%	76.609%
ACLEDA MFI Myanmar Co., Ltd. (d)	100%	100%

(a) ACLEDA Bank Lao Ltd.

ABL was established in Lao PDR on 13 December 2007 under a preliminary license from the BOL. ABL's principal business is providing banking and related financial services in Lao PDR.

The Bank owned 99.90% of ABL's shares. The Bank's initial investment in 2008 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", Triodos 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 30 September 2022, the Bank's investments with ABL remains the same.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

13. Investments in subsidiaries (continued)

(a) ACLEDA Bank Lao Ltd. (continued)

Status of operations

The year-on-year inflation rate continues to rise significantly, with 30.01 percent recorded in August this year, according to the latest report from the Lao Statistics Bureau. This is the highest figure recorded in more than two decades, inflicting more hardship on people struggling to earn a living. The consumer price index rose from 23.6 percent in June to 25.6 percent in July, with price rises reported across all categories. The continuing depreciation of the Lao Kip (“LAK”) and skyrocketing fuel prices, compounded with the high cost of products as a result of imported fertiliser and animal feed are among the key factors driving inflation in Lao PDR.

The BOL issued Decision No. 449/BOL (“Decision 449”) to manage currency exchange services provided by commercial banks and currency exchange bureaus operating in the Lao PDR. The purpose is to ensure the stability of the LAK, which has weakened considerably against the USD, and has been trading on the domestic market at a value below the BOL’s official exchange rate, and to close this exchange rate gap. Effective immediately, Decision 449 replaces Decision No. 109/BOL dated 1 February 2019. However, it still shows situation of exchange rate in banking sector compare to market rate is much different. At the end of September 2022, the banking exchange rate is US\$1 equal LAK16,523 while the market rate is LAK18,700. It also impacts to the bank performance as ABL reports to its Board of Directors and Management in USD currency.

Statutory deposits with Central Bank include compulsory reserve and registered capital reserve. These balances earn no interest. Under regulations of the BOL, the Bank is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5% for LAK and 5% for foreign currency (2021: 3% and 5%), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. Raising the reserve requirement means that the central bank can reduce money supply, which should enable it to better control money supply and curb inflation, as well as respond to the nation’s economic woes.

Since the last 3 years, many business and customers have recovered from COVID-19 outbreak as the situation gradually improves. During COVID-19 crisis, ABL’s clients requested to either delay loan repayment or a reduced monthly loan amortisation. As a response, ABL has set strategy for solving loan default issues and created an action plan to improve the quality of its loan portfolio. ABL has kept its operations to run smoothly even it faces the issues mentioned above.

As of September 2022, fluctuations in the exchange rate still impact ABL’s performance if we consider in USD amount, but in LAK, the loans outstanding are still over plan of around 1%. While in terms of loan default, it decreased by 6.36% compare to June 2022 due to the increase in collection rate as well as the recovery of previously written-off accounts as the COVID-19 pandemic cases drastically decreased. So far, ABL still has the ability to pay its debts and its liquidity and cash flow levels are still in the good position.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED

13. Investments in subsidiaries (continued)

(b) ACLEDA Securities Plc.

On 1 March 2010, ACS was established in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MOC”) under the Registration No. Co.0448KH/2010. On 20 October 2010, 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 Co., Ltd.

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

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

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

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

(d) 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 until 2021 and from 1 April to 31 March for 2022 onward accordance to letter N^o: NgaKaSa/AhMaKha (105/2021) issued on 13 September 2021, Inform letter on changing the fiscal year of Myanmar.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 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 the total shareholdings) of AMM from KfW, COFIBRED S.A, and IFC for a consideration of US\$6,193,321 as approved by the Board of Directors of AMM on 25 April 2018. The approval on the share transfers, appointment of representative of shareholders, and changing the Board members are obtained on 27 September 2018 by the Secretary of Microfinance Business Supervisory Committee, The Republic of the Union of Myanmar Government.

On 23 September 2019, the Bank injected capital amounting to US\$3,969,923 (equivalent to Myanmar Kyat ("MYR") of 6,099,390,000), and additional capital of US\$3,995,367 (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 5 April 2021, AMM submitted a request to the regulator for the approval of its amended MAA resulting from the change in ownership. Microfinance Business Supervisory Committee has approved AMM's request with Letter No. KaKa-1/6 (467/2021) dated 23 December 2021.

Status of operations

Myanmar's economy and people have been greatly affected by the political instability and the COVID-19 pandemic cases since 2021. There were protests and movements that caused temporary disruptions in the business operations across Myanmar including other key services including electricity, logistics and digital connectivity that lead to high fluctuation in exchange rates. As of September 2022, due to the vaccination enforcement, protective and preventive measures against the COVID-19 from the efforts of its government and its people, the COVID-19 cases in Myanmar drastically decreased. Furthermore, to develop the tourism sector and facilitate the entries for foreigners, the current government lifted the ban on foreign visitors by allowing international passenger flights to operate as normal after the suspension for over two years, but with the implementation of few public health requirements.

Myanmar's economy has faced a series of external and internal disruptions, which have impeded recovery from the large contraction in economic activities. Economic growth is projected to be 3 percent in the fiscal year ended September 2022. GDP in 2022 is estimated to still be around 13 percent lower than in 2019. Poverty in 2022 is estimated to be about 40 percent of the population living below the national poverty line.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED**

13. Investments in subsidiaries (continued)

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

Weak economic activity is indicative of the range of constraints facing Myanmar's economy. These include a sharp rise in the prices of imported inputs and consumer goods, partly attributable to the war in Ukraine; elevated levels of domestic conflict; electricity outages; persistent logistics, financial sector disruptions, spike in inflation, abandonment of the managed float exchange rate regime and MYR depreciation, etc.

Regarding the political issue, the head of Myanmar's current government announced the holding of a general election in August 2023 and then the transferring of power to the winning party.

AMM still operates as usual by focusing on loan collection, loan recovery and loan disbursement as well as the voluntary savings mobilisation. AMM is still able to support its daily operations smoothly and still has the gap to expand its future operations as the situation in Myanmar improves from the COVID-19 cases and the national security is now more controllable.

As at 30 September 2022, AMM's loans outstanding increased by 2.33% and the default value is decreased by 7.09% compare to 30 June 2022 due to the increase in monthly collection rate, increase in the recovery rate of previously written off accounts, increase in the voluntary savings month-by-month and with the good liquidity as well as cash flow position.

(e) ACLEDA Bank Plc. (Representative Office)

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

The representation office is permitted for the following activities:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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\$
Cost									
As at 1 January 2022	14,542,280	1,759,381	98,948,419	7,111,670	72,308,695	83,595,259	19,738,270	12,955,562	310,959,536
Additions	-	-	86,335	1,173,651	2,592,950	7,460,495	3,265,463	4,151,077	18,729,971
Disposals/write-offs	-	-	(308)	(190,346)	(1,780,078)	(1,911,693)	(568,589)	(635,129)	(5,086,143)
Reclassifications	-	-	7,300	1,255,496	8,656,687	667,719	6,308	(10,593,510)	-
Currency translation differences	-	-	-	(213,934)	(476,478)	(2,170,429)	(322,799)	(73,427)	(3,257,067)
Adjustments	-	-	-	-	(3,232)	20	-	(470,143)	(473,355)
As at 30 September 2022	<u>14,542,280</u>	<u>1,759,381</u>	<u>99,041,746</u>	<u>9,136,537</u>	<u>81,298,544</u>	<u>87,641,371</u>	<u>22,118,653</u>	<u>5,334,430</u>	<u>320,872,942</u>
Less: Accumulated depreciation									
As at 1 January 2022	-	828,303	26,708,563	4,488,660	56,181,765	67,921,485	15,399,516	-	171,528,292
Charge for the period	-	51,770	3,459,141	832,329	5,990,266	5,063,181	1,160,865	-	16,557,552
Disposals/write-offs	-	-	(308)	(184,702)	(1,769,102)	(1,909,087)	(567,526)	-	(4,430,725)
Currency translation differences	-	(32)	(13,909)	(186,285)	(466,305)	(1,769,696)	(320,126)	-	(2,756,353)
Adjustments	-	-	-	-	3,375	609	-	-	3,984
As at 30 September 2022	<u>-</u>	<u>880,041</u>	<u>30,153,487</u>	<u>4,950,002</u>	<u>59,939,999</u>	<u>69,306,492</u>	<u>15,672,729</u>	<u>-</u>	<u>180,902,750</u>
Carrying value	<u>14,542,280</u>	<u>879,340</u>	<u>68,888,259</u>	<u>4,186,535</u>	<u>21,358,545</u>	<u>18,334,879</u>	<u>6,445,924</u>	<u>5,334,430</u>	<u>139,970,192</u>
In KHR' 000 equivalent (Note 5)	<u>59,899,651</u>	<u>3,622,001</u>	<u>283,750,739</u>	<u>17,244,338</u>	<u>87,975,847</u>	<u>75,521,367</u>	<u>26,550,761</u>	<u>21,972,517</u>	<u>576,537,221</u>

As at 30 September 2022, the fully depreciated property and equipment with total historical cost of US\$124,334,535 (31 December 2021: US\$114,352,940) are still in active use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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\$
Cost									
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	-	-	36,323	851,967	6,534,856	6,141,998	2,228,560	3,267,984	19,061,688
Disposals/write-offs	-	-	(9,170)	(266,774)	(451,423)	(465,444)	(728,363)	-	(1,921,174)
Reclassifications	-	7,447	109,680	786,782	87,016	209,310	56,850	(1,257,085)	-
Currency translation differences	-	-	-	(99,855)	(184,565)	(544,901)	(96,458)	-	(925,779)
Adjustments	-	-	-	-	358	671	139	(548,030)	(546,862)
As at 30 September 2021	<u>14,542,280</u>	<u>1,759,381</u>	<u>98,943,193</u>	<u>6,477,373</u>	<u>70,961,948</u>	<u>81,459,349</u>	<u>20,561,977</u>	<u>6,827,726</u>	<u>301,533,227</u>
Less: Accumulated depreciation									
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 period	-	144,527	3,449,608	429,104	4,817,566	5,328,928	1,066,164	-	15,235,897
Disposals/write-offs	-	-	(4,999)	(259,606)	(447,224)	(464,031)	(728,363)	-	(1,904,223)
Currency translation differences	-	(49)	(20,399)	(88,615)	(185,698)	(438,700)	(92,949)	-	(826,410)
Adjustments	-	-	-	-	358	208	(70)	-	496
As at 30 September 2021	<u>-</u>	<u>796,668</u>	<u>25,549,383</u>	<u>4,524,190</u>	<u>55,544,667</u>	<u>68,051,877</u>	<u>16,357,888</u>	<u>-</u>	<u>170,824,673</u>
Carrying value	<u>14,542,280</u>	<u>962,713</u>	<u>73,393,810</u>	<u>1,953,183</u>	<u>15,417,281</u>	<u>13,407,472</u>	<u>4,204,089</u>	<u>6,827,726</u>	<u>130,708,554</u>
In KHR' 000 equivalent (Note 5)	<u>59,317,960</u>	<u>3,926,906</u>	<u>299,373,351</u>	<u>7,967,033</u>	<u>62,887,089</u>	<u>54,689,078</u>	<u>17,148,479</u>	<u>27,850,296</u>	<u>533,160,192</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

14. Property and equipment, net (continued)

	The Bank								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	Total US\$
Cost									
As at 1 January 2022	2,328,344	282,726	77,022,057	6,377,005	69,889,212	76,404,353	18,579,780	12,661,438	263,544,915
Additions	-	-	86,335	1,142,215	2,401,522	6,783,958	3,198,968	3,544,515	17,157,513
Disposals/write-offs	-	-	(308)	(171,484)	(1,740,804)	(1,875,249)	(548,200)	-	(4,336,045)
Reclassifications	-	-	7,300	1,255,496	8,656,687	667,719	6,308	(10,593,510)	-
Adjustments	-	-	-	-	(3,232)	20	-	(470,143)	(473,355)
As at 30 September 2022	<u>2,328,344</u>	<u>282,726</u>	<u>77,115,384</u>	<u>8,603,232</u>	<u>79,203,385</u>	<u>81,980,801</u>	<u>21,236,856</u>	<u>5,142,300</u>	<u>275,893,028</u>
Less: Accumulated depreciation									
As at 1 January 2022	-	156,658	24,383,785	3,872,210	54,050,378	62,335,686	14,309,015	-	159,107,732
Charge for the period	-	6,919	2,909,350	798,259	5,861,405	4,565,443	1,131,347	-	15,272,723
Disposals/write-offs	-	-	(308)	(168,196)	(1,734,172)	(1,874,780)	(548,200)	-	(4,325,656)
Currency translation differences	-	(32)	(13,909)	(3,400)	(27,244)	(22,340)	(5,031)	-	(71,956)
Adjustments	-	-	-	-	3,375	609	-	-	3,984
As at 30 September 2022	<u>-</u>	<u>163,545</u>	<u>27,278,918</u>	<u>4,498,873</u>	<u>58,153,742</u>	<u>65,004,618</u>	<u>14,887,131</u>	<u>-</u>	<u>169,986,827</u>
Carrying value	<u>2,328,344</u>	<u>119,181</u>	<u>49,836,466</u>	<u>4,104,359</u>	<u>21,049,643</u>	<u>16,976,183</u>	<u>6,349,725</u>	<u>5,142,300</u>	<u>105,906,201</u>
In KHR' 000 equivalent (Note 5)	<u>9,590,449</u>	<u>490,907</u>	<u>205,276,403</u>	<u>16,905,855</u>	<u>86,703,480</u>	<u>69,924,898</u>	<u>26,154,517</u>	<u>21,181,133</u>	<u>436,227,642</u>

As at 30 September 2022, the fully depreciated property and equipment with total historical cost of US\$115,516,879 (31 December 2021: US\$107,597,947) are still in active use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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\$
Cost									
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	-	-	23,120	830,772	6,489,331	5,537,633	2,173,052	3,124,560	18,178,468
Disposals/written off	-	-	(9,170)	(249,710)	(431,485)	(457,831)	(727,751)	-	(1,875,947)
Reclassifications	-	-	109,680	786,782	82,816	209,310	56,850	(1,245,438)	-
Adjustments	-	-	-	-	358	671	139	(548,030)	(546,862)
As at 30 September 2021	<u>2,328,344</u>	<u>282,726</u>	<u>77,016,831</u>	<u>5,685,950</u>	<u>68,314,266</u>	<u>73,542,940</u>	<u>19,303,160</u>	<u>6,574,430</u>	<u>253,048,647</u>
Less: Accumulated depreciation									
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 period	-	6,935	2,900,314	371,545	4,544,288	4,646,583	1,034,516	-	13,504,181
Disposals	-	-	(4,999)	(246,901)	(428,710)	(457,776)	(727,751)	-	(1,866,137)
Currency translation differences	-	(49)	(20,399)	(2,789)	(31,918)	(32,036)	(7,250)	-	(94,441)
Adjustments	-	-	-	-	358	208	(70)	-	496
As at 30 September 2021	<u>-</u>	<u>154,338</u>	<u>23,410,296</u>	<u>3,874,562</u>	<u>53,272,401</u>	<u>62,116,530</u>	<u>15,172,538</u>	<u>-</u>	<u>158,000,665</u>
Carrying value	<u>2,328,344</u>	<u>128,388</u>	<u>53,606,535</u>	<u>1,811,388</u>	<u>15,041,865</u>	<u>11,426,410</u>	<u>4,130,622</u>	<u>6,574,430</u>	<u>95,047,982</u>
In KHR' 000 equivalent (Note 5)	<u>9,497,315</u>	<u>523,695</u>	<u>218,661,056</u>	<u>7,388,653</u>	<u>61,355,767</u>	<u>46,608,326</u>	<u>16,848,807</u>	<u>26,817,100</u>	<u>387,700,719</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

15. Intangible assets, net

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
Cost						
As at 1 January 2022	39,924,178	1,666,659	41,590,837	36,464,944	1,637,426	38,102,370
Additions	65,806	1,134,324	1,200,130	49,363	1,096,582	1,145,945
Disposals	(259,647)	(15,233)	(274,880)	(244,206)	-	(244,206)
Reclassifications	318,668	(318,668)	-	318,668	(318,668)	-
Currency translation differences	(1,128,625)	(4,641)	(1,133,266)	-	-	-
Adjustments	6,363	40,998	47,361	6,363	40,998	47,361
As at 30 September 2022	38,926,743	2,503,439	41,430,182	36,595,132	2,456,338	39,051,470
Less: Accumulated amortisation						
As at 1 January 2022	29,304,739	-	29,304,739	26,686,517	-	26,686,517
Charge for the period	2,361,662	-	2,361,662	2,165,632	-	2,165,632
Disposals	(259,647)	-	(259,647)	(244,206)	-	(244,206)
Currency translation differences	(900,732)	-	(900,732)	(10,723)	-	(10,723)
Adjustments	209	-	209	209	-	209
As at 30 September 2022	30,506,231	-	30,506,231	28,597,429	-	28,597,429
Carrying value	8,420,512	2,503,439	10,923,951	7,997,703	2,456,338	10,454,041
In KHR' 000 equivalent (Note 5)	34,684,089	10,311,665	44,995,754	32,942,539	10,117,656	43,060,195

As at 30 September 2022, the Group's and the Bank's fully amortised intangible assets with historical cost of US\$23,810,199 and US\$21,511,532, respectively, (31 December 2021: US\$21,814,222 and US\$19,931,716, respectively) are still used actively.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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\$
Cost						
As at 1 January 2021	39,269,078	1,832,905	41,101,983	35,837,920	1,741,123	37,579,043
Additions	1,273,079	1,021,087	2,294,166	684,867	1,025,835	1,710,702
Disposals	(965,000)	-	(965,000)	(965,000)	-	(965,000)
Transfers	670,712	(670,712)	-	670,712	(670,712)	-
Currency translation differences	(193,251)	-	(193,251)	-	-	-
Adjustments	-	230,698	230,698	-	230,698	230,698
As at 30 September 2021	40,054,618	2,413,978	42,468,596	36,228,499	2,326,944	38,555,443
Less: Accumulated amortisation						
As at 1 January 2021	26,411,308	-	26,411,308	23,694,485	-	23,694,485
Charge for the period	2,950,927	-	2,950,927	2,627,619	-	2,627,619
Disposals	(459,220)	-	(459,220)	(459,220)	-	(459,220)
Currency translation differences	(183,624)	-	(183,624)	(18,127)	-	(18,127)
As at 30 September 2021	28,719,391	-	28,719,391	25,844,757	-	25,844,757
Carrying value	<u>11,335,227</u>	<u>2,413,978</u>	<u>13,749,205</u>	<u>10,383,742</u>	<u>2,326,944</u>	<u>12,710,686</u>
<i>In KHR' 000 equivalent (Note 5)</i>	<u>46,236,391</u>	<u>9,846,616</u>	<u>56,083,007</u>	<u>42,355,284</u>	<u>9,491,605</u>	<u>51,846,888</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

16. Right-of-use assets, net

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Right-of-use assets	27,491,676	28,337,884	113,238,213	115,448,539	25,241,128	25,596,727	103,968,206	104,281,066

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	28,337,884	29,529,768	115,448,539	119,447,912	25,596,727	26,182,172	104,281,066	105,906,886
Additions during the period	9,195,216	8,183,835	37,479,700	33,283,657	9,003,158	8,056,710	36,696,872	32,766,640
Depreciation for the period	(8,754,452)	(8,514,698)	(35,683,146)	(34,629,277)	(8,243,830)	(7,901,627)	(33,601,851)	(32,135,917)
Lease termination during the period	(1,193,753)	(727,606)	(4,865,737)	(2,959,174)	(1,167,006)	(727,606)	(4,756,716)	(2,959,174)
Currency translation differences	(93,219)	(55,904)	(379,961)	(227,362)	52,079	45,568	212,274	185,325
Exchange differences	-	-	1,238,818	990,640	-	-	1,136,561	883,870
At the end of the period	27,491,676	28,415,395	113,238,213	115,906,396	25,241,128	25,655,217	103,968,206	104,647,630

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

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

	The Group				The Bank			
	For the three-month period ended		For the three-month period ended		For the three-month period ended		For the three-month period ended	
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	28,654,899	29,211,791	116,625,439	119,038,048	26,363,694	26,227,117	107,300,235	106,875,502
Additions during the period	2,053,454	2,839,435	8,435,589	11,576,376	1,855,557	2,825,180	7,622,628	11,518,259
Depreciation for the period	(2,964,167)	(2,983,404)	(12,176,798)	(12,163,338)	(2,803,757)	(2,782,149)	(11,517,834)	(11,342,821)
Lease termination during the period	(179,691)	(629,678)	(738,171)	(2,567,197)	(182,342)	(629,678)	(749,061)	(2,567,197)
Currency translation differences	(72,819)	(22,749)	(299,140)	(92,748)	7,976	14,747	32,765	60,124
Exchange differences	-	-	1,391,294	115,255	-	-	1,279,473	103,763
At the end of the period	27,491,676	28,415,395	113,238,213	115,906,396	25,241,128	25,655,217	103,968,206	104,647,630

The Group and the Bank have elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets amounted to US\$190,215 and US\$180,939, respectively (30 September 2021: US\$226,764 and US\$224,085 respectively). Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Depreciation expense	8,754,452	8,514,698	35,683,146	34,629,277	8,243,830	7,901,627	33,601,851	32,135,917
Interest on lease liabilities	1,450,464	1,464,547	5,912,091	5,956,313	1,329,215	1,320,519	5,417,880	5,370,551
Loss/(gain) on pre-termination of leases	(3,261)	14,041	(13,292)	57,105	(10,328)	14,041	(42,097)	57,105
	<u>10,201,655</u>	<u>9,993,286</u>	<u>41,581,945</u>	<u>40,642,695</u>	<u>9,562,717</u>	<u>9,236,187</u>	<u>38,977,634</u>	<u>37,563,573</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Depreciation expense	2,964,167	2,983,404	12,176,798	12,163,338	2,803,757	2,782,149	11,517,834	11,342,821
Interest on lease liabilities	484,779	492,709	1,991,472	2,008,775	447,312	445,797	1,837,558	1,817,514
Loss on pre-termination of leases	28,459	10,442	116,910	42,572	24,859	10,442	102,121	42,572
	<u>3,477,405</u>	<u>3,486,555</u>	<u>14,285,180</u>	<u>14,214,685</u>	<u>3,275,928</u>	<u>3,238,388</u>	<u>13,457,513</u>	<u>13,202,907</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and liabilities

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Deferred tax assets	42,786,453	37,444,766	176,237,399	152,549,977	39,381,351	34,320,094	162,211,785	139,820,064
Deferred tax liabilities	(42,198,751)	(28,376,160)	(173,816,654)	(115,604,476)	(40,001,771)	(26,796,377)	(164,767,295)	(109,168,441)
	<u>587,702</u>	<u>9,068,606</u>	<u>2,420,745</u>	<u>36,945,501</u>	<u>(620,420)</u>	<u>7,523,717</u>	<u>(2,555,510)</u>	<u>30,651,623</u>

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	9,068,606	11,195,845	36,945,501	45,287,193	7,523,717	12,685,947	30,651,623	51,314,656
Charged to profit or loss	(8,210,746)	(420,763)	(33,467,001)	(1,711,243)	(8,144,137)	(3,896,839)	(33,195,502)	(15,848,444)
Currency translation differences	(270,158)	(137,916)	(1,101,164)	(560,904)	-	-	-	-
Exchange differences	-	-	43,409	373,954	-	-	(11,631)	384,560
At the end of the period	<u>587,702</u>	<u>10,637,166</u>	<u>2,420,745</u>	<u>43,389,000</u>	<u>(620,420)</u>	<u>8,789,108</u>	<u>(2,555,510)</u>	<u>35,850,772</u>

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and liabilities (continued)

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	5,109,167	11,768,960	20,794,310	47,958,512	3,578,722	9,537,325	14,565,399	38,864,599
Charged to profit or loss	(4,688,627)	(908,536)	(19,260,880)	(3,704,101)	(4,199,142)	(748,217)	(17,250,075)	(3,050,481)
Currency translation differences	167,162	(223,258)	686,701	(910,223)	-	-	-	-
Exchange differences	-	-	200,614	44,812	-	-	129,166	36,654
At the end of the period	587,702	10,637,166	2,420,745	43,389,000	(620,420)	8,789,108	(2,555,510)	35,850,772

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and liabilities (continued)

The components of and movements in deferred tax assets and liabilities during the periods presented are as follows:

Deferred tax assets of the Group:

	Unamortised loan fees	Unearned revenue	Provision for loan loss	Other provision	Staff bonus	Unrealised exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2022	8,262,437	29,461	11,296,743	7,788,719	1,802,290	1,086,355	836,941	374,186	5,967,634	37,444,766
Charged/(credited) to profit or loss	<u>1,613,032</u>	<u>27,344</u>	<u>2,164,588</u>	<u>1,593,519</u>	<u>668,768</u>	<u>472,902</u>	<u>(836,589)</u>	<u>(18,263)</u>	<u>(343,614)</u>	<u>5,341,687</u>
As at 30 September 2022	<u>9,875,469</u>	<u>56,805</u>	<u>13,461,331</u>	<u>9,382,238</u>	<u>2,471,058</u>	<u>1,559,257</u>	<u>352</u>	<u>355,923</u>	<u>5,624,020</u>	<u>42,786,453</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>40,677,057</u>	<u>233,980</u>	<u>55,447,222</u>	<u>38,645,438</u>	<u>10,178,288</u>	<u>6,422,580</u>	<u>1,450</u>	<u>1,466,047</u>	<u>23,165,337</u>	<u>176,237,399</u>
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	<u>254,937</u>	<u>(7,457)</u>	<u>1,193,010</u>	<u>(656,730)</u>	<u>1,791,062</u>	<u>147,250</u>	<u>(175,816)</u>	<u>49,548</u>	<u>2,182,402</u>	<u>4,778,206</u>
As at 30 September 2021	<u>7,815,600</u>	<u>42,838</u>	<u>10,619,866</u>	<u>6,678,524</u>	<u>2,052,496</u>	<u>961,613</u>	<u>1,426,768</u>	<u>366,757</u>	<u>7,138,292</u>	<u>37,102,754</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,879,832</u>	<u>174,736</u>	<u>43,318,433</u>	<u>27,241,699</u>	<u>8,372,131</u>	<u>3,922,419</u>	<u>5,819,787</u>	<u>1,496,004</u>	<u>29,117,093</u>	<u>151,342,134</u>

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17. Deferred tax assets and liabilities (continued)

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

Deferred tax assets of the Bank:

	Unamortised loan fees	Provision for loan loss	Other provision	Staff bonus	Unrealised exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2022	8,262,437	11,296,743	7,643,002	1,802,290	1,086,075	834,781	327,720	3,067,046	34,320,094
Charged/(credited) to profit or loss	1,613,032	2,164,588	1,573,495	668,768	472,506	(834,781)	25,669	(622,020)	5,061,257
As at 30 September 2022	<u>9,875,469</u>	<u>13,461,331</u>	<u>9,216,497</u>	<u>2,471,058</u>	<u>1,558,581</u>	<u>-</u>	<u>353,389</u>	<u>2,445,026</u>	<u>39,381,351</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>40,677,057</u>	<u>55,447,222</u>	<u>37,962,751</u>	<u>10,178,288</u>	<u>6,419,795</u>	<u>-</u>	<u>1,455,609</u>	<u>10,071,063</u>	<u>162,211,785</u>
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	254,937	1,193,010	(671,734)	1,791,062	147,118	(176,181)	43,798	111,701	2,693,711
As at 30 September 2021	<u>7,815,600</u>	<u>10,619,866</u>	<u>6,548,509</u>	<u>2,052,496</u>	<u>961,404</u>	<u>1,424,561</u>	<u>313,967</u>	<u>3,972,971</u>	<u>33,709,374</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,879,832</u>	<u>43,318,433</u>	<u>26,711,368</u>	<u>8,372,131</u>	<u>3,921,567</u>	<u>5,810,784</u>	<u>1,280,671</u>	<u>16,205,751</u>	<u>137,500,537</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and liabilities (continued)

Deferred tax liabilities of the Group and the Bank:

	The Group				The Bank		
	Accelerated depreciation	Unrealised exchange	Others	Total	Accelerated depreciation	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2022	348,749	765	28,026,646	28,376,160	-	26,796,377	26,796,377
Charged to profit or loss	668,816	2,612	13,151,163	13,822,591	563,774	12,641,620	13,205,394
As at 30 September 2022	<u>1,017,565</u>	<u>3,377</u>	<u>41,177,809</u>	<u>42,198,751</u>	<u>563,774</u>	<u>39,437,997</u>	<u>40,001,771</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,191,350</u>	<u>13,910</u>	<u>169,611,394</u>	<u>173,816,654</u>	<u>2,322,185</u>	<u>162,445,110</u>	<u>164,767,295</u>
As at 1 January 2021	295,901	41	20,832,761	21,128,703	-	18,329,716	18,329,716
Charged to profit or loss	46,750	834	5,289,301	5,336,885	-	6,590,550	6,590,550
As at 30 September 2021	<u>342,651</u>	<u>875</u>	<u>26,122,062</u>	<u>26,465,588</u>	<u>-</u>	<u>24,920,266</u>	<u>24,920,266</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,397,673</u>	<u>3,569</u>	<u>106,551,892</u>	<u>107,953,134</u>	<u>-</u>	<u>101,649,765</u>	<u>101,649,765</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

18. Deposits and placements of other banks and financial institutions

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current accounts	92,801,303	152,742,439	382,248,567	622,272,696	95,244,609	155,174,040	392,312,545	632,179,040
Savings deposits	38,892,876	34,450,553	160,199,756	140,351,553	38,291,503	33,348,124	157,722,701	135,860,257
Fixed deposits	295,428,670	296,548,000	1,216,870,692	1,208,136,552	269,851,075	267,084,671	1,111,516,577	1,088,102,949
	<u>427,122,849</u>	<u>483,740,992</u>	<u>1,759,319,015</u>	<u>1,970,760,801</u>	<u>403,387,187</u>	<u>455,606,835</u>	<u>1,661,551,823</u>	<u>1,856,142,246</u>

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

a) By maturity

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Within 6 months	258,135,500	320,395,747	1,063,260,124	1,305,292,273	251,205,392	310,548,578	1,034,715,009	1,265,174,907
Later than 6 months but not later than 1 year	40,004,469	39,897,016	164,778,408	162,540,443	25,051,208	25,118,831	103,185,926	102,334,117
Later than 1 year but not later than 3 years	14,885,269	16,779,432	61,312,423	68,359,406	13,639,148	13,270,629	56,179,651	54,064,543
Later than 3 years	114,097,611	106,668,797	469,968,060	434,568,679	113,491,439	106,668,797	467,471,237	434,568,679
	<u>427,122,849</u>	<u>483,740,992</u>	<u>1,759,319,015</u>	<u>1,970,760,801</u>	<u>403,387,187</u>	<u>455,606,835</u>	<u>1,661,551,823</u>	<u>1,856,142,246</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Related parties	44,717	42,469	184,189	173,019	2,512,329	2,565,025	10,348,283	10,449,912
Non-related parties	427,078,132	483,698,523	1,759,134,826	1,970,587,782	400,874,858	453,041,810	1,651,203,540	1,845,692,334
	<u>427,122,849</u>	<u>483,740,992</u>	<u>1,759,319,015</u>	<u>1,970,760,801</u>	<u>403,387,187</u>	<u>455,606,835</u>	<u>1,661,551,823</u>	<u>1,856,142,246</u>

c) By interest (per annum)

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.50%	0.00% - 0.20%
Savings deposits	0.00% - 1.90%	0.00% - 1.90%	0.00% - 0.75%	0.00% - 0.50%
Fixed deposits	1.00% - 9.01%	0.75% - 7.95%	1.00% - 9.01%	0.75% - 7.95%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

19. Deposits from customers

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current accounts	735,118,789	751,165,630	3,027,954,292	3,060,248,777	723,109,704	740,903,142	2,978,488,871	3,018,439,401
Savings deposits	2,002,248,456	2,047,118,594	8,247,261,390	8,339,961,152	1,980,808,166	2,017,014,668	8,158,948,836	8,217,317,757
Margin deposits	15,260,676	12,516,025	62,858,725	50,990,285	15,220,574	12,499,328	62,693,543	50,922,262
Fixed deposits	2,718,882,731	2,421,478,444	11,199,077,969	9,865,103,181	2,673,567,434	2,356,509,852	11,012,424,261	9,600,421,137
	<u>5,471,510,652</u>	<u>5,232,278,693</u>	<u>22,537,152,376</u>	<u>21,316,303,395</u>	<u>5,392,705,878</u>	<u>5,126,926,990</u>	<u>22,212,555,511</u>	<u>20,887,100,557</u>

The deposits from customers are analysed as follows:

a) By maturity

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Within 6 months	3,884,687,547	3,804,350,927	16,001,028,006	15,498,925,677	3,837,882,186	3,743,132,839	15,808,236,724	15,249,523,186
Later than 6 months but not later than 1 year	819,623,929	738,312,993	3,376,030,964	3,007,887,133	807,910,496	721,218,135	3,327,783,333	2,938,242,682
Later than 1 year but not later than 3 years	592,488,663	514,492,863	2,440,460,803	2,096,043,924	579,459,020	497,857,979	2,386,791,703	2,028,273,406
Later than 3 years	174,710,513	175,121,910	719,632,603	713,446,661	167,454,176	164,718,037	689,743,751	671,061,283
	<u>5,471,510,652</u>	<u>5,232,278,693</u>	<u>22,537,152,376</u>	<u>21,316,303,395</u>	<u>5,392,705,878</u>	<u>5,126,926,990</u>	<u>22,212,555,511</u>	<u>20,887,100,557</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

19. Deposits from customers (continued)

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

b) By relationship

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Related parties	20,255,576	18,769,211	83,432,718	76,465,766	23,673,800	21,973,665	97,512,382	89,520,711
Non-related parties	5,451,255,076	5,213,509,482	22,453,719,658	21,239,837,629	5,369,032,078	5,104,953,325	22,115,043,129	20,797,579,846
	<u>5,471,510,652</u>	<u>5,232,278,693</u>	<u>22,537,152,376</u>	<u>21,316,303,395</u>	<u>5,392,705,878</u>	<u>5,126,926,990</u>	<u>22,212,555,511</u>	<u>20,887,100,557</u>

c) By interest rate

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.50%	0.00% - 0.20%
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.75%	0.00% - 0.50%
Fixed deposits	0.50% - 8.80%	0.50% - 11.65%	0.50% - 8.45%	0.50% - 8.25%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

20. Other liabilities

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Accrued annual leave	24,606,524	22,322,931	101,354,272	90,943,621	24,201,167	21,894,655	99,684,607	89,198,824
Accrued bonuses	8,701,644	17,296,630	35,842,072	70,466,471	7,764,999	16,285,299	31,984,031	66,346,308
Fund transfers	24,247,628	15,332,772	99,875,980	62,465,713	23,979,461	15,324,556	98,771,400	62,432,241
Tax payables	2,826,626	3,296,169	11,642,872	13,428,593	2,784,513	3,238,205	11,469,409	13,192,447
Others	35,740,065	20,173,669	147,213,328	82,187,527	35,266,541	19,959,464	145,262,882	81,314,857
	<u>96,122,487</u>	<u>78,422,171</u>	<u>395,928,524</u>	<u>319,491,925</u>	<u>93,996,681</u>	<u>76,702,179</u>	<u>387,172,329</u>	<u>312,484,677</u>
	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	63,005,841	56,068,485	259,521,059	228,423,008	61,260,859	54,654,438	252,333,478	222,662,180
Non-current	33,116,646	22,353,686	136,407,465	91,068,917	32,735,822	22,047,741	134,838,851	89,822,497
	<u>96,122,487</u>	<u>78,422,171</u>	<u>395,928,524</u>	<u>319,491,925</u>	<u>93,996,681</u>	<u>76,702,179</u>	<u>387,172,329</u>	<u>312,484,677</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 pledge any collaterals for these borrowings.

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	257,250,849	163,186,135	1,059,616,247	664,820,314	251,191,178	149,290,262	1,034,656,463	608,208,527
Non-current	626,927,886	445,302,668	2,582,315,962	1,814,163,069	618,172,609	434,350,794	2,546,252,976	1,769,545,135
	<u>884,178,735</u>	<u>608,488,803</u>	<u>3,641,932,209</u>	<u>2,478,983,383</u>	<u>869,363,787</u>	<u>583,641,056</u>	<u>3,580,909,439</u>	<u>2,377,753,662</u>

The borrowings are analysed as follows:

a) By relationship

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Related parties	48,750,765	-	200,804,401	-	48,750,765	-	200,804,401	-
Non-related parties	835,427,970	608,488,803	3,441,127,808	2,478,983,383	820,613,022	583,641,056	3,380,105,038	2,377,753,662
	<u>884,178,735</u>	<u>608,488,803</u>	<u>3,641,932,209</u>	<u>2,478,983,383</u>	<u>869,363,787</u>	<u>583,641,056</u>	<u>3,580,909,439</u>	<u>2,377,753,662</u>

b) By interest rate

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Annual interest rates	<u>2.00% - 12.00%</u>	<u>2.00% - 14.50%</u>	<u>2.00% - 7.69%</u>	<u>2.00% - 7.69%</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current	31,330,266	29,118,920	129,049,366	118,630,480	31,330,266	29,118,920	129,049,366	118,630,480
Non-current	112,581,646	127,374,021	463,723,800	518,921,762	112,581,646	127,374,021	463,723,800	518,921,762
	<u>143,911,912</u>	<u>156,492,941</u>	<u>592,773,166</u>	<u>637,552,242</u>	<u>143,911,912</u>	<u>156,492,941</u>	<u>592,773,166</u>	<u>637,552,242</u>

The subordinated debts are analysed as follows:

a) By relationship

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	143,911,912	156,492,941	592,773,166	637,552,242	143,911,912	156,492,941	592,773,166	637,552,242
	<u>143,911,912</u>	<u>156,492,941</u>	<u>592,773,166</u>	<u>637,552,242</u>	<u>143,911,912</u>	<u>156,492,941</u>	<u>592,773,166</u>	<u>637,552,242</u>

b) By interest rate

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Annual interest rates	<u>5.76% - 8.48%</u>	<u>5.76% - 8.48%</u>	<u>5.76% - 8.48%</u>	<u>5.76% - 8.48%</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

23. Derivative financial instruments

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

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

Cash flow hedges

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Group Notional Principal Amount				Fair Value			
	30 September 2022	31 December 2021	30 September 2022 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 US\$	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 US\$	31 December 2021 KHR'000 (Note 5)
	Less than 1 year	1.267%	0.300%	90,000,000	370,710,000	10,000,000	40,740,000	707,295	2,913,348	(1,525)
1 to 2 years	3.036%	1.750%	15,000,000	61,785,000	110,000,000	448,140,000	115,829	477,100	(1,818,813)	(7,409,844)
More than 2 to 5 years	0.572%	0.983%	115,000,000	473,685,000	148,750,000	606,007,500	9,316,666	38,375,347	1,314,180	5,353,969
			<u>220,000,000</u>	<u>906,180,000</u>	<u>268,750,000</u>	<u>1,094,887,500</u>	<u>10,139,790</u>	<u>41,765,795</u>	<u>(506,158)</u>	<u>(2,062,088)</u>

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Bank Notional Principal Amount				Fair Value			
	30 September 2022	31 December 2021	30 September 2022 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 US\$	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 US\$	31 December 2021 KHR'000 (Note 5)
	Less than 1 year	1.267%	0.300%	90,000,000	370,710,000	10,000,000	40,740,000	707,295	2,913,348	(1,525)
1 to 2 years	3.036%	1.750%	15,000,000	61,785,000	110,000,000	448,140,000	115,829	477,100	(1,818,813)	(7,409,844)
More than 2 to 5 years	0.572%	0.983%	115,000,000	473,685,000	148,750,000	606,007,500	9,316,666	38,375,347	1,314,180	5,353,969
			<u>220,000,000</u>	<u>906,180,000</u>	<u>268,750,000</u>	<u>1,094,887,500</u>	<u>10,139,790</u>	<u>41,765,795</u>	<u>(506,158)</u>	<u>(2,062,088)</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

23. Derivative financial instruments (continued)

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

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

24. Lease liabilities

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

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Undiscounted lease liabilities								
Less than 1 year	11,266,584	11,294,628	46,407,059	46,014,314	10,850,496	10,537,340	44,693,193	42,929,123
1 to 5 years	17,967,120	18,225,873	74,006,567	74,252,207	17,127,326	17,176,362	70,547,456	69,976,499
More than 5 years	3,538,669	3,894,237	14,575,778	15,865,122	467,323	746,529	1,924,903	3,041,359
Total undiscounted lease liabilities	32,772,373	33,414,738	134,989,404	136,131,643	28,445,145	28,460,231	117,165,552	115,946,981
Present value of lease liabilities								
Current	10,938,335	10,937,883	45,055,002	44,560,935	10,545,463	10,212,696	43,436,762	41,606,524
Non-current	16,546,224	16,937,057	68,153,897	69,001,571	14,937,608	15,159,040	61,528,007	61,757,928
Total present value of lease liabilities	27,484,559	27,874,940	113,208,899	113,562,506	25,483,071	25,371,736	104,964,769	103,364,452

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

24. Lease liabilities (continued)

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	27,874,940	28,617,902	113,562,506	115,759,414	25,371,736	25,772,385	103,364,452	104,249,297
Additions during the period	9,145,450	7,927,312	37,276,854	32,240,378	8,999,992	7,804,814	36,683,967	31,742,179
Payments for the period	(9,664,385)	(8,914,335)	(39,392,033)	(36,254,600)	(9,058,951)	(8,460,186)	(36,924,284)	(34,407,576)
Lease terminations during the period	(1,194,485)	(741,647)	(4,868,721)	(3,016,278)	(1,160,921)	(741,647)	(4,731,914)	(3,016,278)
Interest charged during the period	1,450,464	1,464,547	5,912,091	5,956,313	1,329,215	1,320,519	5,417,880	5,370,551
Adjustment	2,000	-	8,152	-	2,000	-	8,152	-
Exchange differences	(129,425)	(126,695)	(527,536)	(515,269)	-	-	-	-
Currency translation differences	-	-	1,237,586	968,318	-	-	1,146,516	875,342
At the end of the period	27,484,559	28,227,084	113,208,899	115,138,276	25,483,071	25,695,885	104,964,769	104,813,515

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

24. Lease liabilities (continued)

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

	The Group				The Bank			
	For the three-month period ended		For the three-month period ended		For the three-month period ended		For the three-month period ended	
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	28,418,087	28,690,929	115,661,614	116,915,536	26,343,262	25,994,707	107,217,076	105,928,431
Additions during the period	2,006,854	2,747,196	8,244,156	11,200,318	1,855,557	2,690,349	7,622,628	10,968,553
Payments for the period	(3,171,933)	(2,978,772)	(13,030,301)	(12,144,453)	(2,955,860)	(2,794,848)	(12,142,673)	(11,394,595)
Lease terminations during the period	(207,880)	(640,120)	(853,971)	(2,609,769)	(207,200)	(640,120)	(851,178)	(2,609,769)
Interest charged during the period	484,779	492,709	1,991,472	2,008,775	447,312	445,797	1,837,558	1,817,514
Exchange differences	(45,348)	(84,858)	(186,290)	(345,966)	-	-	-	-
Currency translation differences	-	-	1,382,219	113,835	-	-	1,281,358	103,381
At the end of the period	27,484,559	28,227,084	113,208,899	115,138,276	25,483,071	25,695,885	104,964,769	104,813,515

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

24. Lease liabilities (continued)

Amounts recognised in the interim statements of cash flows follow:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Total cash outflows for lease payments	9,664,385	8,914,335	39,392,033	36,254,600	9,058,951	8,460,186	36,924,284	34,407,576

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Total cash outflows for lease payments	3,171,933	2,978,772	13,030,301	12,144,453	2,955,860	2,794,848	12,142,673	11,394,595

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits

	Note	The Group				The Bank			
		30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
		US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Retirement benefits	(a)	22,463,745	16,974,073	92,528,166	69,152,373	21,881,315	16,320,353	90,129,135	66,489,117
Career development benefits	(b)	4,156,913	2,864,399	17,122,325	11,669,562	4,075,987	2,851,527	16,788,990	11,617,121
Seniority indemnity benefits	(c)	8,362,223	6,258,345	34,443,996	25,496,497	8,279,307	6,159,927	34,102,467	25,095,544
		<u>34,982,881</u>	<u>26,096,817</u>	<u>144,094,487</u>	<u>106,318,432</u>	<u>34,236,609</u>	<u>25,331,807</u>	<u>141,020,592</u>	<u>103,201,782</u>

	The Group				The Bank			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Current	6,655,222	2,864,399	27,412,859	11,669,562	6,599,273	2,851,527	16,788,990	11,617,121
Non-current	28,327,659	23,232,418	116,681,628	94,648,870	27,637,336	22,480,280	124,231,602	91,584,661
	<u>34,982,881</u>	<u>26,096,817</u>	<u>144,094,487</u>	<u>106,318,432</u>	<u>34,236,609</u>	<u>25,331,807</u>	<u>141,020,592</u>	<u>103,201,782</u>

(a) Retirement benefits

The unfunded defined benefit plan exposes the Group and the Bank 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

Longevity risk

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

The Group's Budgeting and Control Division is responsible in calculating, and the Management and the Board of Directors are responsible for assessing the reasonableness and its approval, of the present value of the defined benefit obligation. The latest calculation was carried out as at 30 September 2022. 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 interim statements of financial position are determined as follows:

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Present value of defined benefit obligation	22,463,745	16,974,073	92,528,166	69,152,373	21,881,315	16,320,353	90,129,135	66,489,117
Fair value of plan assets	-	-	-	-	-	-	-	-
Net liability recognised in interim statements of financial position	<u>22,463,745</u>	<u>16,974,073</u>	<u>92,528,166</u>	<u>69,152,373</u>	<u>21,881,315</u>	<u>16,320,353</u>	<u>90,129,135</u>	<u>66,489,117</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(ii) The movements in the defined benefit obligation over the period are as follows:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	16,974,073	11,010,471	69,152,373	44,537,355	16,320,353	10,498,190	66,489,117	42,465,178
Current service cost	1,237,640	653,928	5,044,621	2,659,525	1,201,936	628,500	4,899,091	2,556,110
Interest cost	893,097	604,021	3,640,263	2,456,553	858,570	575,902	3,499,531	2,342,193
Benefits paid	(87,738)	(110,370)	(357,620)	(448,875)	(87,738)	(110,370)	(357,620)	(448,875)
Settlement gain	(5,163)	(10,766)	(21,044)	(43,785)	(5,163)	(10,766)	(21,044)	(43,784)
Remeasurement (gain)/loss during the period	3,594,481	(57,140)	14,651,105	(232,389)	3,623,451	(96,737)	14,769,186	(393,429)
Currency translation differences	(142,645)	(30,703)	(581,421)	(124,869)	(30,094)	(12,296)	(122,663)	(50,008)
Exchange differences	-	-	999,889	386,945	-	-	973,537	368,627
At the end of the period	22,463,745	12,059,441	92,528,166	49,190,460	21,881,315	11,472,423	90,129,135	46,796,012

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(ii) The movements in the defined benefit obligation over the period are as follows: (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	22,063,857	11,764,847	89,799,898	47,941,752	21,491,527	11,187,032	87,470,514	45,587,154
Current service cost	409,356	211,394	1,681,634	861,853	403,468	214,643	1,657,447	875,100
Interest cost	298,569	209,286	1,226,521	853,259	287,021	194,283	1,179,082	792,092
Benefits paid	(19,626)	-	(80,624)	-	(19,626)	-	(80,624)	-
Settlement gain	(4,401)	(3,464)	(18,079)	(14,123)	(4,400)	(3,464)	(18,075)	(14,123)
Remeasurement gain during the period	(258,164)	(107,687)	(1,060,538)	(439,040)	(276,534)	(117,212)	(1,136,002)	(477,873)
Currency translation differences	(25,846)	(14,935)	(106,175)	(60,890)	(141)	(2,859)	(579)	(11,656)
Exchange differences	-	-	1,085,529	47,649	-	-	1,057,372	45,318
At the end of the period	22,463,745	12,059,441	92,528,166	49,190,460	21,881,315	11,472,423	90,129,135	46,796,012

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Current service cost	1,237,640	653,928	5,044,621	2,659,525	1,201,936	628,500	4,899,091	2,556,110
Interest cost	893,097	604,021	3,640,263	2,456,553	858,570	575,902	3,499,531	2,342,192
Settlement gain	(5,163)	(10,766)	(21,044)	(43,785)	(5,163)	(10,766)	(21,044)	(43,784)
	<u>2,125,574</u>	<u>1,247,183</u>	<u>8,663,840</u>	<u>5,072,293</u>	<u>2,055,343</u>	<u>1,193,636</u>	<u>8,377,578</u>	<u>4,854,518</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Current service cost	409,356	211,394	1,681,634	861,853	403,468	214,643	1,657,447	875,100
Interest cost	298,569	209,286	1,226,521	853,259	287,021	194,283	1,179,082	792,092
Settlement gain	(4,401)	(3,464)	(18,078)	(14,122)	(4,400)	(3,464)	(18,075)	(14,123)
	<u>703,524</u>	<u>417,216</u>	<u>2,890,077</u>	<u>1,700,990</u>	<u>686,089</u>	<u>405,462</u>	<u>2,818,454</u>	<u>1,653,069</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

	<u>30 September 2022</u>	<u>31 December 2021</u>
Salary growth rate	4.11%	3.50%
Inflation rate	2.50%	2.50%
Discount rates	7.00%	7.00%

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

(*) Mortality rate table is as follows:

Age	30 September 2022		31 December 2021	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.88	0 - 0.49	0 - 0.88
30-39	0 - 0.19	0 - 0.22	0 - 0.19	0 - 0.22
40-49	-	0 - 0.45	-	0 - 0.45
50-59	-	0 - 6.67	-	0 - 6.67
60	-	-	-	-

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

Age	30 September 2022		31 December 2021	
	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	4.17 - 9.76
30-39	1.76 - 4.26	2.73 - 5.35	1.76 - 4.26	2.73 - 5.35
40-49	0 - 3.86	0 - 6.09	0 - 3.86	0 - 6.09
50-59	-	0 - 8.33	-	0 - 8.33
60	-	-	-	-

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

	Change in assumption		Impact on defined benefit obligation					
			Increase in assumption		Decrease in assumption			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Salary growth rate	1.00%	1.00%	Increase By	21.01%	21.27%	Decrease By	16.89%	17.06%
Discount rate	1.00%	1.00%	Decrease By	16.84%	17.00%	Increase By	20.98%	21.22%
Inflation rate	1.00%	1.00%	Increase By	21.04%	21.29%	Decrease By	16.91%	17.07%
Mortality rate	0.10%	0.10%	Decrease By	1.93%	1.95%	Increase By	0.17%	0.18%
Staff turnover rate	1.00%	1.00%	Decrease By	12.85%	13.06%	Increase By	6.31%	6.62%

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 recognised in the interim statements of financial position.

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(b) Career development benefits

Movements in career development benefits follow:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	2,864,399	1,307,172	11,669,562	5,287,511	2,851,527	1,307,172	11,617,121	5,287,511
Additions (Note 31)	1,324,917	1,153,574	5,400,362	4,691,585	1,236,918	1,142,677	5,041,678	4,647,267
Benefits paid	(7,367)	(3,636)	(30,028)	(14,788)	(7,367)	(3,636)	(30,028)	(14,788)
Currency translation differences	(25,036)	(8,406)	(102,047)	(34,187)	(5,091)	(8,402)	(20,751)	(34,171)
Exchange differences	-	-	184,476	58,143	-	-	180,970	58,012
At the end of the period	4,156,913	2,448,704	17,122,325	9,988,264	4,075,987	2,437,811	16,788,990	9,943,831

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	3,730,466	2,070,259	15,182,997	8,436,305	3,658,714	2,039,983	14,890,966	8,312,931
Additions (Note 31)	434,403	383,825	1,784,528	1,564,855	419,663	403,213	1,723,976	1,643,899
Benefits paid	(2,252)	(1,373)	(9,251)	(5,598)	(2,252)	(1,373)	(9,251)	(5,598)
Currency translation differences	(5,704)	(4,007)	(23,432)	(16,337)	(138)	(4,012)	(567)	(16,357)
Exchange differences	-	-	187,483	9,039	-	-	183,866	8,956
At the end of the period	4,156,913	2,448,704	17,122,325	9,988,264	4,075,987	2,437,811	16,788,990	9,943,831

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(c) Seniority indemnity benefits

Movements in seniority indemnity benefits follow:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	6,258,345	6,036,412	25,496,497	24,417,286	6,159,927	5,976,401	25,095,544	24,174,542
Additions (Note 31)	7,192,381	5,913,314	29,316,145	24,049,448	7,137,337	5,763,793	29,091,786	23,441,346
Benefits paid	(5,062,350)	(3,934,595)	(20,634,139)	(16,001,998)	(4,991,795)	(3,865,825)	(20,346,556)	(15,722,310)
Currency translation differences	(26,153)	(63,514)	(106,600)	(258,311)	(26,162)	(49,698)	(106,636)	(202,122)
Exchange differences	-	-	372,093	228,220	-	-	368,329	225,378
At the end of the period	8,362,223	7,951,617	34,443,996	32,434,645	8,279,307	7,824,671	34,102,467	31,916,834

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	6,115,198	6,137,413	24,888,855	25,009,958	6,071,339	6,052,499	24,710,351	24,663,935
Additions (Note 31)	2,259,480	1,858,733	9,281,944	7,578,054	2,220,419	1,808,185	9,121,481	7,371,970
Benefits paid	(11,667)	(8,729)	(47,928)	(35,588)	(11,664)	(8,577)	(47,916)	(34,968)
Currency translation differences	(788)	(35,800)	(3,237)	(145,957)	(787)	(27,436)	(3,233)	(111,857)
Exchange differences	-	-	324,362	28,178	-	-	321,784	27,754
At the end of the period	8,362,223	7,951,617	34,443,996	32,434,645	8,279,307	7,824,671	34,102,467	31,916,834

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

26. Share capital and share premium

As at 30 September 2022 and 31 December 2021, the authorised share capital comprised 433,163,019 ordinary shares at par value of US\$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank are:

Share capital

	As at 30 September 2022			As at 31 December 2021		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	115,626,301	115,626,301	26.6935%	111,492,719	111,492,719	25.7392%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.0669%
COFIBRED S.A	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
ORIX Corporation	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
NHTPE Rumdul	15,160,706	15,160,706	3.5000%	-	-	-
Triodos Microfinance Fund	6,274,582	6,274,582	1.4485%	10,938,339	10,938,339	2.5252%
Triodos Fair Share Fund	5,365,844	5,365,844	1.2388%	9,354,157	9,354,157	2.1595%
Triodos Sustainable Finance Foundation	-	-	-	6,508,636	6,508,636	1.5026%
Shareholders Legalised from ASA, Plc.	24,916,808	24,916,808	5.7524%	89,878,026	89,878,026	20.7492%
Public Shareholders	82,499,022	82,499,022	19.0457%	21,671,386	21,671,386	5.0031%
	<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>
<i>In KHR'000 equivalent (Note 5)</i>		<u>1,784,198,475</u>			<u>1,764,706,139</u>	

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

26. Share capital and share premium (continued)

Share premium

The share premium mainly represents the excess amount received by the Bank over the par value of its shares pursuant to the issuance of shares, net of transaction costs directly distributable to the issuance.

On 25 May 2020, the Bank was successfully listed on the CSX. The number of new issued shares is 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the initial public offering (“IPO”) amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR48,235,459 thousand). On 23 November 2020, the shareholders approved the amendment to the MAA relating to the capital increase from IPO. The MAA was subsequently approved by the NBC and MOC on 29 March 2021 and 12 May 2021, respectively.

On 15 June 2021, 11,488 actual shareholders of ASA Plc., one of the institutional shareholders of the Bank, has legalised all its shareholdings of 107,204,547 shares or 24.7492% of the Bank’s outstanding shares in accordance with the relevant measures, laws and regulations of Securities and Exchange Regulator of Cambodia (“SERC”). After legalisation, 4% of the Bank’s share capital or 17,326,521 were floated on the CSX. On 5 April 2022, ASA Plc., add floating shares legalised on the CSX of 64,915,190 shares equal to 14.9863%. The remaining 5.0031% legalised shares shall be maintained by ASA Plc. in accordance with the set plan.

Dividend

During the period, the following dividends have been paid by the Bank to its owners:

	The Group and the Bank			
	For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
- In respect of the year ended 31 December 2021: KHR548.6405 per ordinary share declared on 10 May 2022 and paid on 10 June 2022	58,419,561		237,650,775	
- In respect of the year ended 31 December 2020: KHR399.2670 per ordinary share declared on 1 June 2021 and paid on 10 June 2021		426,231		1,734,760

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

27. Interest income

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Loans and advances	486,326,840	424,131,178	1,982,268,200	1,724,941,501	463,133,219	396,307,723	1,887,731,001	1,611,783,509
Financial investments	3,887,616	436,831	15,845,923	1,776,592	3,887,616	436,832	15,845,923	1,776,596
Deposits and placements with other banks:								
- Banks inside Cambodia	1,838,051	1,060,025	7,491,896	4,311,121	1,837,456	1,052,075	7,489,469	4,278,789
- Banks outside Cambodia	733,594	117,567	2,990,129	478,145	739,811	147,745	3,015,471	600,880
- National Bank of Cambodia	88,990	111,112	362,723	451,893	88,990	105,887	362,723	430,642
	<u>492,875,091</u>	<u>425,856,713</u>	<u>2,008,958,871</u>	<u>1,731,959,252</u>	<u>469,687,092</u>	<u>398,050,262</u>	<u>1,914,444,587</u>	<u>1,618,870,416</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Loans and advances	168,281,735	145,173,718	691,301,367	591,873,248	161,084,360	136,158,230	661,734,551	555,117,104
Financial investments	1,533,860	238,651	6,301,097	972,982	1,533,860	240,969	6,301,097	982,430
Deposits and placements with other banks:								
- Banks inside Cambodia	648,678	459,422	2,664,769	1,873,064	648,083	459,421	2,662,324	1,873,059
- Banks outside Cambodia	299,637	48,004	1,230,909	195,712	299,637	62,415	1,230,909	254,466
- National Bank of Cambodia	71,599	111,112	294,129	453,002	71,599	105,887	294,129	431,702
	<u>170,835,509</u>	<u>146,030,907</u>	<u>701,792,271</u>	<u>595,368,008</u>	<u>163,637,539</u>	<u>137,026,922</u>	<u>672,223,010</u>	<u>558,658,761</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

28. Interest expense

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	10,090,988	8,384,782	41,130,867	34,100,908	9,010,940	7,330,881	36,728,591	29,814,693
Savings deposits	50,430	39,044	205,553	158,792	23,358	20,476	95,207	83,276
Current accounts	10,622	176	43,295	716	10,622	176	43,295	716
Deposits from customers:								
Fixed deposits	96,129,904	78,802,045	391,825,489	320,487,917	93,500,058	75,824,033	381,106,236	308,376,342
Savings deposits	7,973,387	4,979,317	32,499,525	20,250,882	7,528,526	4,251,620	30,686,272	17,291,339
Current accounts	837,493	74,265	3,413,621	302,036	836,860	74,265	3,411,041	302,036
Subordinated debts	7,778,259	8,763,445	31,704,184	35,640,931	7,778,259	8,763,445	31,704,186	35,640,929
Borrowings	30,796,833	22,751,625	125,527,892	92,530,858	29,862,413	20,642,950	121,719,195	83,954,878
Interest expenses on lease	1,450,464	1,464,547	5,912,091	5,956,313	1,329,215	1,320,519	5,417,880	5,370,551
	<u>155,118,380</u>	<u>125,259,246</u>	<u>632,262,517</u>	<u>509,429,353</u>	<u>149,880,251</u>	<u>118,228,365</u>	<u>610,911,903</u>	<u>480,834,760</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

28. Interest expense (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	3,327,846	3,184,782	13,670,791	12,984,356	2,987,552	2,793,051	12,272,864	11,387,269
Savings deposits	24,563	17,368	100,905	70,809	11,297	8,800	46,408	35,878
Current accounts	6,560	72	26,948	294	6,560	72	26,948	294
Deposits from customers:								
Fixed deposits	33,600,493	28,860,942	138,030,825	117,666,061	32,829,691	27,840,194	134,864,371	113,504,471
Savings deposits	3,873,386	1,670,272	15,911,870	6,809,699	3,734,360	1,461,544	15,340,751	5,958,715
Current accounts	425,590	37,679	1,748,325	153,617	425,396	37,679	1,747,527	153,617
Subordinated debts	2,405,270	2,957,987	9,880,849	12,059,713	2,405,270	2,957,987	9,880,849	12,059,713
Borrowings	12,508,954	7,564,587	51,386,783	30,840,821	12,226,827	7,033,683	50,227,805	28,676,325
Interest expenses on lease	484,779	492,709	1,991,472	2,008,775	447,312	445,797	1,837,558	1,817,514
	<u>56,657,441</u>	<u>44,786,398</u>	<u>232,748,768</u>	<u>182,594,145</u>	<u>55,074,265</u>	<u>42,578,807</u>	<u>226,245,081</u>	<u>173,593,796</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

29. Fee and commission income

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Commission fees	12,454,742	11,499,208	50,765,528	46,767,279	11,577,601	11,092,719	47,190,302	45,114,088
ATM fee	7,369,691	6,413,614	30,038,861	26,084,168	7,326,450	6,342,826	29,862,610	25,796,273
Early loan redemption fees	6,144,538	5,420,241	25,045,137	22,044,120	4,893,858	4,017,939	19,947,365	16,340,958
Commission fee collected for assurance agency	3,527,963	2,825,896	14,379,977	11,492,919	3,444,684	2,682,739	14,040,532	10,910,700
Training fees	1,624,150	938,342	6,620,035	3,816,237	28,244	19,272	115,123	78,379
Deposit fee charged	691,367	1,893,564	2,818,012	7,701,125	530,814	1,760,281	2,163,598	7,159,063
Fee income from guarantee	657,662	484,826	2,680,630	1,971,787	656,002	483,789	2,673,864	1,967,570
Others	3,653,253	2,903,305	14,890,660	11,807,742	3,623,549	2,812,844	14,769,585	11,439,836
	<u>36,123,366</u>	<u>32,378,996</u>	<u>147,238,840</u>	<u>131,685,377</u>	<u>32,081,202</u>	<u>29,212,409</u>	<u>130,762,979</u>	<u>118,806,867</u>

Settlement fees amounting to KHR237,932,300 (equivalent to US\$58,374) and US\$90,999 for the operations of cash settlement agents were recognized during the period (30 September 2021: KHR2,974,900 (equivalent to US\$729) and US\$ 5,284, respectively).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

29. Fee and commission income (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Commission fees	3,869,404	3,459,885	15,895,512	14,105,951	3,748,216	3,288,438	15,397,671	13,406,962
ATM fee	2,703,767	2,295,238	11,107,075	9,357,685	2,690,953	2,269,926	11,054,435	9,254,488
Early loan redemption fees	2,017,964	2,009,012	8,289,796	8,190,742	1,647,903	1,506,485	6,769,586	6,141,939
Commission fee collected for assurance agency	1,334,627	914,274	5,482,648	3,727,495	1,311,916	866,381	5,389,351	3,532,235
Training fees	412,028	308,557	1,692,611	1,257,987	9,372	6,438	38,500	26,248
Fee income from guarantee	347,200	195,824	1,426,298	798,374	347,052	195,774	1,425,690	798,171
Deposit fee charged	112,275	78,785	461,226	321,206	70,130	65,979	288,094	268,996
Others	1,470,440	1,205,593	6,040,566	4,915,204	1,459,523	1,173,622	5,995,720	4,784,857
	<u>12,267,705</u>	<u>10,467,168</u>	<u>50,395,732</u>	<u>42,674,644</u>	<u>11,285,065</u>	<u>9,373,043</u>	<u>46,359,047</u>	<u>38,213,896</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

30. Other income, net

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Foreign exchange gain, net	11,024,994	8,215,653	44,937,876	33,413,061	10,831,434	8,198,595	44,148,925	33,343,686
Recovery from loans and advances written off	7,273,474	3,848,598	29,646,680	15,652,248	5,690,972	2,961,140	23,196,402	12,042,956
Dividends on FVTPL	117,333	116,614	478,249	474,269	117,333	116,614	478,249	474,269
Gain/(loss) on disposals of property and equipment and lease	443,846	(270,789)	1,809,116	(1,101,299)	441,485	(265,619)	1,799,493	(1,080,272)
Others	1,214,769	1,055,826	4,951,399	4,294,044	367,814	888,682	1,499,210	3,614,270
	<u>20,074,416</u>	<u>12,965,902</u>	<u>81,823,320</u>	<u>52,732,323</u>	<u>17,449,038</u>	<u>11,899,412</u>	<u>71,122,279</u>	<u>48,394,909</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Foreign exchange gain, net	3,144,053	2,865,430	12,915,770	11,682,358	3,091,039	2,857,465	12,697,988	11,649,885
Recovery from loans and advances written off	2,303,172	1,087,783	9,461,431	4,434,891	1,503,164	806,961	6,174,998	3,289,980
Dividends on FVTPL	-	-	-	-	-	-	-	-
Gain on disposals of property and equipment and lease	224,578	165,431	922,566	674,462	222,158	170,068	912,625	693,367
Others	255,186	504,597	1,048,304	2,057,243	142,141	431,977	583,915	1,761,170
	<u>5,926,989</u>	<u>4,623,241</u>	<u>24,348,071</u>	<u>18,848,954</u>	<u>4,958,502</u>	<u>4,266,471</u>	<u>20,369,526</u>	<u>17,394,402</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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31. General and administrative expenses

	The Group				The Bank			
	For the nine-month period ended		For the nine-month period ended		For the nine-month period ended		For the nine-month period ended	
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Salaries and wages	106,694,072	82,801,780	434,885,037	336,754,839	100,799,795	76,433,570	410,859,964	310,855,329
Other employee expense	18,569,246	29,345,244	75,688,247	119,347,107	19,431,879	28,855,008	79,204,339	117,353,318
Depreciation of property and equipment (Note 14)	16,557,552	15,235,897	67,488,582	61,964,393	15,272,723	13,504,181	62,251,619	54,921,504
Repair and maintenance	10,491,005	8,833,036	42,761,336	35,923,957	10,193,189	8,392,288	41,547,438	34,131,435
Depreciation of right-of-use assets (Note 16)	8,754,452	8,514,698	35,683,146	34,629,277	8,243,830	7,901,627	33,601,851	32,135,917
Seniority indemnity (Note 25(c))	7,192,381	5,913,314	29,316,145	24,049,448	7,137,337	5,763,793	29,091,786	23,441,346
Utilities	4,383,115	4,053,064	17,865,577	16,483,811	4,115,070	3,793,323	16,773,025	15,427,445
Office supplies	3,947,446	3,722,160	16,089,790	15,138,025	3,653,036	3,358,234	14,889,775	13,657,938
Communication	3,836,646	2,931,755	15,638,169	11,923,448	2,977,920	2,188,839	12,138,002	8,902,008
Amortisation charges (Note 15)	2,361,662	2,950,927	9,626,134	12,001,420	2,165,632	2,627,619	8,827,116	10,686,526
Retirement benefits (Note 25(a))	2,125,574	1,247,183	8,663,840	5,072,293	2,055,343	1,193,636	8,377,578	4,854,518
Travelling expenses	2,045,397	1,251,062	8,337,038	5,088,069	1,808,629	1,113,454	7,371,972	4,528,417
Career development expense (Note 25(b))	1,324,917	1,153,574	5,400,362	4,691,585	1,236,918	1,142,677	5,041,678	4,647,267
License fees	826,639	826,444	3,369,381	3,361,148	805,300	805,503	3,282,403	3,275,981
Others	13,902,823	10,186,943	56,667,906	41,430,298	12,477,975	9,235,033	50,860,226	37,558,880
	<u>203,012,927</u>	<u>178,967,081</u>	<u>827,480,690</u>	<u>727,859,118</u>	<u>192,374,576</u>	<u>166,308,785</u>	<u>784,118,772</u>	<u>676,377,829</u>

For the period ended 30 September 2022, the salaries and wages of the Bank's staff, who are responsible for the operations of cash settlement agents, amounted to US\$34,824 (30 September 2021: US\$35,912).

For the period ended 30 September 2022, above expenses included costs incurred for the operations of cash settlement agents, which consist office supplies amounting to US\$193, expendable costs amounting to \$759, furniture and fixtures amounting to US\$760, and membership fees amounting to US\$9,507 (KHR38,750,000) (30 September 2021: office supplies amounting to US\$158, furniture and fixtures amounting to US\$497, and membership fees amounting to US\$9,500 (KHR38,750,000)).

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AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

31. General and administrative expenses (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Salaries and wages	33,305,610	28,058,678	136,819,446	114,395,230	31,616,400	26,027,128	129,880,171	106,112,601
Other employee expense	7,823,623	8,373,732	32,139,443	34,139,705	8,078,613	8,327,036	33,186,942	33,949,326
Depreciation of property and equipment (Note 14)	5,490,345	5,112,991	22,554,337	20,845,664	5,078,110	4,541,069	20,860,876	18,513,938
Repair and maintenance	3,638,677	2,604,214	14,947,685	10,617,380	3,533,597	2,448,391	14,516,016	9,982,090
Depreciation of right-of-use assets (Note 16)	2,964,167	2,983,404	12,176,798	12,163,338	2,803,757	2,782,149	11,517,834	11,342,821
Seniority indemnity (Note 25(c))	2,259,480	1,858,733	9,281,944	7,578,054	2,220,419	1,808,185	9,121,481	7,371,970
Utilities	1,485,240	1,459,150	6,101,366	5,948,955	1,389,099	1,364,462	5,706,419	5,562,912
Communication	1,386,685	1,027,781	5,696,502	4,190,263	1,100,843	773,186	4,522,263	3,152,279
Office supplies	1,253,108	1,311,313	5,147,768	5,346,223	1,161,015	1,192,428	4,769,450	4,861,529
Amortisation charges	762,092	942,305	3,130,674	3,841,777	705,006	837,650	2,896,165	3,415,099
Retirement benefit (Note 25(a))	703,524	417,216	2,890,077	1,700,990	686,089	405,462	2,818,454	1,653,069
Travelling expenses	682,568	446,318	2,803,989	1,819,638	593,326	404,378	2,437,383	1,648,649
Career development expense (Note 25(b))	434,403	383,825	1,784,528	1,564,855	419,663	403,213	1,723,976	1,643,899
License fees	276,019	277,972	1,133,886	1,133,292	269,413	271,066	1,106,749	1,105,136
Others	4,941,067	3,643,280	20,297,903	14,853,654	4,529,571	3,308,005	18,607,476	13,486,737
	<u>67,406,608</u>	<u>58,900,912</u>	<u>276,906,346</u>	<u>240,139,018</u>	<u>64,184,921</u>	<u>54,893,808</u>	<u>263,671,655</u>	<u>223,802,055</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

32. Taxation

(a) Current income tax liabilities

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Current income tax liabilities	24,878,644	36,315,767	102,475,135	147,950,435	24,269,856	35,491,329	99,967,537	144,591,674

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	36,315,767	30,292,370	147,950,435	122,532,637	35,491,329	27,950,334	144,591,674	113,059,101
Income tax expense	26,306,609	26,195,876	107,225,738	106,538,628	24,628,112	24,770,882	100,384,185	100,743,177
Income tax paid	(37,743,732)	(29,187,137)	(153,843,452)	(118,704,086)	(35,849,585)	(26,893,610)	(146,122,908)	(109,376,312)
Exchange differences	-	-	1,142,414	994,045	-	-	1,114,586	924,839
At the end of the period	24,878,644	27,301,109	102,475,135	111,361,224	24,269,856	25,827,606	99,967,537	105,350,805

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
At the beginning of the period	18,873,568	19,482,436	76,815,422	79,390,927	17,912,961	17,404,408	72,905,751	70,922,963
Income tax expense	7,728,309	8,863,863	31,747,893	36,137,969	7,504,315	8,441,959	30,827,726	34,417,867
Income tax paid	(1,723,233)	(1,045,190)	(7,079,041)	(4,261,240)	(1,147,420)	(18,761)	(4,713,601)	(76,489)
Exchange differences	-	-	990,861	93,568	-	-	947,661	86,464
At the end of the period	24,878,644	27,301,109	102,475,135	111,361,224	24,269,856	25,827,606	99,967,537	105,350,805

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

32. Taxation (continued)

(b) Income tax expense

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Current income tax	26,306,609	26,195,876	107,225,738	106,538,628	24,628,112	24,770,882	100,384,185	100,743,177
Deferred tax expense	8,210,746	420,763	33,467,001	1,711,243	8,144,137	3,896,839	33,195,502	15,848,444
	<u>34,517,355</u>	<u>26,616,639</u>	<u>140,692,739</u>	<u>108,249,871</u>	<u>32,772,249</u>	<u>28,667,721</u>	<u>133,579,687</u>	<u>116,591,621</u>
	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Current income tax	7,728,309	8,863,863	31,747,893	36,137,969	7,504,315	8,441,959	30,827,726	34,417,867
Deferred tax expense	4,688,627	908,536	19,260,880	3,704,102	4,199,142	748,217	17,250,075	3,050,481
	<u>12,416,936</u>	<u>9,772,399</u>	<u>51,008,773</u>	<u>39,842,071</u>	<u>11,703,457</u>	<u>9,190,176</u>	<u>48,077,801</u>	<u>37,468,348</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

32. Taxation (continued)

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Profit before income tax	167,554,622	146,738,713	682,952,641	596,786,347	160,058,686	146,484,861	652,399,204	595,753,930
Tax calculated at domestic tax rates applicable to profits in the respective countries	33,530,574	29,183,214	136,670,620	118,688,131	32,011,737	29,296,972	130,479,840	119,150,785
Effect of non-deductible expense/(non-taxable income)	986,781	(2,566,575)	4,022,119	(10,438,260)	760,512	(629,251)	3,099,847	(2,559,164)
	<u>34,517,355</u>	<u>26,616,639</u>	<u>140,692,739</u>	<u>108,249,871</u>	<u>32,772,249</u>	<u>28,667,721</u>	<u>133,579,687</u>	<u>116,591,621</u>
	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Profit before income tax	61,836,558	48,696,872	254,024,580	198,537,147	58,488,142	46,649,019	240,269,287	190,188,050
Tax calculated at domestic tax rates applicable to profits in the respective countries	12,366,781	9,600,185	50,802,736	39,139,954	11,697,628	9,329,804	48,053,856	38,037,611
Effect of non-deductible expense/(non-taxable income)	50,155	172,214	206,037	702,117	5,829	(139,628)	23,945	(569,263)
	<u>12,416,936</u>	<u>9,772,399</u>	<u>51,008,773</u>	<u>39,842,071</u>	<u>11,703,457</u>	<u>9,190,176</u>	<u>48,077,801</u>	<u>37,468,348</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 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 MEF dated 24 July 2015. The Bank shall fulfil the forms and submit to the General Department of Taxation (“GDT”) through the SERC in order to be granted with tax incentives.

On 8 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 December 2022.

On 9 August 2021, the Bank received a letter of approval from the GDT regarding the request for the Bank’s tax incentive on income for 3 years beginning 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 interim financial statements could change at a later date, upon final determination of the respective tax authorities.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

33. Earnings per share

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Profit attributable to the shareholders of the Bank	132,956,660	120,364,518	541,931,348	489,522,496	49,439,395	38,964,512	203,097,035	158,858,315
Weighted average numbers of shares	433,163,019	433,163,019	433,163,019	433,163,019	433,163,019	433,163,019	433,163,019	433,163,019
Basic EPS	0.31	0.28	1.25	1.13	0.11	0.09	0.47	0.37
Diluted EPS	0.31	0.28	1.25	1.13	0.11	0.09	0.47	0.37

The Bank has no dilutive potential ordinary shares as at each of the period end. As such, the diluted EPS are equivalent to the basic earnings per share.

34. Cash and cash equivalents

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
Cash on hand (Note 7)	537,569,732	460,952,438	2,214,249,726	1,880,224,995	528,478,192	445,861,928	2,176,801,673	1,818,670,804
Deposits and placements with other banks:								
<i>Balances with the National Bank of Cambodia:</i>								
- Current accounts	347,905,046	464,834,973	1,433,020,884	1,896,061,855	347,905,046	435,173,639	1,433,020,884	1,775,073,273
- Negotiable certificate of deposits, term of three months or less	159,290,356	687,180,127	656,116,976	2,803,007,738	159,290,356	687,180,127	656,116,976	2,803,007,738
<i>Balances with other banks:</i>								
- Current accounts	123,150,159	184,600,667	507,255,505	752,986,121	104,700,493	182,484,895	431,261,331	744,355,887
- Fixed deposits, term of three months or less	96,908,042	53,934,898	399,164,226	220,000,448	96,607,425	56,442,539	397,925,984	230,229,117
	<u>1,264,823,335</u>	<u>1,851,503,103</u>	<u>5,209,807,317</u>	<u>7,552,281,157</u>	<u>1,236,981,512</u>	<u>1,807,143,128</u>	<u>5,095,126,848</u>	<u>7,371,336,819</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Unused portion of overdrafts	196,916,022	146,104,629	811,097,095	595,230,259	196,466,100	145,914,488	809,243,866	594,455,624
Bank guarantees	60,323,850	49,271,411	248,473,938	200,731,728	60,185,792	49,074,212	247,905,277	199,928,340
Letters of credit	10,030,601	9,713,537	41,316,046	39,572,950	10,030,601	9,713,537	41,316,046	39,572,950
Forward foreign exchange	129,900	300,030	535,058	1,222,322	129,900	300,030	535,058	1,222,322
	<u>267,400,373</u>	<u>205,389,607</u>	<u>1,101,422,137</u>	<u>836,757,259</u>	<u>266,812,393</u>	<u>205,002,267</u>	<u>1,099,000,247</u>	<u>835,179,236</u>

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

(b) Capital expenditure commitments

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Not later than 1 year	6,155,315	9,727,971	25,353,742	39,631,754	5,596,543	9,339,591	23,052,161	38,049,494
Later than 1 but not later than 5 years	63,925	54,019	263,307	220,073	-	-	-	-
	<u>6,219,240</u>	<u>9,781,990</u>	<u>25,617,049</u>	<u>39,851,827</u>	<u>5,596,543</u>	<u>9,339,591</u>	<u>23,052,161</u>	<u>38,049,494</u>

The balances of these commitments are related to the purchases of property and equipment and intangible assets of the Bank amounting to US\$5,596,543, the construction contract to build AIB's building and purchases of other equipment amounting to US\$9,906, the purchase of property and equipment and intangible assets of ABL amounting to US\$353,736, the upgrade of Nutanix amounting to US\$157,903, Smart Vista implementation fee amounting to US\$35,286, development of Numpapa bills payment system amounting to US\$11,847, and the development of LAPS System Phase 2 amounting to US\$54,019.

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35. Commitments and contingencies (continued)

(c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026. As at 30 September 2022, remaining balance is US\$8,008,472.

The Bank has made allowance for impairment losses of US\$71,527 (2021: US\$129,331) with respect to this guarantee.

36. Reserves

	The Group												
	General reserves		Hedging reserve		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2022, as reclassified (Note 42)	524,311,587	2,136,045,406	(506,158)	(2,062,088)	100,908,300	411,100,413	(35,338,462)	(143,968,894)	3,028,319	12,337,371	17,918,619	592,403,586	2,431,370,827
Other comprehensive income:													
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	10,645,948	43,392,884	-	-	-	-	-	-	-	10,645,948	43,392,884
Currency translation differences - foreign subsidiaries	-	-	-	-	-	-	(17,327,061)	(70,625,101)	-	-	-	(17,327,061)	(70,625,101)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	12,842,412	-	12,842,412
Total comprehensive income for the period	-	-	10,645,948	43,392,884	-	-	(17,327,061)	(70,625,101)	-	-	12,842,412	(6,681,113)	(14,389,805)
Transactions with owners:													
Transfer from retained earnings to regulatory reserves	-	-	-	-	50,287,485	204,971,789	-	-	-	-	-	50,287,485	204,971,789
Currency translation differences	-	23,594,021	-	435,000	-	6,703,236	-	(2,335,294)	-	136,275	(5,155,194)	-	23,378,044
Total transactions with owners	-	23,594,021	-	435,000	50,287,485	211,675,025	-	(2,335,294)	-	136,275	(5,155,194)	50,287,485	228,349,833
As at 30 September 2022	<u>524,311,587</u>	<u>2,159,639,427</u>	<u>10,139,790</u>	<u>41,765,796</u>	<u>151,195,785</u>	<u>622,775,438</u>	<u>(52,665,523)</u>	<u>(216,929,289)</u>	<u>3,028,319</u>	<u>12,473,646</u>	<u>25,605,837</u>	<u>636,009,958</u>	<u>2,645,330,855</u>

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AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

36. Reserves (continued)

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2021	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
Comprehensive income:											
Currency translation differences - foreign subsidiaries	-	-	-	-	(10,257,648)	(41,717,854)	-	-	-	(10,257,648)	(41,717,854)
Currency translation differences	-	-	-	-	-	-	-	-	6,261,573	-	6,261,573
Total comprehensive income for the period	-	-	-	-	(10,257,648)	(41,717,854)	-	-	6,261,573	(10,257,648)	(35,456,281)
Transactions with owners:											
Transfers from retained earnings to general reserves	64,103,889	260,710,517	-	-	-	-	-	-	-	64,103,889	260,710,517
Transfer from retained earnings to regulatory reserves	-	-	25,439,645	103,463,036	-	-	-	-	-	25,439,645	103,463,036
Reserve NCI	-	-	-	-	-	-	3,028,319	12,316,173	-	3,028,319	12,316,173
Currency translation differences	-	16,416,308	-	2,499,218	-	(858,893)	-	36,340	(1,076,083)	-	17,016,890
Total transactions with owners	<u>64,103,889</u>	<u>277,126,825</u>	<u>25,439,645</u>	<u>105,962,254</u>	<u>-</u>	<u>(858,893)</u>	<u>3,028,319</u>	<u>12,352,513</u>	<u>(1,076,083)</u>	<u>92,571,853</u>	<u>393,506,616</u>
As at 30 September 2021	<u>524,311,587</u>	<u>2,138,666,961</u>	<u>89,967,397</u>	<u>366,977,012</u>	<u>(31,898,862)</u>	<u>(130,115,458)</u>	<u>3,028,319</u>	<u>12,352,513</u>	<u>18,878,304</u>	<u>585,408,441</u>	<u>2,406,759,332</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

36. Reserves (continued)

	The Bank								
	General reserves		Hedging reserve		Regulatory reserves		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Balance at 1 January 2022, as reclassified (Note 42)	510,741,556	2,080,761,099	(506,158)	(2,062,088)	97,140,004	395,748,379	17,529,804	607,375,402	2,491,977,194
Other comprehensive income:									
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	10,645,948	43,392,884	-	-	-	10,645,948	43,392,884
Other comprehensive income - currency translation differences	-	-	-	-	-	-	12,375,655	-	12,375,655
Total comprehensive income for the period	-	-	10,645,948	43,392,884	-	-	12,375,655	10,645,948	55,768,539
Transactions with owners:									
Transfer from retained earnings to regulatory reserves	-	-	-	-	54,055,781	220,331,363	-	54,055,781	220,331,363
Currency translation differences	-	22,983,370	-	435,001	-	6,695,696	(5,303,796)	-	24,810,271
Total transactions with owners	-	22,983,370	-	435,001	54,055,781	227,027,059	(5,303,796)	54,055,781	245,141,634
As at 30 September 2022	510,741,556	2,103,744,469	10,139,790	41,765,797	151,195,785	622,775,438	24,601,663	672,077,131	2,792,887,367
Balance at 1 January 2021	455,413,631	1,842,148,137	-	-	55,327,925	223,801,459	13,408,214	510,741,556	2,079,357,810
Other comprehensive income:									
Other comprehensive income - currency translation differences	-	-	-	-	-	-	6,121,069	-	6,121,069
Total comprehensive income for the period	-	-	-	-	-	-	6,121,069	-	6,121,069
Transactions with owners:									
Transfers from retained earnings to general reserves	55,327,925	225,018,671	-	-	-	-	-	55,327,925	225,018,671
Transfer from retained earnings to regulatory reserves	-	-	-	-	30,064,005	122,270,308	-	30,064,005	122,270,308
Currency translation differences	-	16,147,999	-	-	-	2,241,918	(1,029,819)	-	17,360,098
Total transactions with owners	55,327,925	241,166,670	-	-	30,064,005	124,512,226	(1,029,819)	85,391,930	364,649,077
As at 30 September 2021	510,741,556	2,083,314,807	-	-	85,391,930	348,313,685	18,499,464	596,133,486	2,450,127,956

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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
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 INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

37. Related party transactions and balances (continued)

(b) Related parties balances

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
i) Loans and advances								
Key managements	14,403,925	14,570,028	59,329,767	59,358,294	13,906,772	13,904,162	57,281,994	56,645,556
	<u>14,403,925</u>	<u>14,570,028</u>	<u>59,329,767</u>	<u>59,358,294</u>	<u>13,906,772</u>	<u>13,904,162</u>	<u>57,281,994</u>	<u>56,645,556</u>
ii) Balances with related parties								
Shareholders	804,758	639,918	3,314,798	2,607,026	804,758	639,918	3,314,798	2,607,026
Subsidiaries	-	-	-	-	-	1,005,356	-	4,095,820
	<u>804,758</u>	<u>639,918</u>	<u>3,314,798</u>	<u>2,607,026</u>	<u>804,758</u>	<u>1,645,274</u>	<u>3,314,798</u>	<u>6,702,846</u>
iii) Receivables from/(payables to) related parties								
Key managements' deposits								
Other payables	(53,691)	(60,218)	(221,153)	(245,328)	(36,426)	(26,973)	(150,039)	(109,888)
Shareholders								
Other payables	(649,859)	(26,106)	(2,676,770)	(106,356)	(649,859)	(26,106)	(2,676,770)	(106,356)
Subsidiaries								
Other receivables	-	-	-	-	180,153	46,319	742,050	188,703
Other payables	-	-	-	-	(45,988)	(37,318)	(189,424)	(152,033)
	<u>(703,550)</u>	<u>(86,324)</u>	<u>(2,897,923)</u>	<u>(351,684)</u>	<u>(552,120)</u>	<u>(44,078)</u>	<u>(2,274,183)</u>	<u>(179,574)</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

37. Related party transactions and balances (continued)

(b) Related parties balances (continued)

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
iv) Deposits from related parties								
Key managements	5,218,883	5,548,116	21,496,579	22,603,025	4,754,864	4,912,471	19,585,285	20,013,407
Shareholders:								
Current accounts	1,667,882	11,095,171	6,870,006	45,201,727	853,342	11,095,171	3,514,915	45,201,727
Savings accounts	178,184	22,287	733,940	90,797	178,184	22,287	733,940	90,797
Fixed deposits	13,235,344	2,146,106	54,516,382	8,743,236	13,235,344	2,146,106	54,516,382	8,743,236
Subsidiaries:								
Current accounts	-	-	-	-	2,574,936	2,555,788	10,606,161	10,412,280
Savings accounts	-	-	-	-	158,720	164,269	653,768	669,232
Fixed deposits	-	-	-	-	4,430,739	3,642,598	18,250,214	14,839,944
	<u>20,300,293</u>	<u>18,811,680</u>	<u>83,616,907</u>	<u>76,638,785</u>	<u>26,186,129</u>	<u>24,538,690</u>	<u>107,860,665</u>	<u>99,970,623</u>
v) Borrowing from related parties								
Shareholder	<u>48,750,765</u>	<u>-</u>	<u>200,804,401</u>	<u>-</u>	<u>48,750,765</u>	<u>-</u>	<u>200,804,401</u>	<u>-</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

37. Related party transactions and balances (continued)

(c) Related parties transactions

	The Group				The Bank			
	For nine-month period ended				For nine-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
i) Interest income from related parties								
Loans and advances to key managements	670,554	879,261	2,733,178	3,575,954	669,681	811,950	2,729,620	3,302,201
Deposits with subsidiary	-	-	-	-	6,217	30,178	25,340	122,734
Loan to subsidiary	-	-	-	-	-	167,205	-	680,023
	<u>670,554</u>	<u>879,261</u>	<u>2,733,178</u>	<u>3,575,954</u>	<u>675,898</u>	<u>1,009,333</u>	<u>2,754,960</u>	<u>4,104,958</u>
ii) Fee and commission income from related parties								
Shareholders	31,430	21,185	128,108	86,160	31,430	21,185	128,108	86,160
Subsidiaries	-	-	-	-	786	8,228	3,204	33,464
	<u>31,430</u>	<u>21,185</u>	<u>128,108</u>	<u>86,160</u>	<u>32,216</u>	<u>29,413</u>	<u>131,312</u>	<u>119,624</u>
iii) Interest expenses to related parties								
Deposits of key managements	82,014	118,232	334,289	480,850	53,772	107,058	219,175	435,405
Borrowing from shareholders	570,337	-	2,324,694	-	570,337	-	2,324,694	-
Deposits of shareholders	210,078	18,419	856,278	74,910	210,078	18,419	856,278	74,910
Deposits of subsidiaries	-	-	-	-	165,356	139,979	673,991	569,295
	<u>862,429</u>	<u>136,651</u>	<u>3,515,261</u>	<u>555,760</u>	<u>999,543</u>	<u>265,456</u>	<u>4,074,138</u>	<u>1,079,610</u>
iv) Fee and remuneration expenses to related parties								
Board of Directors	483,319	452,287	1,970,008	1,839,451	304,096	260,813	1,239,495	1,060,726
Key managements	6,423,934	7,140,912	26,183,955	29,042,089	4,910,097	5,889,349	20,013,555	23,951,982
Subsidiary	-	-	-	-	2,384,631	1,792,185	9,719,756	7,288,816
	<u>6,907,253</u>	<u>7,593,199</u>	<u>28,153,963</u>	<u>30,881,540</u>	<u>7,598,824</u>	<u>7,942,347</u>	<u>30,972,806</u>	<u>32,301,524</u>
v) Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(57,805)	(52,802)	(235,613)	(214,746)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

37. Related party transactions and balances (continued)

(c) Related parties transactions (continued)

	The Group				The Bank			
	For three-month period ended				For three-month period ended			
	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000 (Note 5)	30 September 2021 KHR'000 (Note 5)
i) Interest income from related parties								
Loans and advances to key managements	234,714	248,379	964,205	1,014,573	234,749	245,281	964,349	1,001,525
Deposits with subsidiary	-	-	-	-	-	14,411	-	58,720
Loan to subsidiary	-	-	-	-	-	-	-	-
	<u>234,714</u>	<u>248,379</u>	<u>964,205</u>	<u>1,014,573</u>	<u>234,749</u>	<u>259,692</u>	<u>964,349</u>	<u>1,060,245</u>
ii) Fee and commission income from related parties								
Shareholders	9,903	7,066	40,682	28,836	9,903	7,066	40,682	28,837
Subsidiaries	-	-	-	-	167	250	686	1,074
	<u>9,903</u>	<u>7,066</u>	<u>40,682</u>	<u>28,836</u>	<u>10,070</u>	<u>7,316</u>	<u>41,368</u>	<u>29,911</u>
iii) Interest expenses to related parties								
Deposits of key managements	32,382	39,199	133,025	159,976	28,213	35,925	115,899	146,605
Borrowing from shareholders	570,337	-	2,342,944	-	570,337	-	2,342,944	-
Deposits of shareholders	127,768	14,488	524,871	58,950	127,768	14,488	524,871	58,950
Deposits of subsidiaries	-	-	-	-	58,453	56,895	240,125	231,974
	<u>730,487</u>	<u>53,687</u>	<u>3,000,840</u>	<u>218,926</u>	<u>784,771</u>	<u>107,308</u>	<u>3,223,839</u>	<u>437,529</u>
iv) Fee and remuneration expenses to related parties								
Board of Directors	176,220	124,549	723,912	508,835	120,367	71,427	494,467	291,819
Key managements	1,448,493	1,869,214	5,950,409	7,638,995	1,049,904	1,497,638	4,313,006	6,121,635
Subsidiary	-	-	-	-	699,981	645,058	2,875,522	2,631,480
	<u>1,624,713</u>	<u>1,993,763</u>	<u>6,674,321</u>	<u>8,147,830</u>	<u>1,870,252</u>	<u>2,214,123</u>	<u>7,682,995</u>	<u>9,044,934</u>
v) Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(6,447)	(19,530)	(26,484)	(79,662)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED

38. Financial risk management

(a) Introduction and overview

The Bank is the leading and first listed bank in Cambodia and currently has the largest branch network and self-service banking which offers multiple products and services to its customers such as credits, deposits, fund transfers, cash management, trade finance, ACLEDA card, credit and debit cards, and digital services, including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. As disclosed in Note 13, the Bank's four subsidiaries are as follows:

- a. ACLEDA Bank Lao Ltd.,
- b. ACLEDA Securities Plc.,
- c. ACLEDA Institute of Business Co., Ltd., and
- d. ACLEDA MFI Myanmar Co., Ltd.

In the competitive business environment along with the rapid evolution and development of technology and difference or change in laws and jurisdictions, the Group and the Bank need to have effective risk management in place in order to manage and ensure all risks are within the risk appetite and tolerance. This also provides reasonable assurance regarding the achievement of the Group's and the Bank's objectives.

The established risk management framework comprises of core components such as (1) effective governance and oversight by the Board of Directors and senior management; (2) effective implementation of risk appetite and tolerance; (3) effective implementation of risk management processes; and (4) effective technology and data infrastructure. It must be integrated into the day-to-day management of the business and operations to provide transparent and consistent management of risks across the Group and the Bank.

The Group and the Bank instil proactive risk management by embedding accountability and risk ownership culture in managing risks for all levels, which includes the Group's and the Bank's Board of Directors, senior management, and employees. This culture is supported by (1) the Bank's employee's policies (ethics and human resource management, code of conduct, conflict of interest, remuneration and nomination, whistle blower's protection, managing misconduct, etc.); (2) alignment of compensation policies with the Bank's risk appetite and tolerance limits; and (3) availability of risk management training throughout the Group and the Bank.

Risk management within the Group and the Bank is managed by a Three Lines Model, supported by sufficient numbers of skilled personnel in the management of risks within all areas across model.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED**

38. Financial risk management (continued)

(b) Objectives and principles

The objectives of the Group's and the Bank's risk management are:

- To ensure risks are within the risk appetite and tolerance and to provide reasonable assurance regarding the achievement of objectives.
- To manage risk effectively and to identify the risk before it occurs and minimise the potential risk properly and timely.
- To manage risk in a way that optimally balances managing risk while adding value to the Group and the Bank.

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

The Group's and the Bank's risk appetite and tolerance statement is prepared in accordance with its business strategy and the role of the Bank in the financial system.

The Board of Directors approves the Group's and the Bank's risk appetite and tolerance statement considering the most significant risks which the Group and 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 and the nature of the Group's and the Bank's business context. The policy sets risk tolerance/internal targets per individual risk category.

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

Unless specifically mentioned otherwise, the Group and the Bank shall adhere at all times to the risk tolerance/internal targets, as set by the Board of Directors in the risk management policy, in order to limit potential loss.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

(b) Objectives and principles (continued)

The Group's and the Bank's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange rate risk and interest rate risk), and liquidity risk. Equity risk and commodity risk are not applicable given that the Group and the Bank do not hold any equity and commodity position.

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

a. Financial assets and financial liabilities measured at amortised cost

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Financial assets								
Cash on hand	537,569,732	450,375,149	2,214,249,726	1,834,828,357	528,478,192	439,465,980	2,176,801,673	1,790,384,403
Deposits and placements with other banks, net	586,607,730	577,117,298	2,416,237,240	2,351,175,872	567,907,859	543,426,920	2,339,212,471	2,213,921,272
Statutory deposits	469,903,401	415,456,960	1,935,532,109	1,692,571,655	467,067,101	412,986,454	1,923,849,389	1,682,506,814
Financial investments	359,619,330	800,894,722	1,481,272,020	3,262,845,098	359,619,330	800,894,722	1,481,272,020	3,262,845,098
Loans and advances, net	6,194,606,996	5,393,953,503	25,515,586,217	21,974,966,571	6,066,315,613	5,232,058,920	24,987,154,010	21,315,408,040
Other assets	18,177,978	7,720,538	74,875,091	31,453,472	18,143,506	6,801,988	74,733,101	27,711,299
Total financial assets	8,166,485,167	7,645,518,170	33,637,752,403	31,147,841,025	8,007,531,601	7,435,634,984	32,983,022,664	30,292,776,926
Financial liabilities								
Deposits and placements of other banks and financial institutions	427,122,849	483,740,992	1,759,319,015	1,970,760,801	403,387,187	455,606,835	1,661,551,823	1,856,142,246
Deposits from customers	5,471,510,652	5,232,278,693	22,537,152,376	21,316,303,395	5,392,705,878	5,126,926,990	22,212,555,511	20,887,100,557
Lease liabilities	27,484,559	27,874,940	113,208,899	113,562,506	25,483,071	25,371,736	104,964,769	103,364,452
Borrowings	884,178,735	608,488,803	3,641,932,209	2,478,983,383	869,363,787	583,641,056	3,580,909,439	2,377,753,662
Subordinated debts	143,911,912	156,492,941	592,773,166	637,552,242	143,911,912	156,492,941	592,773,166	637,552,242
Other liabilities	39,147,501	32,335,775	161,248,557	131,735,947	38,731,639	32,184,457	159,535,621	131,119,478
Total financial liabilities	6,993,356,208	6,541,212,144	28,805,634,222	26,648,898,274	6,873,583,474	6,380,224,015	28,312,290,329	25,993,032,637
Net financial instruments	1,173,128,959	1,104,306,026	4,832,118,181	4,498,942,751	1,133,948,127	1,055,410,969	4,670,732,335	4,299,744,289

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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38. Financial risk management (continued)

(b) Objectives and principles (continued)

b. Financial assets and financial liabilities measured at fair value

	The Group				The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Financial assets								
Financial investments	189,670	189,670	781,251	772,715	189,670	189,670	781,251	772,715
Derivative financial instruments	10,139,790	-	41,765,795	-	10,139,790	-	41,765,795	-
Total financial assets	10,329,460	189,670	42,547,046	772,715	10,329,460	189,670	42,547,046	772,715
Financial liabilities								
Derivative financial instruments	-	506,158	-	2,062,088	-	506,158	-	2,062,088
Total financial liabilities	-	506,158	-	2,062,088	-	506,158	-	2,062,088
Net financial instruments	10,329,460	(316,488)	42,547,046	(1,289,373)	10,329,460	(316,488)	42,547,046	(1,289,373)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 these loans as the core product of the Group and the Bank.
- The Board of Directors considers that the Management has freedom to adjust, adapt or develop existing products and product lines but requires that new product lines need to be approved by the Board of Directors.
- The day-to-day responsibility for the credit risk lies with the senior management of the Credit Sale Management Division and the branches.
- The credit risk is regularly measured by calculating the ECL taking probability of customer defaults, exposure in the event of default and severity of LGD of the customer base where credit scoring is applied for.
- The Board of Directors requires that credit risk is spread across different sectors (like trade, agriculture, services, industrial, infrastructure, etc.) and products to avoid undue over exposure to one particular sector or industry.
- Systemic risk is the risk of systemwide breakdown of the financial sectors. The Board of Directors requires that credit risk on counterparty financial institutions should be subject to the same principles of the prudential assessment and controls as with the other forms of lending and prudential position limits that should be set to sufficiently protect the Group and the Bank for systemic risk.

Internal targets on the credit risk:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

Internal targets on the credit risk: (continued)

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

In order to maintain the credit growth in a prudent and reasonable way and to ensure the maintenance of portfolio quality, various control limits have been imposed to credit products, which must be strictly complied with:

- Loan exposure ratio: defined as the aggregate amount of loan assets in arrears > 30 days minus loan loss reserves divided by the net worth; should be less than 25%.
- Ceilings on lending to sectors and by product to put limits on concentration risk.
- The maximum exposure to a single client or group of clients is up to 5% of the net worth.
- Counterparty financial institutions.

(a) Credit risk management

The Board of Directors has delegated responsibility for oversight of credit risk to its BRIC. Credit Division is responsible for management of the credit risk based on the following:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(a) Credit risk management (continued)

The Group's and the Bank's total exposure to a single client or group of clients (one obligor principle) acting in concert shall not exceed 5% of the Bank's net worth. "Exposure" includes the aggregate of (i) the face amount of the assets of the Borrower with respect to which such Person is the obligor and (ii) any claim of such Person against the Borrower comprising any commitment to provide funds or credit to, or on behalf of such Person including, but not limited to, loan guarantees, letters of credit, and derivatives.

(b) Internal targets and mitigation policies

The Group and the Bank operate and provide loans and advances to individuals or enterprises within the Kingdom of Cambodia, Lao PDR, and the Republic of the Union of Myanmar. The Group and the Bank manage limits and controls concentration of credit risk whenever they are identified. Large exposure is defined by the NBC as overall exposure to any individual beneficiary which exceeds 10% of the net worth.

The Bank is required, under the conditions of Prakas No. B7-06-226 of the NBC, to maintain at all times a maximum ratio of 20% between its overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth.

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 its overall credit exposure to any individual beneficiary and its net worth. The aggregation of large credit exposure must not exceed 500% of its net worth. However, for ACLEDA MFI Myanmar Co., Ltd. there is no requirement by the Financial Regulatory Department.

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Credit exposure for on-balance sheet financial assets:								
Cash on hand	537,569,732	450,375,149	2,214,249,726	1,834,828,357	528,478,192	439,465,980	2,176,801,673	1,790,384,403
Deposits and placements with other banks, net	586,607,730	577,117,298	2,416,237,240	2,351,175,872	567,907,859	543,426,920	2,339,212,471	2,213,921,272
Statutory deposits	469,903,401	415,456,960	1,935,532,109	1,692,571,655	467,067,101	412,986,454	1,923,849,389	1,682,506,814
Financial investments	359,809,000	801,084,392	1,482,053,271	3,263,617,813	359,809,000	801,084,392	1,482,053,271	3,263,617,813
Loans and advances, net	6,194,606,996	5,393,953,503	25,515,586,217	21,974,966,571	6,066,315,613	5,232,058,920	24,987,154,010	21,315,408,040
Derivative financial instruments	10,139,790	-	41,765,795	-	10,139,790	-	41,765,795	-
Other assets	18,177,978	7,720,538	74,875,091	31,453,472	18,143,506	6,801,988	74,733,101	27,711,299
	<u>8,176,814,627</u>	<u>7,645,707,840</u>	<u>33,680,299,449</u>	<u>31,148,613,740</u>	<u>8,017,861,061</u>	<u>7,435,824,654</u>	<u>33,025,569,710</u>	<u>30,293,549,641</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	196,916,022	146,104,629	811,097,095	595,230,259	196,466,100	145,914,488	809,243,866	594,455,624
Bank guarantees	60,323,850	49,271,411	248,473,938	200,731,728	60,185,792	49,074,212	247,905,277	199,928,340
Letters of credit	10,030,601	9,713,537	41,316,046	39,572,950	10,030,601	9,713,537	41,316,046	39,572,950
Foreign exchange spot transactions	129,900	300,030	535,058	1,222,322	129,900	300,030	535,058	1,222,322
	<u>267,400,373</u>	<u>205,389,607</u>	<u>1,101,422,137</u>	<u>836,757,259</u>	<u>266,812,393</u>	<u>205,002,267</u>	<u>1,099,000,247</u>	<u>835,179,236</u>
Total maximum credit risk exposure	<u>8,444,215,000</u>	<u>7,851,097,447</u>	<u>34,781,721,586</u>	<u>31,985,370,999</u>	<u>8,284,673,454</u>	<u>7,640,826,921</u>	<u>34,124,569,957</u>	<u>31,128,728,877</u>

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank as at 30 September 2022 and 31 December 2021, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

As shown in the table in the previous page, as at 30 September 2022, 73.36% for the Group and 73.22% for the Bank of total maximum exposure is derived from loans and advances to customers (31 December 2021: 68.70% and 68.48% for the Group and for the Bank, respectively).

The Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group and the Bank resulting from its loans and advances. Significant credit risk exposure is arising from loans and advances. In order to mitigate the exposure of credit risk arising from loans and advances, all loan size limits must not exceed 75% of estimated saleable value of the pledged collateral, except for other loans authorised by the Management Credit Committee wherein the loan to collateral value exceed 75%. As at 30 September 2022, approximately 96.71% (31 December 2021: 96.45%) of these loans and advances are collateralised.

(d) Concentration of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group and the Bank analysed the concentration of credit risk by geographic purpose and industry sector on the succeeding pages.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 30 September 2022 and 31 December 2021 are as follows:

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
As at 30 September 2022									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	528,499,908	-	-	8,505,680	-	-	564,144	-	537,569,732
Deposits and placements with other banks, net	426,427,510	917,573	458,353	54,757,033	1,029,315	90,815,035	55,130	12,147,781	586,607,730
Statutory deposits	467,309,879	-	-	2,593,522	-	-	-	-	469,903,401
Financial investments	359,809,000	-	-	-	-	-	-	-	359,809,000
Loans and advances, net	6,066,315,613	-	-	113,178,329	-	-	15,113,054	-	6,194,606,996
Derivative financial instruments	10,139,790	-	-	-	-	-	-	-	10,139,790
Other assets	18,153,207	-	-	24,438	-	-	333	-	18,177,978
	<u>7,876,654,907</u>	<u>917,573</u>	<u>458,353</u>	<u>179,059,002</u>	<u>1,029,315</u>	<u>90,815,035</u>	<u>15,732,661</u>	<u>12,147,781</u>	<u>8,176,814,627</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	196,466,100	-	-	449,922	-	-	-	-	196,916,022
Bank guarantees	60,185,792	-	-	138,058	-	-	-	-	60,323,850
Letters of credit	10,030,601	-	-	-	-	-	-	-	10,030,601
Foreign exchange spot transactions	129,900	-	-	-	-	-	-	-	129,900
	<u>266,812,393</u>	<u>-</u>	<u>-</u>	<u>587,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,400,373</u>
Total maximum credit risk exposure	<u>8,143,467,300</u>	<u>917,573</u>	<u>458,353</u>	<u>179,646,982</u>	<u>1,029,315</u>	<u>90,815,035</u>	<u>15,732,661</u>	<u>12,147,781</u>	<u>8,444,215,000</u>
In KHR'000 equivalent (Note 5)	<u>33,542,941,809</u>	<u>3,779,483</u>	<u>1,887,956</u>	<u>739,965,919</u>	<u>4,239,748</u>	<u>374,067,129</u>	<u>64,802,831</u>	<u>50,036,710</u>	<u>34,781,721,585</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
As at 31 December 2021									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	439,489,116	-	-	10,234,359	-	-	651,674	-	450,375,149
Deposits and placements with other banks, net	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>
Credit exposure for off-balance sheet items:									
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>
Total maximum credit risk exposure	<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>
In KHR'000 equivalent (Note 5)	<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>

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38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
As at 30 September 2022									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	528,478,192	-	-	-	-	-	-	-	528,478,192
Deposits and placements with other banks, net	423,970,997	917,573	458,353	39,969,717	1,029,315	90,815,035	46,754	10,700,115	567,907,859
Statutory deposits	467,067,101	-	-	-	-	-	-	-	467,067,101
Financial investments	359,809,000	-	-	-	-	-	-	-	359,809,000
Loans and advances, net	6,066,315,613	-	-	-	-	-	-	-	6,066,315,613
Derivative financial instruments	10,139,790	-	-	-	-	-	-	-	10,139,790
Other assets	17,963,353	-	-	28	-	-	180,125	-	18,143,506
	<u>7,873,744,046</u>	<u>917,573</u>	<u>458,353</u>	<u>39,969,745</u>	<u>1,029,315</u>	<u>90,815,035</u>	<u>226,879</u>	<u>10,700,115</u>	<u>8,017,861,061</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	196,466,100	-	-	-	-	-	-	-	196,466,100
Bank guarantees	60,185,792	-	-	-	-	-	-	-	60,185,792
Letters of credit	10,030,601	-	-	-	-	-	-	-	10,030,601
Foreign exchange spot transactions	129,900	-	-	-	-	-	-	-	129,900
	<u>266,812,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,812,393</u>
Total maximum credit risk exposure	<u>8,140,556,439</u>	<u>917,573</u>	<u>458,353</u>	<u>39,969,745</u>	<u>1,029,315</u>	<u>90,815,035</u>	<u>226,879</u>	<u>10,700,115</u>	<u>8,284,673,454</u>
In KHR'000 equivalent (Note 5)	<u>33,530,951,972</u>	<u>3,779,483</u>	<u>1,887,956</u>	<u>164,635,380</u>	<u>4,239,748</u>	<u>374,067,129</u>	<u>934,515</u>	<u>44,073,774</u>	<u>34,124,569,957</u>

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AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
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, net	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>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>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>7,640,826,921</u>
In KHR'000 equivalent (Note 5)	<u>30,268,385,602</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>31,128,728,876</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 30 September 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows:

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
As at 30 September 2022								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	537,569,732	-	-	-	-	-	-	537,569,732
Deposits and placements with other banks, net	586,607,730	-	-	-	-	-	-	586,607,730
Statutory deposits	-	-	-	-	-	-	469,903,401	469,903,401
Financial investments	-	-	-	-	-	-	359,809,000	359,809,000
Loans and advances, net	2,664,702	2,081,885,827	1,560,061,721	199,904,643	227,128,579	1,308,832,811	814,128,713	6,194,606,996
Derivative financial instruments	10,139,790	-	-	-	-	-	-	10,139,790
Other assets	1,594,571	-	-	-	-	-	16,583,407	18,177,978
	<u>1,138,576,525</u>	<u>2,081,885,827</u>	<u>1,560,061,721</u>	<u>199,904,643</u>	<u>227,128,579</u>	<u>1,308,832,811</u>	<u>1,660,424,521</u>	<u>8,176,814,627</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	196,916,022	196,916,022
Bank guarantees	-	-	-	-	-	-	60,323,850	60,323,850
Letters of credit	-	-	-	-	-	-	10,030,601	10,030,601
Foreign exchange spot transactions	-	-	-	-	-	-	129,900	129,900
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,400,373</u>	<u>267,400,373</u>
Total maximum credit risk exposure	<u>1,138,576,525</u>	<u>2,081,885,827</u>	<u>1,560,061,721</u>	<u>199,904,643</u>	<u>227,128,579</u>	<u>1,308,832,811</u>	<u>1,927,824,894</u>	<u>8,444,215,000</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,689,796,706</u>	<u>8,575,287,721</u>	<u>6,425,894,229</u>	<u>823,407,225</u>	<u>935,542,617</u>	<u>5,391,082,349</u>	<u>7,940,710,738</u>	<u>34,781,721,585</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
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, net	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
	<u>1,045,630,534</u>	<u>1,816,075,968</u>	<u>1,364,682,355</u>	<u>190,507,187</u>	<u>179,980,839</u>	<u>1,093,971,162</u>	<u>1,954,859,795</u>	<u>7,645,707,840</u>
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	<u>1,045,630,534</u>	<u>1,816,075,968</u>	<u>1,364,682,355</u>	<u>190,507,187</u>	<u>179,980,839</u>	<u>1,093,971,162</u>	<u>2,160,249,402</u>	<u>7,851,097,447</u>
In KHR'000 equivalent (Note 5)	<u>4,259,898,796</u>	<u>7,398,693,494</u>	<u>5,559,715,914</u>	<u>776,126,280</u>	<u>733,241,938</u>	<u>4,456,838,514</u>	<u>8,800,856,064</u>	<u>31,985,371,000</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
As at 30 September 2022								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	528,478,192	-	-	-	-	-	-	528,478,192
Deposits and placements with other banks, net	567,907,859	-	-	-	-	-	-	567,907,859
Statutory deposits	-	-	-	-	-	-	467,067,101	467,067,101
Financial investments	-	-	-	-	-	-	359,809,000	359,809,000
Loans and advances, net	2,664,702	2,028,044,023	1,532,203,626	193,448,038	222,196,441	1,282,420,982	805,337,801	6,066,315,613
Derivative financial instruments	10,139,790	-	-	-	-	-	-	10,139,790
Other assets	1,750,577	-	-	-	-	-	16,392,929	18,143,506
	<u>1,110,941,120</u>	<u>2,028,044,023</u>	<u>1,532,203,626</u>	<u>193,448,038</u>	<u>222,196,441</u>	<u>1,282,420,982</u>	<u>1,648,606,831</u>	<u>8,017,861,061</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	196,466,100	196,466,100
Bank guarantees	-	-	-	-	-	-	60,185,792	60,185,792
Letters of credit	-	-	-	-	-	-	10,030,601	10,030,601
Foreign exchange spot transactions	-	-	-	-	-	-	129,900	129,900
	-	-	-	-	-	-	266,812,393	266,812,393
	<u>1,110,941,120</u>	<u>2,028,044,023</u>	<u>1,532,203,626</u>	<u>193,448,038</u>	<u>222,196,441</u>	<u>1,282,420,982</u>	<u>1,915,419,224</u>	<u>8,284,673,454</u>
Total maximum credit risk exposure								
In KHR'000 equivalent (Note 5)	<u>4,575,966,473</u>	<u>8,353,513,331</u>	<u>6,311,146,735</u>	<u>796,812,469</u>	<u>915,227,140</u>	<u>5,282,292,025</u>	<u>7,889,611,784</u>	<u>34,124,569,957</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
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, net	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
	<u>1,000,967,514</u>	<u>1,748,609,961</u>	<u>1,327,649,187</u>	<u>183,090,996</u>	<u>173,294,202</u>	<u>1,063,792,710</u>	<u>1,938,420,084</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>205,002,267</u>
Total maximum credit risk exposure	<u>1,000,967,514</u>	<u>1,748,609,961</u>	<u>1,327,649,187</u>	<u>183,090,996</u>	<u>173,294,202</u>	<u>1,063,792,710</u>	<u>2,143,422,351</u>	<u>7,640,826,921</u>
In KHR'000 equivalent (Note 5)	<u>4,077,941,652</u>	<u>7,123,836,981</u>	<u>5,408,842,788</u>	<u>745,912,718</u>	<u>706,000,579</u>	<u>4,333,891,501</u>	<u>8,732,302,657</u>	<u>31,128,728,876</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 realised but proceeds failed to cover the entire outstanding amount of the facility;
- b) The Group and the Bank are unable to collect or there is no longer reasonable assurance that the Group and the Bank will collect all amounts due according to the contractual terms of the facility's agreement;
- c) The counterparty has become bankrupt or is undergoing other forms of financial restructuring, and as consequence, it will unlikely to service the facility;
- d) The facility has been classified under loss category.

(f) Credit quality of financial assets

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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 FVTPL.

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

The Group and the Bank measured ECL by using the general approach and the simplified approach. The general approach consists of segregating the customers into three different stages according to the staging criteria by assessing the credit risk. 12-month ECL will be computed for Stage 1, while lifetime ECL will be computed for Stage 2 and Stage 3. At each reporting date, the Group and the Bank will assess credit risk of each account as compared to the risk level at origination date.

The Group and the Bank will use the days past due (“DPD”) information and Central Bank’s classification for staging criteria. Also, the Group and the Bank will incorporate credit scoring or more forward-looking elements in the future when information is more readily available. Upon the implementation of credit scoring system, if the risk level drops by two or more notches as compared to the risk level at origination, the accounts have to be classified under Stage 2.

As for financial assets that are short-term in nature, simplified approach will be adopted where no staging criteria is required. It will be either a performing (Stage1) or non-performing loan (“NPL”) (Stage 3).

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

ACLEDA Bank Plc.

Staging	Days Past Due	NBC’s Classification	Indicator	Default Indicator
1	LT*: 0 ≤ DPD ≤ 29 ST**: 0 ≤ DPD ≤ 14	Normal	-	Not Default / Performing
2	LT*: 30 ≤ DPD ≤ 89 ST**: 15 ≤ DPD ≤ 30	Special Mention	Hit SICR triggers	
3	LT*: 90 ≤ DPD ≤ 179 ST**: 31 ≤ DPD ≤ 60	Substandard	Hit NPL triggers	Default / Non-Performing
	LT*: 180 ≤ DPD ≤ 359 ST**: 61 ≤ DPD ≤ 90	Doubtful		
	LT*: DPD ≥ 360 ST**: DPD ≥ 91	Loss		

*Long-term facilities; **Short-term facilities

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL (continued)

ACLEDA Bank Lao Ltd.

Staging	Days Past Due	BOL's Classification	Indicator	Default Indicator
1	0 ≤ DPD ≤ 29	Normal	-	Not Default / Performing
2	30 ≤ DPD ≤ 89	Watch	Hit SICR triggers	
3	90 ≤ DPD ≤ 179	Substandard	Hit NPL triggers	Default / Non-performing
	180 ≤ DPD ≤ 359	Doubtful		
	DPD ≥ 360	Loss		

ACLEDA MFI Myanmar Co., Ltd.

Staging	Days Past Due	Financial Regulatory Department's Classification	Indicator	Default Indicator
1	On time	Normal	-	Not Default / Performing
2	0 ≤ DPD ≤ 29	Substandard	Hit SICR triggers	
3	30 ≤ DPD ≤ 60	Watch	Hit NPL triggers	Default / Non-performing
	61 ≤ DPD ≤ 90	Doubtful		
	DPD ≥ 91	Loss		

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
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
1- NORMAL Timely repayment of an outstanding facility classified in this class is not in doubt. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capacity, business, cash flow, and financial position of the counterparty.	- Punctual	- Punctual

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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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>2- SPECIAL MENTION</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"> - When any facility is past due from 30 days to 89 days. - When interest payments for 30 to 89 days have been capitalised, refinanced, or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 30 days. - When interest payments for maximum 30 days have been capitalised, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 30 days, or the current account has been inactive for maximum 30 days, or the net inflows on the current account have not been enough to cover capitalised interests for maximum 30 days.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
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>3- SUBSTANDARD</p> <p>A facility in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position of the counterparty and his repayment capacity. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources, such as the realisation of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include:</p> <ul style="list-style-type: none"> ▪ Inability of the counterparty to meet the contractual repayments' terms, ▪ Unfavourable economic and market conditions that would affect the business and profitability of the counterparty in the future, ▪ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments. ▪ Difficulties experienced by the counterparty in repaying other facilities granted by the Bank or by other institutions when the information is available. ▪ Breach of financial covenants by the counterparty. 	<ul style="list-style-type: none"> - When any facility is past due from 90 days to 179 days. - When interest payments for 90 to 179 days have been capitalised, refinanced, or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 60 days. - When interest payments for maximum 60 days have been capitalised, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 60 days, or the current account has been inactive for maximum 60 days. - The overdraft that has had no net inflow for 60 days must be modified into a term loan.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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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>4- DOUBTFUL A facility classified in this category faces similar but more severe weaknesses than one classified as Substandard such that its full collection on the basis of existing facts, conditions, or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.</p>	<ul style="list-style-type: none"> - When any facility is past due from 180 days to 359 days. - When interest payment for 180 to 359 days have been capitalised or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 90 days. - When interest payment for maximum 90 days have been capitalised or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 90 days, or the current account has been inactive for maximum 90 days.
<p>5- LOSS A facility is classified as Loss when it is not collectible, and little or nothing can be done to recover the outstanding amount from the counterparty.</p>	<ul style="list-style-type: none"> - When any facility is past due from 360 days. - When interest payment for 360 days or more have been capitalised or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 180 days. - When interest payment for maximum 180 days have been capitalised or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 180 days, or the current account has been inactive for maximum 180 days.

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

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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	30 September 2022			31 December 2021	
	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\$
The Group					
Normal	5,906,532,837	-	-	5,906,532,837	5,275,035,464
Special mention	1,886,791	155,629,990	-	157,516,781	27,261,060
Substandard	-	-	30,580,990	30,580,990	32,401,734
Doubtful	-	-	23,482,883	23,482,883	36,344,207
Loss	-	-	124,770,725	124,770,725	57,532,112
	5,908,419,628	155,629,990	178,834,598	6,242,884,216	5,428,574,577
ECL allowance	(20,706,478)	(9,593,426)	(17,977,316)	(48,277,220)	(34,621,074)
Carrying amount	5,887,713,150	146,036,564	160,857,282	6,194,606,996	5,393,953,503
<i>In KHR'000 equivalent (Note 5)</i>	24,251,490,465	601,524,607	662,571,145	25,515,586,217	21,974,966,571
The Bank					
Normal	5,769,655,156	-	-	5,769,655,156	5,106,864,657
Special mention	1,886,791	153,455,545	-	155,342,336	24,833,478
Substandard	-	-	29,210,340	29,210,340	31,201,768
Doubtful	-	-	21,942,352	21,942,352	34,567,497
Loss	-	-	124,710,531	124,710,531	57,180,025
	5,771,541,947	153,455,545	175,863,223	6,100,860,715	5,254,647,425
ECL allowance	(7,898,016)	(9,269,692)	(17,377,394)	(34,545,102)	(22,588,505)
Carrying amount	5,763,643,931	144,185,853	158,485,829	6,066,315,613	5,232,058,920
<i>In KHR'000 equivalent (Note 5)</i>	23,740,449,351	593,901,529	652,803,130	24,987,154,010	21,315,408,040

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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	30 September 2022			31 December 2021	
	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\$
The Group					
Normal	360,227,425	-	-	360,227,425	800,894,722
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	360,227,425	-	-	360,227,425	800,894,722
ECL allowance	(608,095)	-	-	(608,095)	-
Carrying amount – fair value	<u>359,619,330</u>	<u>-</u>	<u>-</u>	<u>359,619,330</u>	<u>800,894,722</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,481,272,020</u>	<u>-</u>	<u>-</u>	<u>1,481,272,020</u>	<u>3,262,845,098</u>
The Bank					
Normal	360,227,425	-	-	360,227,425	800,894,722
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	360,227,425	-	-	360,227,425	800,894,722
ECL allowance	(608,095)	-	-	(608,095)	-
Carrying amount – fair value	<u>359,619,330</u>	<u>-</u>	<u>-</u>	<u>359,619,330</u>	<u>800,894,722</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,481,272,020</u>	<u>-</u>	<u>-</u>	<u>1,481,272,020</u>	<u>3,262,845,098</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
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38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Cash on hand and deposits and placements with other banks, net	30 September 2022			31 December 2021	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	1,124,658,149	-	-	1,124,658,149	1,027,971,610
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,124,658,149</u>	<u>-</u>	<u>-</u>	<u>1,124,658,149</u>	<u>1,027,971,610</u>
ECL allowance	(480,687)	-	-	(480,687)	(479,163)
Carrying amount	<u>1,124,177,462</u>	<u>-</u>	<u>-</u>	<u>1,124,177,462</u>	<u>1,027,492,447</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,630,486,966</u>	<u>-</u>	<u>-</u>	<u>4,630,486,966</u>	<u>4,186,004,229</u>
The Bank					
Normal	1,096,816,327	-	-	1,096,816,327	983,113,182
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,096,816,327</u>	<u>-</u>	<u>-</u>	<u>1,096,816,327</u>	<u>983,113,182</u>
ECL allowance	(430,276)	-	-	(430,276)	(220,282)
Carrying amount	<u>1,096,386,051</u>	<u>-</u>	<u>-</u>	<u>1,096,386,051</u>	<u>982,892,900</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,516,014,144</u>	<u>-</u>	<u>-</u>	<u>4,516,014,144</u>	<u>4,004,305,675</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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	30 September 2022			31 December 2021	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	469,903,401	-	-	469,903,401	415,456,960
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>469,903,401</u>	<u>-</u>	<u>-</u>	<u>469,903,401</u>	<u>415,456,960</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>469,903,401</u>	<u>-</u>	<u>-</u>	<u>469,903,401</u>	<u>415,456,960</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,935,532,109</u>	<u>-</u>	<u>-</u>	<u>1,935,532,109</u>	<u>1,692,571,655</u>
The Bank					
Normal	467,067,101	-	-	467,067,101	412,986,454
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>467,067,101</u>	<u>-</u>	<u>-</u>	<u>467,067,101</u>	<u>412,986,454</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>467,067,101</u>	<u>-</u>	<u>-</u>	<u>467,067,101</u>	<u>412,986,454</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,923,849,389</u>	<u>-</u>	<u>-</u>	<u>1,923,849,389</u>	<u>1,682,506,814</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Other Assets	30 September 2022			31 December 2021	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	18,206,983	-	-	18,206,983	7,728,427
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	18,206,983	-	-	18,206,983	7,728,427
ECL allowance	(29,005)	-	-	(29,005)	(7,889)
Carrying amount	18,177,978	-	-	18,177,978	7,720,538
<i>In KHR'000 equivalent (Note 5)</i>	74,875,091	-	-	74,875,091	31,453,472
The Bank					
Normal	18,150,551	-	-	18,150,551	6,807,418
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	18,150,551	-	-	18,150,551	6,807,418
ECL allowance	(7,045)	-	-	(7,045)	(5,430)
Carrying amount	18,143,506	-	-	18,143,506	6,801,988
<i>In KHR'000 equivalent (Note 5)</i>	74,733,101	-	-	74,733,101	27,711,299

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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	30 September 2022			31 December 2021	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	60,323,850	-	-	60,323,850	49,271,411
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	60,323,850	-	-	60,323,850	49,271,411
ELC allowance	(12,726)	-	-	(12,726)	(15,324)
Carrying amount – fair value	60,311,124	-	-	60,311,124	49,256,087
<i>In KHR'000 equivalent (Note 5)</i>	248,421,520	-	-	248,421,520	200,669,298
The Bank					
Normal	73,185,792	-	-	73,185,792	57,517,680
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	73,185,792	-	-	73,185,792	57,517,680
ECL allowance	(84,191)	-	-	(84,191)	(144,625)
Carrying amount – fair value	73,101,601	-	-	73,101,601	57,373,055
<i>In KHR'000 equivalent (Note 5)</i>	301,105,495	-	-	301,105,495	233,737,826

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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38. Financial risk management (continued)

38.1 Credit risk (continued)

- (g) Amounts arising from ECL

Significant increase in credit risk

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default

The Group and the Bank consider a financial asset to be in default, as aligned with the NBC Prakas on Credit Risk Grading and Impairment Provisioning as stated in Article 17 and Article 19, when:

- 1) The default definition / non-performing facilities' definition for long-term facilities where original tenure is more than a year is as follows:

ACLEDA Bank Plc.

Days Past Due	Classification	Default Indicator	
LT*: $0 \leq \text{DPD} < 30$ ST**: $0 \leq \text{DPD} \leq 14$	Normal	Not Default / Performing	
LT*: $30 \leq \text{DPD} < 90$ ST**: $15 \leq \text{DPD} \leq 30$			
LT*: $90 \leq \text{DPD} < 180$ ST**: $31 \leq \text{DPD} \leq 60$	Special Mention		
LT*: $180 \leq \text{DPD} < 360$ ST**: $61 \leq \text{DPD} \leq 90$	Substandard		
LT*: $\text{DPD} \geq 360$ ST**: $\text{DPD} \geq 91$	Doubtful		Default / Non-performing
	Loss		

*Long-term facilities; **Short-term facilities

ACLEDA Bank Lao Ltd.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default (continued)

ACLEDA MFI Myanmar Co., Ltd.

Days Past Due	Classification	Default Indicator
On time	Normal	Not Default / Performing
$0 \leq \text{DPD} < 30$	Substandard	
$30 \leq \text{DPD} \leq 60$	Special Mention	Default / Non-performing
$61 \leq \text{DPD} \leq 90$	Doubtful	
$\text{DPD} \geq 91$	Loss	

- 2) In addition to the classification according to days past due information, the Group and the Bank also perform manual classification when there is a sign of deterioration in the credit profile. The Group and the Bank might classify the loan into Substandard, Doubtful, or Loss even though the days past due is not falling within the default criteria.

Incorporation of forward-looking information

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

Incorporation of forward-looking information

The Group and the Bank formulate three economic scenarios: a base case, the median scenario which assigned a 60% probability of occurring, and two less likely scenarios, 20% for one upside and 20% for one downside. The base case is aligned with information used by the Group and the Bank for other purposes, such as strategic planning and budgeting.

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

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments in accordance with each country and, by using an analysis of historical data, have estimated relationships between macroeconomic variables (“MEVs”) and credit risk and credit losses.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

The economic scenarios of the Bank's portfolio used as at 30 September 2022 included the following key indicators for Cambodia for the years ending 2022 to 2026:

Exposure	2022	2023	2024	2025	2026
1 - Small Loan					
- Domestic credit to private sector (% of GDP)					
Base	118.68%	122.15%	123.80%	70.88%	70.88%
Upside	67.38%	70.85%	72.51%	19.58%	19.58%
Downside	169.97%	173.44%	175.10%	122.17%	122.17%
- Cambodia Consumer Price Index ("CPI") All Items 2006=100					
Base	187.37	187.64	187.80	161.43	161.43
Upside	166.43	166.70	166.86	140.49	140.49
Downside	208.30	208.58	208.74	182.37	182.37
2 - Public Housing Loan					
- GDP at Current Price, Industry (Year-on-Year, %)					
Base	8.68%	7.99%	7.76%	14.39%	14.39%
Upside	20.02%	19.34%	19.11%	25.74%	25.74%
Downside	-2.67%	-3.35%	-3.58%	3.04%	3.04%

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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
- US 1-year Treasury Yield Curve Rates					
Base	12.50%	12.00%	11.75%	80.47%	80.47%
Upside	-158.08%	-158.58%	-158.83%	-90.11%	-90.11%
Downside	183.08%	182.58%	182.33%	251.05%	251.05%
3- Overdraft					
- Cambodia CPI All Items 2006=100					
Base	197.69	198.60	199.02	164.57	164.57
Upside	176.48	177.40	177.81	143.36	143.36
Downside	218.90	219.81	220.23	185.78	185.78

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Modified financial assets (continued)

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

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

Loss allowance

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

Type	The Group				The Bank			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Deposits and placements with other banks, net	16,370	(81,385)	66,724	(331,074)	209,235	78,820	852,842	320,640
Loans and advances	19,343,763	13,797,947	78,845,178	56,130,048	12,980,569	429,538	52,908,799	1,747,360
Investment in debt securities	608,095	-	2,478,595	-	608,095	-	2,478,595	-
Other assets	21,166	(174,588)	86,273	(710,224)	1,616	(191,604)	6,587	(779,445)
	<u>19,989,394</u>	<u>13,541,974</u>	<u>81,476,770</u>	<u>55,088,750</u>	<u>13,799,515</u>	<u>316,754</u>	<u>56,246,823</u>	<u>1,288,555</u>
Financial guarantee contracts	(2,441)	(139,449)	(9,950)	(567,279)	(60,366)	(380,569)	(246,052)	(1,548,155)
Total	<u>19,986,953</u>	<u>13,402,525</u>	<u>81,466,820</u>	<u>54,521,471</u>	<u>13,739,149</u>	<u>(63,815)</u>	<u>56,000,771</u>	<u>(259,600)</u>

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AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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	30 September 2022				31 December 2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Group								
As at 1 January	17,344,703	2,195,419	15,080,952	34,621,074	11,905,498	3,303,698	20,133,351	35,342,547
Allowance for/(reversal of) impairment losses during the period	3,361,776	7,398,007	8,583,980	19,343,763	5,439,205	(1,108,279)	9,467,021	13,797,947
Written off during the period	-	-	(2,143,317)	(2,143,317)	-	-	(11,393,716)	(11,393,716)
Currency translation differences	-	-	(3,544,300)	(3,544,300)	-	-	(3,125,704)	(3,125,704)
Ending period	20,706,479	9,593,426	17,977,315	48,277,220	17,344,703	2,195,419	15,080,952	34,621,074
<i>In KHR'000 equivalent (Note 5)</i>	85,289,987	39,515,322	74,048,561	198,853,870	70,662,320	8,944,137	61,439,799	141,046,256

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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	30 September 2022				31 December 2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Bank								
As at 1 January	6,781,999	1,696,685	14,109,821	22,588,505	10,839,155	2,906,941	17,463,293	31,209,389
Allowance for/(reversal of) impairment losses during the period	1,116,017	7,573,007	4,291,545	12,980,569	(4,057,156)	(1,210,256)	5,696,950	429,538
Written off during the period	-	-	(770,205)	(770,205)	-	-	(8,281,746)	(8,281,746)
Currency translation differences	-	-	(253,767)	(253,767)	-	-	(768,676)	(768,676)
Ending period	<u>7,898,016</u>	<u>9,269,692</u>	<u>17,377,394</u>	<u>34,545,102</u>	<u>6,781,999</u>	<u>1,696,685</u>	<u>14,109,821</u>	<u>22,588,505</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>32,531,929</u>	<u>38,181,861</u>	<u>71,577,486</u>	<u>142,291,276</u>	<u>27,629,865</u>	<u>6,912,295</u>	<u>57,483,411</u>	<u>92,025,571</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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)

	30 September 2022				31 December 2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
Cash on hand and deposits and placements with other banks, net					
The Group					
At 1 January	479,163	-	-	479,163	582,444
Allowance for/(reversal) of impairment losses during the period	16,370	-	-	16,370	(81,385)
Currency translation differences	(14,846)	-	-	(14,846)	(21,896)
Ending period	480,687	-	-	480,687	479,163
In KHR'000 equivalent (Note 5)	1,979,950	-	-	1,979,950	1,952,110
The Bank					
At 1 January	220,282	-	-	220,282	141,543
Allowance for impairment losses during the period	209,235	-	-	209,235	78,820
Currency translation differences	759	-	-	759	(81)
Ending period	430,276	-	-	430,276	220,282
In KHR'000 equivalent (Note 5)	1,772,307	-	-	1,772,307	897,429
	30 September 2022				31 December 2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
Other assets					
The Group					
At 1 January	7,889	-	-	7,889	199,393
Allowance for/(reversal of) impairment losses during the period	21,166	-	-	21,166	(174,588)
Currency translation differences	(50)	-	-	(50)	(16,916)
Ending period	29,005	-	-	29,005	7,889
In KHR'000 equivalent (Note 5)	119,472	-	-	119,472	32,140
The Bank					
At 1 January	5,430	-	-	5,430	197,045
Allowance for/(reversal of) impairment losses during the period	1,616	-	-	1,616	(191,604)
Currency translation differences	(1)	-	-	(1)	(11)
Ending period	7,045	-	-	7,045	5,430
In KHR'000 equivalent (Note 5)	29,018	-	-	29,018	22,122

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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)

	30 September 2022				31 December 2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
Investment in debt securities					
The Group					
At 1 January	-	-	-	-	-
Loss allowance during the period	608,095	-	-	608,095	-
Currency translation differences	-	-	-	-	-
Ending period	<u>608,095</u>	<u>-</u>	<u>-</u>	<u>608,095</u>	<u>-</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,504,743</u>	<u>-</u>	<u>-</u>	<u>2,504,743</u>	<u>-</u>
The Bank					
At 1 January	-	-	-	-	-
Loss allowance during the period	608,095	-	-	608,095	-
Currency translation differences	-	-	-	-	-
Ending period	<u>608,095</u>	<u>-</u>	<u>-</u>	<u>608,095</u>	<u>-</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,504,743</u>	<u>-</u>	<u>-</u>	<u>2,504,743</u>	<u>-</u>
	30 September 2022				31 December 2021
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
Financial guarantee contracts					
The Group					
At 1 January	15,324	-	-	15,324	154,907
Reversal of allowance for impairment losses during the period	(2,441)	-	-	(2,441)	(139,449)
Currency translation differences	(157)	-	-	(157)	(134)
Ending period	<u>12,726</u>	<u>-</u>	<u>-</u>	<u>12,726</u>	<u>15,324</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>52,418</u>	<u>-</u>	<u>-</u>	<u>52,418</u>	<u>62,430</u>
The Bank					
At 1 January	144,625	-	-	144,625	525,324
Reversal of allowance for impairment losses during the period	(60,366)	-	-	(60,366)	(380,569)
Currency translation differences	(68)	-	-	(68)	(130)
Ending period	<u>84,191</u>	<u>-</u>	<u>-</u>	<u>84,191</u>	<u>144,625</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>346,783</u>	<u>-</u>	<u>-</u>	<u>346,783</u>	<u>589,202</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(h) COVID-19 Outbreak and Impact on ECL

In response to the COVID-19 situation and the Group's and the Bank's expectations of economic impacts, the key conditions and assumptions utilised in the Group's and the Bank's calculation of ECL had been revisited and recalibrated. The economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation are outlined in Note 38.1(g). As at 30 September 2022, the impacts of COVID-19 have been reasonably captured using the Group's and the Bank's recalibrated ECL model.

The Group's and the Bank's ECL model had been constructed and calibrated using historical trends and correlations as well as forward-looking economic scenarios. The COVID-19 outbreak on the economic growth resulting in the economic variables that were used in the models were out of the bounds, which resulted in CIFRS 9 models not commensurate with the accurate outcomes under the COVID-19 condition. Therefore, the ECL model may generate results that are either overly conservative or overly optimistic depending on the specific portfolio or segment. As a result, the Group's and the Bank's senior management's judgment was necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

In identifying the impact of COVID-19 pandemic to the Group's and to the Bank's customers, the Group and the Bank perform the identification and periodic review of customers experiencing increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues, or have extended those deferrals, given limitations in the available credit information on these customers.

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

The Group and the Bank also generate three economic scenarios to reflect economic conditions, starting with baseline, good, and bad. Each scenario is consistent with a probability of 60%, 20%, and 20%, according to the decision of the Group's and the Bank's senior management in August 2022 due to that fact that economic growth is expected to continue to return to the pre-crisis level and the Bank's credit management is well-managed.

(i) Sensitivity Analysis on ECL Measurement

Set out in the succeeding page are the changes to the Bank's ECL as at 30 September 2022 and 30 September 2021 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank's economic variable assumptions.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk (continued)

(i) Sensitivity Analysis on ECL Measurement (continued)

	Change in MEVs		Impact on ECL	
	Upside Scenario	Downside Scenario	Upside Scenario in US\$	Downside Scenario in US\$
30 September 2022				
1 - Small Loan			(3,139,162)	5,682,612
- Domestic credit to private sector (% of GDP)	-51.29%	+51.29%		
- Cambodia CPI All Items 2006=100	-20.94	+20.94		
2 - Public Housing Loan			(683,660)	693,545
- GDP at Current Price, Industry (Year-on-Year, %)	+11.35%	-11.35%		
- US 1-Year Treasury Yield Curve Rates	-170.58%	+170.58%		
3 - Overdraft			(182,719)	200,334
- Cambodia CPI All Items 2006=100	-21.21	+21.21		

	Change in MEVs		Impact on ECL	
	Upside Scenario	Downside Scenario	Upside Scenario in US\$	Downside Scenario in US\$
30 September 2021				
1 - Small			(798,710)	496,682
- Credits (Exports) Year-on-Year Change	+14.30%	-14.30%		
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change	+0.39%	-0.39%		
- Domestic credit to private sector (% of GDP)	-43.95%	+43.95%		
2 - Medium Loan			(805,744)	209,439
- Credits (Exports) Year-on-Year Change	+14.30%	-14.30%		
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change	+0.39%	-0.39%		
- Debits (Imports)	-6,308.07	+6,308.07		
3 - Staff Loan			(38,895)	423,891
- Total Unemployment in Cambodia	-0.44%	+0.44%		
- Cambodia CPI All Items 2006=100	-18.79	+18.79		
4 - Overdraft			(147,487)	372,874
- Cambodia CPI All Items 2006=100	-18.73	+18.73		
5 - Home Improvement Loan			(1,928)	957
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change	+0.39%	-0.39%		

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

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 do not hold any commodity or equity position.

The BRIC is established by the Board of Directors to assist in the effective discharge of its responsibilities for risk management and to regularly review the Management's ability to assess and manage the Group's and the Bank's risks. Market risks are managed based on the following principles and internal targets.

Principles of the market risk:

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

Internal targets on the market risk:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance with the targets. Any breaches of internal targets should be reported to the ALCO and President & Group Managing Director.
- Any change in the level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all times, the Group and the Bank will have a contingency plan to be executed when it is perceived by the President & Group Managing Director that the safety margin may not be sufficient and there is a risk that the regulatory limit on foreign exchange currency mismatch could be reached. Such contingency plan should be sufficient to ensure that the regulatory limits on foreign exchange currency mismatch will not be breached.

(i) *Interest rate risk*

As at 30 September 2022, the Group's and the Bank's derivative financial instruments and financial investments designated as FVOCI are valued at fair value in accordance with the methods disclosed in Note 39 (31 December 2021: Nil). The Group and the Bank use derivative financial instruments, such as foreign exchange contract and interest rate swaps to hold its risk exposures.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in the market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

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

The tables on the next page summarise the Group's and the Bank's exposure to interest rate risks. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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\$	
As at 30 September 2022							
Financial assets							
Cash on hand	-	-	-	-	-	537,569,732	537,569,732
Deposits and placements with other banks, net	165,713,171	31,277,737	12,138,869	-	-	377,477,953	586,607,730
Statutory deposits	-	-	43,316,302	-	-	426,587,099	469,903,401
Financial investments	159,249,818	62,000,000	106,774,329	30,000,000	-	1,784,853	359,809,000
Loans and advances, net							
- Performing	154,070,751	275,230,894	1,018,361,593	3,663,905,298	915,282,097	37,198,986	6,064,049,619
- Non-performing	-	-	-	-	-	178,834,598	178,834,598
- Loss allowance	-	-	-	-	-	(48,277,221)	(48,277,221)
Derivative financial instruments	-	-	-	-	-	10,139,790	10,139,790
Other assets	-	-	-	-	-	18,177,978	18,177,978
Total financial assets	479,033,740	368,508,631	1,180,591,093	3,693,905,298	915,282,097	1,539,493,768	8,176,814,627
Financial liabilities							
Deposits and placements of other banks and financial institutions	44,172,279	18,544,181	141,514,739	49,173,274	78,850,000	94,868,376	427,122,849
Deposits from customers	2,397,439,118	386,198,633	1,363,992,241	739,746,034	22,862,869	561,271,757	5,471,510,652
Lease liabilities	1,318,886	2,167,960	7,451,488	15,329,471	1,216,754	-	27,484,559
Borrowings	646,024	150,013,607	552,398,736	166,814,313	8,361,139	5,944,916	884,178,735
Subordinated debts	-	13,933,306	14,791,901	84,485,480	28,096,166	2,605,059	143,911,912
Other liabilities	-	-	-	-	-	39,147,501	39,147,501
Total financial liabilities	2,443,576,307	570,857,687	2,080,149,105	1,055,548,572	139,386,928	703,837,609	6,993,356,208
Net interest sensitivity gap	(1,964,542,567)	(202,349,056)	(899,558,012)	2,638,356,726	775,895,169	835,656,159	1,183,458,419
In KHR'000 equivalent (Note 5)	(8,091,950,833)	(833,475,762)	(3,705,279,451)	10,867,391,354	3,195,912,201	3,442,067,718	4,874,665,227
Unused portion of overdrafts	-	-	-	-	-	196,916,022	196,916,022
Guarantees, acceptances and other financial facilities	-	-	-	-	-	70,354,451	70,354,451
Foreign exchange spot transactions	-	-	-	-	-	129,900	129,900
Net interest sensitivity gap	-	-	-	-	-	267,400,373	267,400,373
In KHR'000 equivalent (Note 5)	-	-	-	-	-	1,101,422,137	1,101,422,137

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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\$	
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	450,375,149	450,375,149
Deposits and placements with other banks, net	212,012,830	21,163,967	8,818,360	-	-	335,122,141	577,117,298
Statutory deposits	-	-	43,316,302	-	-	372,140,658	415,456,960
Financial investments	585,002,454	215,489,102	300,000	-	-	292,836	801,084,392
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	126,278,053
- Loss allowance	-	-	-	-	-	(34,621,074)	(34,621,074)
Other assets	-	-	-	-	-	7,720,538	7,720,538
Total financial assets	935,620,484	518,524,855	982,017,722	3,224,506,978	727,729,500	1,257,308,301	7,645,707,840
Financial liabilities							
Deposits and placements of other banks and financial institutions	86,450,130	15,737,918	104,106,507	49,230,924	73,150,000	155,065,513	483,740,992
Deposits from customers	2,368,714,691	358,800,690	1,179,246,693	667,754,559	17,814,252	639,947,808	5,232,278,693
Lease liabilities	1,183,384	1,523,390	8,231,108	15,521,584	1,415,474	-	27,874,940
Borrowings	1,562,121	52,719,643	149,595,730	391,611,821	6,007,539	6,991,949	608,488,803
Subordinated debts	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941
Derivative financial instruments	-	-	-	-	-	506,158	506,158
Other liabilities	-	-	-	-	-	32,335,775	32,335,775
Total financial liabilities	2,457,910,326	428,781,641	1,469,928,500	1,216,414,275	133,465,899	835,217,661	6,541,718,302
Net interest sensitivity gap	(1,522,289,842)	89,743,214	(487,910,778)	2,008,092,703	594,263,601	422,090,640	1,103,989,538
In KHR'000 equivalent (Note 5)	(6,201,808,814)	365,613,854	(1,987,748,510)	8,180,969,672	2,421,029,910	1,719,597,266	4,497,653,378
Unused portion of overdrafts	-	-	-	-	-	146,104,629	146,104,629
Guarantees, acceptances and other financial facilities	-	-	-	-	-	58,984,948	58,984,948
Foreign exchange spot transactions	-	-	-	-	-	300,030	300,030
Net interest sensitivity gap	-	-	-	-	-	205,389,607	205,389,607
In KHR'000 equivalent (Note 5)	-	-	-	-	-	836,757,259	836,757,259

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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\$	
As at 30 September 2022							
Financial assets							
Cash on hand	-	-	-	-	-	528,478,192	528,478,192
Deposits and placements with other banks, net	165,713,171	30,977,737	12,138,869	-	-	359,078,082	567,907,859
Statutory deposits	-	-	43,316,302	-	-	423,750,799	467,067,101
Financial investments	159,249,818	62,000,000	106,774,329	30,000,000	-	1,784,853	359,809,000
Loans and advances, net							
- Performing	150,460,081	267,377,829	983,908,243	3,584,748,183	908,128,903	30,374,253	5,924,997,492
- Non-performing	-	-	-	-	-	175,863,223	175,863,223
- Loss allowance	-	-	-	-	-	(34,545,102)	(34,545,102)
Derivative financial instruments	-	-	-	-	-	10,139,790	10,139,790
Other assets	-	-	-	-	-	18,143,506	18,143,506
Total financial assets	475,423,070	360,355,566	1,146,137,743	3,614,748,183	908,128,903	1,513,067,596	8,017,861,061
Financial liabilities							
Deposits and placements of other banks and financial institutions	41,150,036	14,822,097	124,536,322	47,327,362	78,850,000	96,701,370	403,387,187
Deposits from customers	2,374,028,180	382,501,484	1,345,515,305	723,830,881	18,911,857	547,918,171	5,392,705,878
Lease liabilities	1,252,758	2,075,228	7,217,477	14,627,249	310,359	-	25,483,071
Borrowings	646,023	148,916,266	547,748,881	158,512,948	7,907,226	5,632,443	869,363,787
Subordinated debts	-	13,933,306	14,791,901	84,485,480	28,096,166	2,605,059	143,911,912
Other liabilities	-	-	-	-	-	38,731,639	38,731,639
Total financial liabilities	2,417,076,997	562,248,381	2,039,809,886	1,028,783,920	134,075,608	691,588,682	6,873,583,474
Net interest sensitivity gap	(1,941,653,927)	(201,892,815)	(893,672,143)	2,585,964,263	774,053,295	821,478,914	1,144,277,587
In KHR'000 equivalent (Note 5)	(7,997,672,525)	(831,596,505)	(3,681,035,557)	10,651,586,799	3,188,325,522	3,383,671,647	4,713,279,381
Unused portion of overdrafts	-	-	-	-	-	196,466,100	196,466,100
Guarantees, acceptances and other financial facilities	-	-	-	-	-	70,216,393	70,216,393
Foreign exchange spot transactions	-	-	-	-	-	129,900	129,900
Net interest sensitivity gap	-	-	-	-	-	266,812,393	266,812,393
In KHR'000 equivalent (Note 5)	-	-	-	-	-	1,099,000,247	1,099,000,247

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank					Non-interest bearing US\$	Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$		
As at 31 December 2021							
Financial assets							
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							
- Performing	130,886,839	269,263,205	882,736,880	3,130,584,424	718,226,787	-	5,131,698,135
- Non-performing	-	-	-	-	-	122,949,290	122,949,290
- Loss allowance	-	-	-	-	-	(22,588,505)	(22,588,505)
Other assets	-	-	-	-	-	6,801,988	6,801,988
Total financial assets	927,902,123	505,916,274	936,171,542	3,130,584,424	718,226,787	1,217,023,504	7,435,824,654
Financial liabilities							
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
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
Lease liabilities	1,109,168	1,487,403	7,616,125	14,655,057	503,983	-	25,371,736
Borrowings	359,984	45,166,483	144,684,423	381,338,926	5,328,561	6,762,679	583,641,056
Subordinated debts	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941
Derivative financial instruments	-	-	-	-	-	506,158	506,158
Other liabilities	-	-	-	-	-	32,184,457	32,184,457
Total financial liabilities	2,420,717,204	412,601,057	1,415,580,266	1,180,980,145	126,194,457	824,657,044	6,380,730,173
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
In KHR'000 equivalent (Note 5)	(6,081,728,639)	380,166,194	(1,953,111,142)	7,942,687,834	2,411,939,712	1,598,500,957	4,298,454,916
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
Net interest sensitivity gap	-	-	-	-	-	205,002,267	205,002,267
In KHR'000 equivalent (Note 5)	-	-	-	-	-	835,179,236	835,179,236

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

Interim statements of profit or loss and other comprehensive income is sensitive to higher/lower interest expenses from borrowings as a result of changes in interest rates. The change of 25 basis points (“bp”) in interest rates of borrowings at the reporting date would not have material effect on the interim statements of profit or loss and other comprehensive income of the Group and the Bank.

The Group’s and the Bank’s exposure to interest rate risk relates to borrowing of funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the interim 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 period 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 the Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to KHR, Euro, Thai Baht, LAK, Japanese Yen, Australian Dollar, Vietnamese Dong, Canadian Dollar, MYR, 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 or the Bank’s functional currency.

The 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 and the Bank use forward contracts.

The tables in the next pages summarise the Group’s and the Bank’s exposure to foreign currency exchange rate risk as at 30 September 2022 and 31 December 2021. Included in the tables are the financial instruments at carrying amount by currency in USD equivalent.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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	
As at 30 September 2022								
Financial assets								
Cash on hand	115,181,477	383,367,945	29,437,478	1,172,631	531,762	5,164,079	2,714,360	537,569,732
Deposits and placements with other banks, net	137,354,604	427,546,176	7,770,045	1,376,555	610,443	10,142,971	1,806,936	586,607,730
Statutory deposits	63,971,838	403,686,401	445,700	-	-	1,799,462	-	469,903,401
Financial investments	114,866,926	244,942,074	-	-	-	-	-	359,809,000
Loans and advances, net	849,329,566	5,196,832,385	20,191,489	-	-	113,140,502	15,113,054	6,194,606,996
Derivative financial instruments	-	10,139,790	-	-	-	-	-	10,139,790
Other assets	260,239	17,896,086	11	-	-	21,309	333	18,177,978
Total financial assets	1,280,964,650	6,684,410,857	57,844,723	2,549,186	1,142,205	130,268,323	19,634,683	8,176,814,627
Financial liabilities								
Deposits and placements of other banks and financial institutions	48,375,445	352,166,846	402,117	-	-	26,178,441	-	427,122,849
Deposits from customers	1,119,802,764	4,224,363,363	57,785,988	2,228,878	-	65,157,971	2,171,688	5,471,510,652
Lease liabilities	-	27,133,737	41,335	-	-	157,065	152,422	27,484,559
Borrowings	42,822,088	834,134,093	-	-	-	7,222,554	-	884,178,735
Subordinated debts	-	143,911,912	-	-	-	-	-	143,911,912
Other liabilities	1,655,450	36,700,133	73,696	380,207	9,470	55,444	273,101	39,147,501
Total financial liabilities	1,212,655,747	5,618,410,084	58,303,136	2,609,085	9,470	98,771,475	2,597,211	6,993,356,208
Net on-balance sheet position	68,308,903	1,066,000,773	(458,413)	(59,899)	1,132,735	31,496,848	17,037,472	1,183,458,419
In KHR'000 equivalent (Note 5)	281,364,371	4,390,857,184	(1,888,203)	(246,724)	4,665,735	129,735,517	70,177,347	4,874,665,227
Unused portion of overdrafts	5,722,858	190,335,369	407,873	-	-	449,922	-	196,916,022
Guarantees, acceptances and other financial facilities	8,247,809	59,492,088	2,236,202	48,366	-	136,695	193,291	70,354,451
Foreign exchange spot transactions	-	129,900	-	-	-	-	-	129,900
Credit commitment	13,970,667	249,957,357	2,644,075	48,366	-	586,617	193,291	267,400,373
In KHR'000 equivalent (Note 5)	57,545,178	1,029,574,353	10,890,945	199,220	-	2,416,275	796,166	1,101,422,137

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) *Foreign exchange risk (continued)*

	The Group							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2021								
Financial assets								
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
Total financial assets	1,168,173,837	6,223,109,139	51,121,054	3,175,348	673,489	175,254,832	24,200,141	7,645,707,840
Financial liabilities								
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 financial instruments	-	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
Total financial liabilities	1,139,550,327	5,210,260,938	48,088,154	3,743,537	8,413	134,116,757	5,950,176	6,541,718,302
Net on-balance sheet position	28,623,510	1,012,848,201	3,032,900	(568,189)	665,076	41,138,075	18,249,965	1,103,989,538
In KHR'000 equivalent (Note 5)	116,612,180	4,126,343,570	12,356,035	(2,314,802)	2,709,520	167,596,518	74,350,357	4,497,653,378
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
Credit commitment	9,740,260	192,130,796	2,617,241	69,027	-	385,977	446,306	205,389,607
In KHR'000 equivalent (Note 5)	39,681,819	782,740,863	10,662,640	281,216	-	1,572,470	1,818,251	836,757,259

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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	
As at 30 September 2022								
Financial assets								
Cash on hand	115,173,567	381,849,052	27,576,498	1,170,868	531,244	1,861	2,175,102	528,478,192
Deposits and placements with other banks, net	137,354,604	424,208,023	2,557,322	1,376,555	610,443	-	1,800,912	567,907,859
Statutory deposits	63,729,060	403,338,041	-	-	-	-	-	467,067,101
Financial investments	114,866,926	244,942,074	-	-	-	-	-	359,809,000
Loans and advances net	849,329,566	5,196,794,558	20,191,489	-	-	-	-	6,066,315,613
Derivative financial instruments	-	10,139,790	-	-	-	-	-	10,139,790
Other assets	260,238	17,883,263	5	-	-	-	-	18,143,506
Total financial assets	1,280,713,961	6,679,154,801	50,325,314	2,547,423	1,141,687	1,861	3,976,014	8,017,861,061
Financial liabilities								
Deposits and placements of other banks and financial institutions	48,375,444	353,378,117	1,633,626	-	-	-	-	403,387,187
Deposits from customers	1,120,613,409	4,220,985,139	48,878,452	2,228,878	-	-	-	5,392,705,878
Lease liabilities	-	25,483,071	-	-	-	-	-	25,483,071
Borrowings	42,822,087	826,541,700	-	-	-	-	-	869,363,787
Subordinated debts	-	143,911,912	-	-	-	-	-	143,911,912
Other liabilities	1,654,678	36,350,062	73,696	380,207	9,470	-	263,526	38,731,639
Total financial liabilities	1,213,465,618	5,606,650,001	50,585,774	2,609,085	9,470	-	263,526	6,873,583,474
Net on-balance sheet position	67,248,343	1,072,504,800	(260,460)	(61,662)	1,132,217	1,861	3,712,488	1,144,277,587
In KHR'000 equivalent (Note 5)	276,995,926	4,417,647,271	(1,072,835)	(253,986)	4,663,602	7,665	15,291,738	4,713,279,381
Unused portion of overdrafts	5,722,858	190,335,369	407,873	-	-	-	-	196,466,100
Guarantees, acceptances and other financial facilities	8,247,809	59,490,725	2,236,202	48,366	-	-	193,291	70,216,393
Foreign exchange spot transactions	-	129,900	-	-	-	-	-	129,900
Credit commitment	13,970,667	249,955,994	2,644,075	48,366	-	-	193,291	266,812,393
In KHR'000 equivalent (Note 5)	57,545,177	1,029,568,739	10,890,945	199,220	-	-	796,166	1,099,000,247

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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
As at 31 December 2021								
Financial assets								
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
Total financial assets	1,167,921,946	6,219,061,787	41,579,415	3,172,633	673,201	3,184	3,412,488	7,435,824,654
Financial liabilities								
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 financial instruments	-	506,158	-	-	-	-	-	506,158
Other liabilities	4,473,925	27,499,541	44,762	70,327	8,413	-	87,489	32,184,457
Total financial liabilities	1,140,027,764	5,198,327,926	38,535,044	3,743,537	8,413	-	87,489	6,380,730,173
Net on-balance sheet position	27,894,182	1,020,733,861	3,044,371	(570,904)	664,788	3,184	3,324,999	1,055,094,481
In KHR'000 equivalent (Note 5)	113,640,897	4,158,469,751	12,402,767	(2,325,863)	2,708,346	12,972	13,546,046	4,298,454,916
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
Credit commitment	9,740,260	192,129,433	2,617,241	69,027	-	-	446,306	205,002,267
In KHR'000 equivalent (Note 5)	39,681,819	782,735,310	10,662,640	281,216	-	-	1,818,251	835,179,236

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

Sensitivity analysis

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

38.3 Liquidity risk

Liquidity risk is the risk that the Group and the Bank are unable to meet its obligations or payment or offset positions in a given economic and financial context and specific market situation. Typically, it is the risk of loss arising from situation where 1) the Group and the Bank do not have enough cash and/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 and the Bank's liquidity risk management is to ensure that the Group and the Bank can meet its cash obligations in a timely and cost-effective manner. To the date of this report, the Group's and the Bank's liquidity and funding management policy is to maintain high quality and well-diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large distribution network and strategic marketing focus, the Group and the Bank are able to maintain a diversified core deposit base comprising of savings, demand, and fixed deposits. This provides the Group and the Bank a large stable funding base.

(a) Liquidity risk management process

The day-to-day responsibility for liquidity risk management and control is delegated to the ALCO which reports monthly to the Executive Committee.

For day-to-day liquidity management, the Treasury Department will ensure sufficient funding to meet its payment and settlement obligations on a timely basis.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS
THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Principles of the liquidity risk:

- At all times, the related senior management of the Treasury Department shall ensure that the Group's and the Bank's operations can meet its current and future funding needs. The Treasury Department shall stress-test its liquidity position on a daily basis.
- The related senior management of Treasury Department has established a risk control framework and procedures to ensure it maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources, such as deposits, borrowings, and capital raising that liquidity risk is managed in accordance with the requirements of the Board of Directors.
- Stress testing is performed regularly to assess various scenarios, which include short, medium and long-term, institution-specific and market-wide stress which may put the Group's and the Bank's liquidity at risk.
- The Treasury Department identifies, monitors, manages, and controls the risk associated with the daily liquidity as well as short, medium and long-term liquidity as these are key periods for liquidity management. The Treasury Department develops and implements stress tests on the projected cash flows. The outputs are used to inform the Group's and the Bank's contingency funding plan.
- The Group and the Bank incorporate liquidity cost, benefits, and risks in the internal pricing, performance measurement, and new products/services approval process for all significant business activities (both on and off balance sheet) in order to align with the benefits from accepting risks of each business unit and liquidity risks affecting its business activities.

Internal targets on the liquidity risk:

- The regulatory limit on the Liquidity Coverage Ratio ("LCR") should be observed at all times.
- The Group and the Bank will have, at all times, an internal target that is higher than the regulatory limit to allow for a safety margin to ensure permanent full compliance with regulatory limit.
- Setting the level of the internal targets is at the discretion of the ALCO and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.
- The risk tolerance/internal targets must be reviewed at least once a year to reflect the financial condition and the funding mobilisation capacity.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Internal targets on the liquidity risk: (continued)

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance with the targets. Any breaches of internal targets should be reported to the ALCO for remedial actions and President & Group Managing Director for approval.
- Any change level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all times, the Group and the Bank will have a contingency plan to be executed when it is perceived by the Bank that the safety margin may not be sufficient and there is a risk that the regulatory limit on liquidity could be breached. Such contingency plan should be sufficient to ensure that the regulatory limits on liquidity will not be breached.
- In case the Group and the Bank experience a severe liquidity, the Bank must immediately notify NBC and advise the action that is being taken to address the situation.

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

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

The Group's and the Bank's contingency funding plan is in place to alert and to enable the Management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The objective of contingency funding plan is to ensure that the Group and the Bank have a framework for managing the liquidity sufficiently and robustly in the event of liquidity crisis based on the result of liquidity stress testing.

The Group and the Bank are measuring, monitoring, and managing its liquidity positions to comply with the LCR.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

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

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

(b) Funding approach

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

(c) Non-derivative cash flows

The tables below present the cash flows payable under non-derivative financial liabilities and the assets held for managing liquidity risk grouped using their remaining contractual maturities at the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows, whereas the Group and the Bank manage the inherent liquidity risk based on contractual undiscounted cash flows.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
As at 30 September 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	136,016,150	19,864,284	106,418,465	45,079,798	77,213,681	106,928,051	491,520,429
Deposits from customers	2,911,002,121	411,265,615	593,529,840	866,788,761	823,819,089	27,330,588	5,633,736,014
Lease liabilities	1,283,134	2,133,098	2,805,806	5,044,546	17,967,120	3,538,669	32,772,373
Borrowings*	696,045	18,737,076	68,521,708	210,500,427	674,255,612	24,206,326	996,917,194
Subordinated debts*	-	18,556,648	1,242,243	20,088,420	107,747,739	34,360,935	181,995,985
Other liabilities	38,835,075	36,450	82,345	183,725	9,906	-	39,147,501
Total financial liabilities (contractual maturity dates)	3,087,832,525	470,593,171	772,600,407	1,147,685,677	1,701,013,147	196,364,569	7,376,089,496
In KHR'000 equivalent (Note 5)	12,718,782,170	1,938,373,271	3,182,341,076	4,727,317,304	7,006,473,152	808,825,660	30,382,112,633
Assets held for managing liquidity risk (contractual maturity dates)	1,655,747,339	428,191,243	529,522,112	907,505,164	4,684,263,417	1,680,269,176	9,885,498,451
In KHR'000 equivalent (Note 5)	6,820,023,289	1,763,719,730	2,181,101,579	3,738,013,771	19,294,481,015	6,921,028,736	40,718,368,120
As at 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	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
Total financial liabilities (contractual maturity dates)	3,245,338,260	464,931,726	619,931,130	916,633,414	1,416,800,967	178,892,196	6,842,527,693
In KHR'000 equivalent (Note 5)	13,221,508,071	1,894,131,852	2,525,599,424	3,734,364,529	5,772,047,140	728,806,807	27,876,457,823
Assets held for managing liquidity risk (contractual maturity dates)	1,968,771,765	400,717,892	472,608,558	798,717,463	4,005,355,596	1,356,446,240	9,002,617,514
In KHR'000 equivalent (Note 5)	8,020,776,171	1,632,524,692	1,925,407,265	3,253,974,944	16,317,818,698	5,526,161,982	36,676,663,752

* The amounts included above for variable interest rate instruments for the non-derivative financial liabilities are subject to change depending on variable interest rates, e.g. variable interest rate vs. interest rates determined at the end of the reporting period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank						
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
As at 30 September 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	135,325,367	15,996,288	103,974,992	29,443,623	75,155,330	106,928,051	466,823,651
Deposits from customers	2,875,471,031	407,103,417	585,705,678	854,142,420	804,625,985	21,551,753	5,548,600,284
Lease liabilities	1,217,005	2,038,421	2,689,071	4,905,999	17,127,326	467,323	28,445,145
Borrowings*	696,044	17,321,933	64,553,329	208,841,613	664,570,629	23,698,761	979,682,309
Subordinated debts*	-	18,556,648	1,242,243	20,088,420	107,747,739	34,360,935	181,995,985
Other liabilities	38,647,401	34,500	49,738	-	-	-	38,731,639
Total financial liabilities (contractual maturity dates)	3,051,356,848	461,051,207	758,215,051	1,117,422,075	1,669,227,009	187,006,823	7,244,279,013
In KHR'000 equivalent (Note 5)	12,568,538,857	1,899,069,922	3,123,087,795	4,602,661,527	6,875,546,050	770,281,104	29,839,185,255
Assets held for managing liquidity risk (contractual maturity dates)	1,616,172,712	417,221,382	513,136,026	878,470,641	4,583,300,112	1,679,379,588	9,687,680,461
In KHR'000 equivalent (Note 5)	6,657,015,401	1,718,534,872	2,113,607,291	3,618,420,570	18,878,613,161	6,917,364,523	39,903,555,818
As at 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	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
Total financial liabilities (contractual maturity dates)	3,199,722,901	447,618,847	597,483,296	879,762,255	1,374,425,241	166,494,021	6,665,506,561
In KHR'000 equivalent (Note 5)	13,035,671,099	1,823,599,183	2,434,146,948	3,584,151,427	5,599,408,432	678,296,642	27,155,273,731
Assets held for managing liquidity risk (contractual maturity dates)	1,912,440,511	384,234,137	449,361,582	761,262,635	3,883,302,548	1,351,200,331	8,741,801,744
In KHR'000 equivalent (Note 5)	7,791,282,642	1,565,369,874	1,830,699,085	3,101,383,975	15,820,574,581	5,504,790,148	35,614,100,305

* The amounts included above for variable interest rate instruments for the non-derivative financial liabilities are subject to change depending on variable interest rates, e.g. variable interest rate vs. interest rates determined at the end of the reporting period.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(d) Derivative financial instruments

The following tables detail the Group's and the Bank's liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative financial instruments 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	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 30 September 2022						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,220,142)	(3,626,598)	(5,554,147)	-	(10,400,887)
- outflow	-	569,316	1,616,068	1,225,152	-	3,410,536
Net	-	(650,826)	(2,010,530)	(4,328,995)	-	(6,990,351)

	The Group					
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2021						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(61,179)	(517,358)	(853,859)	-	(1,432,396)
- outflow	-	526,565	2,357,771	2,784,807	-	5,669,143
Net	-	465,386	1,840,413	1,930,948	-	4,236,747

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS 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\$
At 30 September 2022						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,220,142)	(3,626,598)	(5,554,147)	-	(10,400,887)
- outflow	-	569,316	1,616,068	1,225,152	-	3,410,536
Net	-	(650,826)	(2,010,530)	(4,328,995)	-	(6,990,351)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2021						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(61,179)	(517,358)	(853,859)	-	(1,432,396)
- outflow	-	526,565	2,357,771	2,784,807	-	5,669,143
Net	-	465,386	1,840,413	1,930,948	-	4,236,747

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items

i. *Loan commitments and guarantees*

The dates of the contractual amounts of the Group's and the Bank's off-balance sheet financial instruments that it is committed to extend as credit to customers and other facilities are summarised in tables below:

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 30 September 2022						
Unused portion of overdrafts	196,916,022	-	-	-	-	196,916,022
Bank guarantees	2,097,958	8,734,556	32,788,391	16,275,981	426,964	60,323,850
Letters of credit	2,616,298	3,593,757	3,820,546	-	-	10,030,601
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(130,881)	-	-	-	-	(130,881)
- outflow	129,900	-	-	-	-	129,900
Net	(981)	-	-	-	-	(981)
Total	201,629,297	12,328,313	36,608,937	16,275,981	426,964	267,269,492

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantees (continued)*

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2021						
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)						
- (inflow)	(300,687)	-	-	-	-	(300,687)
- outflow	300,030	-	-	-	-	300,030
Net	(657)	-	-	-	-	(657)
Total	151,702,191	16,248,738	23,345,509	13,364,055	428,427	205,088,920

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantees (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 30 September 2022						
Unused portion of overdrafts	196,466,100	-	-	-	-	196,466,100
Bank guarantees	2,097,958	8,733,193	32,651,696	16,275,981	426,964	60,185,792
Letters of credit	2,616,298	3,593,757	3,820,546	-	-	10,030,601
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(130,881)	-	-	-	-	(130,881)
- outflow	129,900	-	-	-	-	129,900
Net	(981)	-	-	-	-	(981)
Total	201,179,375	12,326,950	36,472,242	16,275,981	426,964	266,681,512

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantees (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2021						
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)
Total	151,512,050	16,066,659	23,330,389	13,364,055	428,427	204,701,580

ii. *Other financial facilities*

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(f) COVID-19 pandemic and impact on liquidity

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

- The Bank has maintained the optimal level of fund or cash on hand for operation at 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) in 2022 and 2023.

39. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities disclosed in Note 38. The Group and the Bank have an established framework and policies which provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

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

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

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

The Group and the Bank continuously enhance its design, validation methodologies, and processes to ensure that the determination of the fair values is reflective of the circumstances.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

39. Fair value of financial instruments (continued)

Determination of fair value

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

39. Fair value of financial instruments (continued)

Determination of fair value (continued)

(a) Financial instruments measured at fair value

As at the reporting date, the Group's and the Bank's derivative financial instruments are valued using the discounted cash flow method and are verified with the interest rate swap providers. Under the discounted cash flow method, future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties

(b) Financial instruments not measured at fair value

As at the reporting date, the fair values of 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-term 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. As at 30 September 2022, no fair value disclosures are provided for equity investment securities of US\$189,670 (31 December 2021: US\$189,670) because the 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 US\$36,141 is the investment required by the SWIFT SCRL to all swift members. This investment is valued at cost as the Management believes the cost of the investment approximates its fair value No dividends received from this investment during the period (31 December 2021: Nil).

- *Financial investments at amortised cost*

Financial investments at amortised cost include NCD with the NBC with maturities of less than one year. The fair value of financial investments approximates their carrying values at the reporting date due to the relatively short-term maturity of these instruments. Debt securities include corporate and government bonds were valued at amortised cost, and were purchased for the purpose of holding them until maturity and for earning of interest earning.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

39. Fair value of financial instruments (continued)

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

iii. Loans and advances

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Inputs into the valuation techniques include expected lifetime credit losses, interest rates, prepayment rates, and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

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 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-term maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from customers with remaining maturities of more than one year are expected to approximate their carrying amount since the Group and the Bank offer similar interest rate on the instrument with similar maturities and terms.

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

v. Statutory deposits

Capital guarantee and reserve requirement represent the minimum reserve required by NBC. These deposits are not available for use in the Bank's day-to-day operations and are refundable should the Bank voluntarily ceases its operations in Cambodia. The fair value is the carrying amount as at the reporting date.

vi. Other assets and other liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

vii. Borrowings, subordinated debts, and lease liabilities

The fair value of borrowings, subordinated debts, and lease liabilities are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates, which are confirmed and provided by all lenders, are available at the reporting date instead of the applicable prevailing market interest rates. The Group and the Bank believe that the effective interest rates were not significantly different with the prevailing market interest rates on the ground and there was no change in interest rates following the lenders' consideration of the Group's and the Bank's credit risk profile as at the reporting date. On this basis, the fair value of borrowings, subordinated debts, and lease liabilities approximates their carrying values at the reporting date.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

40. Capital risk management

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

- To comply with the capital requirement set by the NBC;
- To safeguard the Group's and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and,
- To maintain a strong capital base to support the development of business.

The NBC requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth of at least equal to the minimum capital, and iii) comply with solvency ratios, 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 interim financial statements as at 30 September 2022 and 31 December 2021 and for the periods then ended.

	The Group			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,784,198,475	1,764,706,139
Share premium	11,706,215	11,706,215	48,217,900	47,691,120
Retained earnings	187,708,718	163,933,025	773,172,209	667,863,144
General reserves based on NBC Prakas	524,576,552	524,576,552	2,160,730,818	2,137,124,873
Less: Intangible assets	(10,902,441)	(12,258,314)	(44,907,154)	(49,940,371)
Less: Loans to related parties	(14,403,925)	(14,570,028)	(59,329,767)	(59,358,294)
Less: Other losses	(52,665,323)	(35,338,456)	(216,928,465)	(143,968,870)
	<u>1,079,182,815</u>	<u>1,071,212,013</u>	<u>4,445,154,016</u>	<u>4,364,117,741</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	61,227,533	55,234,927	252,196,208	225,027,093
Subordinated debts (*)	141,306,853	156,122,483	582,042,928	636,042,996
Less: Equity participation in banking or financial institutions	(2,010,000)	(2,010,000)	(8,279,190)	(8,188,740)
	<u>200,524,386</u>	<u>209,347,410</u>	<u>825,959,946</u>	<u>852,881,349</u>
	<u>1,279,707,201</u>	<u>1,280,559,423</u>	<u>5,271,113,962</u>	<u>5,216,999,090</u>

(*) This represents subordinated debts approved by the NBC and only represent the outstanding principal amount.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

40. Capital risk management (continued)

	The Bank			
	30 September 2022 US\$	31 December 2021 US\$	30 September 2022 KHR'000 (Note 5)	31 December 2021 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,784,198,475	1,764,706,139
Share premium	11,706,215	11,706,215	48,217,900	47,691,120
Retained earnings	171,658,803	156,341,550	707,062,610	636,935,475
General reserves based on NBC Prakas	510,741,556	510,741,556	2,103,744,469	2,080,761,099
Less: Intangible assets	(10,454,042)	(11,415,853)	(43,060,199)	(46,508,185)
Less: Loans to related parties	(13,906,772)	(13,904,162)	(57,281,994)	(56,645,556)
	<u>1,102,908,779</u>	<u>1,086,632,325</u>	<u>4,542,881,261</u>	<u>4,426,940,092</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	60,001,740	53,690,830	247,147,167	218,736,441
Subordinated debts (*)	141,306,853	156,122,483	582,042,928	636,042,996
Less: Equity participation in banking or financial institutions	(71,312,716)	(71,312,716)	(293,737,077)	(290,528,005)
	<u>129,995,877</u>	<u>138,500,597</u>	<u>535,453,018</u>	<u>564,251,432</u>
	<u>1,232,904,656</u>	<u>1,225,132,922</u>	<u>5,078,334,279</u>	<u>4,991,191,524</u>

(*) This represents subordinated debts approved by the NBC and only represent the outstanding principal amount.

41. Tax contingencies

On 6 March 2020, the Bank received a new notification letter from the GDT to conduct a tax audit for the fiscal years 2015 to 2018. The Bank has provided several requested documents to the GDT on 12 October 2022. As at the date of these interim financial statements, GDT has not yet issued an official response for the results of the tax audit for the years 2015 to 2018.

On 6 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. However, the Bank received the letter from the tax auditors on 16 September 2021. The Bank has provided several requested documents to the GDT on 5 August 2022. As at the date of this report, GDT is yet to request documents from the Bank.

On 26 April 2022, the Department of Enterprise Tax Audit of the GDT issued a letter to the Bank for the tax reassessment for the financial years 2020 and 2021 and requested the submission of several documents. However, the Bank received the letter from the tax auditors on 25 May 2022. The Bank has provided several requested documents to the GDT on 11 July 2022. As at the date of this report, GDT is yet to request documents from the Bank.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

42. Reclassification of comparative amounts

Certain amounts in the comparative interim financial statements have been reclassified to conform with the current period's presentation of accounts. The Management believes that these reclassifications would better reflect the nature of the transactions and did not have any impact on prior period's profit or loss.

Summary of changes arising from reclassifications are shown below.

Consolidated interim statements of financial position

	31 December 2021 (Prior to reclassification) US\$	Effects of reclassification US\$	31 December 2021 (As reclassified) US\$	31 December 2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	31 December 2021 (As reclassified) KHR'000 (Note 5)
Reserves	592,909,744	(506,158)	592,403,586	2,433,432,915	(2,062,088)	2,431,370,827
Retained earnings	161,263,307	506,158	161,769,465	639,068,094	2,062,088	641,130,182

Consolidated interim statements of profit or loss and other comprehensive income

	For the nine-month period ended					
	30 September 2021 (Prior to reclassification) US\$	Effects of reclassification US\$	30 September 2021 (As reclassified) US\$	30 September 2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	30 September 2021 (As reclassified) KHR'000 (Note 5)
<i>Items that will not be reclassified to profit or loss –</i>						
Currency translation differences	-	-	-	-	38,476,097	38,476,097
<i>Items that are or may be reclassified subsequently to profit or loss –</i>						
Currency translation differences - foreign subsidiaries	-	(10,259,569)	(10,259,569)	-	(41,725,667)	(41,725,667)
Currency translation differences	-	-	-	6,258,634	(6,258,634)	-
	For the three-month period ended					
	30 September 2021 (Prior to reclassification) US\$	Effects of reclassification US\$	30 September 2021 (As reclassified) US\$	30 September 2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	30 September 2021 (As reclassified) KHR'000 (Note 5)
<i>Items that will not be reclassified to profit or loss –</i>						
Currency translation differences	-	-	-	-	4,685,939	4,685,939
<i>Items that are or may be reclassified subsequently to profit or loss –</i>						
Currency translation differences - foreign subsidiaries	-	(4,685,303)	(4,685,303)	-	(19,101,980)	(19,101,980)
Currency translation differences	-	-	-	953,862	(953,862)	-

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2022 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

42. Reclassification of comparative amounts (continued)

Separate interim statements of financial position

	31 December 2021 (Prior to reclassification) US\$	Effects of reclassification US\$	31 December 2021 (As reclassified) US\$	31 December 2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	31 December 2021 (As reclassified) KHR'000 (Note 5)
Reserves	607,881,560	(506,158)	607,375,402	2,494,039,282	(2,062,088)	2,491,977,194
Retained earnings	156,341,550	506,158	156,847,708	619,405,671	2,062,088	621,467,759

Separate interim statements of profit or loss and other comprehensive income

	For the nine-month period ended					
	30 September 2021 (Prior to reclassification) US\$	Effects of reclassification US\$	30 September 2021 (As reclassified) US\$	30 September 2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	30 September 2021 (As reclassified) KHR'000 (Note 5)
<i>Item that will not be reclassified to profit or loss –</i>						
Currency translation differences	-	-	-	-	38,606,721	38,606,721
<i>Item that are or may be reclassified subsequently to profit or loss –</i>						
Currency translation differences	-	-	-	6,121,069	(6,121,069)	-
	For the three-month period ended					
	30 September 2021 (Prior to reclassification) US\$	Effects of reclassification US\$	30 September 2021 (As reclassified) US\$	30 September 2021 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	30 September 2021 (As reclassified) KHR'000 (Note 5)
<i>Item that will not be reclassified to profit or loss –</i>						
Currency translation differences	-	-	-	-	4,747,104	4,747,104
<i>Item that are or may be reclassified subsequently to profit or loss –</i>						
Currency translation differences	-	-	-	924,233	(924,233)	-

43. 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 interim financial statements, no other significant events occurred after the end of the reporting period and the date of authorisation of these interim financial statements, which would require adjustments or disclosures to be made in the interim financial statements.

44. Authorisation of the interim financial statements

The consolidated and separate interim financial statements as at 30 September 2022 and for the three-month and nine-month periods then ended were approved and authorised for issue by the Board of Directors on 6 November 2022.