

**ACLEDA BANK PLC.
AND ITS SUBSIDIARIES**

**Consolidated and Separate
Interim Financial Statements
As at 30 September 2023 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 2023 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 2023 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 (“CSX”). The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the initial public offering (“IPO”) amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR48,235,459 thousand).

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

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

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

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

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

Principal activities

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

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

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

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

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

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 2023 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 twelve 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 continuing impact of the Novel Coronavirus (“COVID-19”) situation.

Items of an unusual nature (continued)

There has not arisen, in the interval between the end of the financial 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 financial period in which this report is made.

Coronavirus and continuing impact on expected credit loss

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

The Board of Directors and the Executive Committee

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

- Mr. Chhay Soeun Chairman (Non-executive Director)
- Dr. In Channy Member (Executive Director)
- Mr. Kyosuke Hattori Member (Non-executive Director)
- Mr. Albertus Bruggink Member (Non-executive Director)
- Mr. Kay Lot Member (Non-executive Director)
- Mr. Stéphane Mangiavacca Member (Non-executive Director)
- Drs. Pieter Kooi Member (Independent Director)
- Mr. Van Sou leng Member (Independent Director) (retired on 10 October 2023)
- Ms. Phurik Ratana 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
(retired on 6 November 2023)
- Mrs. Mar Amara Senior EVP & Group Chief Financial Officer and Group Chief
Operations Officer (appointed on 6 November 2023)
- Mr. Ly Thay EVP & Group Chief Administrative Officer
- Mrs. Buth Bunseyha EVP & Group Chief Legal Officer and Corporate Secretary
- Mr. Mach Theary EVP & Group Chief Information Officer
- Dr. Loeng Sopheap EVP & Group Chief Risk Officer
- Mr. Yin Virak EVP & Group Chief Treasury Officer
(appointed on 1 January 2023)

The Management and those charged with governance’s responsibilities in respect of the 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 2023, the interim financial performance for the three-month and nine-month periods then ended, and the interim cash flows for the nine-month period 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) safeguard the assets of the Group and the Bank and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

Headquarters



The Management and those charged with governance's responsibilities in respect of the 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 and Group Chief Operations Officer



Dr. In Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia
7 November 2023

Approval of the interim financial statements

The accompanying interim financial statements, together with the notes thereto set out in pages 13 to 214, present fairly, in all material respects, the interim financial position as at 30 September 2023, the interim financial performance for the three-month and nine-month periods then ended, and the interim cash flows for the nine-month period then ended, of the Group and the Bank in accordance with CIFRSs and guidelines of the NBC, were approved by the Board of Directors.

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



A blue circular stamp of ACLEDA BANK is visible on the left, containing the bank's logo and name in Khmer and English. To its right is a blue ink signature.

Mr. Chhay Soeun
Chairman

Phnom Penh, Kingdom of Cambodia

7 November 2023



Independent auditor's report

Grant Thornton (Cambodia) Limited

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**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 2023, 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 consolidated and separate 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 in pages 13 to 214 (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 2023, and their interim financial performance for the three-month and nine-month periods then ended and their interim 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 the Bank:

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for impairment losses on loans and advances</p> <p>Loans and advances constitute approximately 69.34% and 68.80% of the Group's and the Bank's total assets, respectively, as at 30 September 2023. The Group's and the Bank's loan portfolio mainly comprises loans and advances to customers (both customers and individuals) in wholesale and retail, services and agriculture. Refer to Note 38.1(d)(ii) for details.</p> <p>The Group's and the Bank's expected credit loss ("ECL") models are significant to our audit as this requires the use of complex models and significant assumptions about future economic conditions and credit behaviors. The ECL models require considerable judgement and interpretation in its implementation of the requirements of CIFRS 9, <i>Financial Instruments</i>, which brings about a high degree of estimation uncertainty.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> • 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 and advances 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, • Continuing effects of COVID-19 situation in relation to the significant judgements listed above. 	<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; - 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 continuing 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. • 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>

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Key audit matter	How our audit addressed the key audit matter
<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>	

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 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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GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors



Ronald C. Almera
Ronald C. Almera

Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia

7 November 2023

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ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Notes 5 & 42)
ASSETS					
Cash on hand	7	515,969,414	497,027,041	2,126,825,925	2,046,260,328
Deposits and placements with other banks, net	8	1,062,292,812	846,602,175	4,378,770,971	3,485,461,154
Financial investments, net	9	366,255,370	556,037,532	1,509,704,635	2,289,206,519
Loans and advances, net	10	6,516,178,026	6,379,406,093	26,859,685,823	26,264,014,885
Other assets	11	79,044,039	78,818,566	325,819,529	324,496,036
Statutory deposits	12	655,611,414	482,330,993	2,702,430,249	1,985,756,698
Property and equipment, net	14	150,137,344	140,220,709	618,866,132	577,288,659
Intangible assets, net	15	11,044,319	10,896,541	45,524,683	44,861,059
Right-of-use assets, net	16	31,241,960	28,785,805	128,779,359	118,511,159
Deferred tax assets	17	1,292,225	1,407,258	5,326,551	5,793,681
Derivative financial instruments	23	8,751,556	9,630,593	36,073,914	39,649,151
TOTAL ASSETS		9,397,818,479	9,031,163,306	38,737,807,771	37,181,299,329
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	418,893,956	417,826,399	1,726,680,887	1,720,191,285
Deposits from customers	19	6,496,741,202	5,971,164,302	26,779,567,235	24,583,283,431
Other liabilities	20	133,655,721	141,630,044	550,928,882	583,090,891
Borrowings	21	805,007,668	957,335,868	3,318,241,607	3,941,351,769
Subordinated debts	22	130,070,489	127,762,328	536,150,556	525,997,504
Lease liabilities	24	31,722,023	28,448,770	130,758,179	117,123,586
Employee benefits	25	10,561,851	33,374,198	43,535,950	137,401,573
Current income tax liabilities	32(a)	3,374,599	34,428,462	13,910,097	141,741,978
Deferred tax liabilities	17	20,375,376	2,545,115	83,987,300	10,478,238
TOTAL LIABILITIES		8,050,402,885	7,714,515,486	33,183,760,693	31,760,660,255
EQUITY					
Share capital	26 & 42	433,163,019	433,163,019	1,732,652,076	1,732,652,076
Share premium	26 & 42	11,706,215	11,706,215	48,235,459	48,235,459
Reserves	36 & 42	699,895,809	638,862,248	2,962,778,615	2,706,552,320
Retained earnings		196,651,354	226,856,479	785,652,238	908,250,779
Non-controlling interests		5,999,197	6,059,859	24,728,690	24,948,440
TOTAL EQUITY		1,347,415,594	1,316,647,820	5,554,047,078	5,420,639,074
TOTAL LIABILITIES AND EQUITY		9,397,818,479	9,031,163,306	38,737,807,771	37,181,299,329

The accompanying notes on pages 26 to 214 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 2023

	Note	For the nine-month period ended				For the three-month period ended			
		30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
		US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Interest income	27	561,178,478	492,875,091	2,304,760,009	2,008,958,871	189,214,369	170,835,509	781,833,773	701,792,271
Interest expense	28	(241,930,949)	(155,118,380)	(993,610,408)	(632,262,517)	(83,505,366)	(56,657,441)	(345,044,172)	(232,748,768)
Net interest income		<u>319,247,529</u>	<u>337,756,711</u>	<u>1,311,149,601</u>	<u>1,376,696,354</u>	<u>105,709,003</u>	<u>114,178,068</u>	<u>436,789,601</u>	<u>469,043,503</u>
Fee and commission income	29	35,049,012	36,123,366	143,946,292	147,238,840	11,974,767	12,267,705	49,479,737	50,395,732
Fee and commission expense		(3,017,179)	(3,399,991)	(12,391,554)	(13,858,363)	(1,289,179)	(1,626,354)	(5,326,888)	(6,681,062)
Net fee and commission income		<u>32,031,833</u>	<u>32,723,375</u>	<u>131,554,738</u>	<u>133,380,477</u>	<u>10,685,588</u>	<u>10,641,351</u>	<u>44,152,849</u>	<u>43,714,670</u>
Allowance for impairment losses on loans and advances, deposits and placements with other banks, other receivables, and investment securities (Allowance for)/reversal of impairment losses on off-balance sheet commitments	10	(30,046,669)	(19,989,394)	(123,401,670)	(81,476,770)	(6,696,531)	(1,502,133)	(27,670,066)	(6,170,762)
	10	(1,680)	2,441	(6,900)	9,950	(491)	(1,109)	(2,029)	(4,556)
Net impairment losses		<u>(30,048,349)</u>	<u>(19,986,953)</u>	<u>(123,408,570)</u>	<u>(81,466,820)</u>	<u>(6,697,022)</u>	<u>(1,503,242)</u>	<u>(27,672,095)</u>	<u>(6,175,318)</u>
Income after impairment losses		<u>321,231,013</u>	<u>350,493,133</u>	<u>1,319,295,769</u>	<u>1,428,610,011</u>	<u>109,697,569</u>	<u>123,316,177</u>	<u>453,270,355</u>	<u>506,582,855</u>
Other income, net	30	19,568,288	20,074,416	80,366,959	81,823,320	6,406,763	5,926,989	26,472,745	24,348,071
General and administrative expenses	31	(201,744,400)	(203,012,927)	(828,564,251)	(827,480,690)	(66,189,281)	(67,406,608)	(273,494,109)	(276,906,346)
Profit before income tax		<u>139,054,901</u>	<u>167,554,622</u>	<u>571,098,477</u>	<u>682,952,641</u>	<u>49,915,051</u>	<u>61,836,558</u>	<u>206,248,991</u>	<u>254,024,580</u>
Income tax expense	32(b)	(27,601,588)	(34,517,355)	(113,359,722)	(140,692,739)	(10,051,062)	(12,416,936)	(41,530,988)	(51,008,773)
Profit for the period (carried forward to next page)		<u>111,453,313</u>	<u>133,037,267</u>	<u>457,738,755</u>	<u>542,259,902</u>	<u>39,863,989</u>	<u>49,419,622</u>	<u>164,718,003</u>	<u>203,015,807</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED) FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

Note	For the nine-month period ended				For the three-month period ended			
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Notes 5)
Profit for the period (brought forward from previous page)	111,453,313	133,037,267	457,738,755	542,259,902	39,863,989	49,419,622	164,718,003	203,015,807
Other comprehensive income:								
Items that will not be reclassified to profit or loss:								
Remeasurement of employee benefit obligations	-	(3,594,481)	-	(14,651,105)	-	258,164	-	1,060,538
Exchange differences	-	-	5,590,849	56,512,312	-	-	(10,756,405)	60,731,240
Items that are or may be reclassified subsequently to profit or loss:								
Currency translation differences - foreign subsidiaries	(6,880,545)	(17,331,364)	(28,258,398)	(70,642,640)	(2,040,872)	(5,047,128)	(8,432,883)	(20,733,602)
Remeasurement of the effective portion of derivatives arising from cash flow hedge	(879,037)	10,645,948	(3,610,205)	43,392,884	175,258	6,009,391	724,166	24,686,578
Other comprehensive (loss)/income for the period	(7,759,582)	(10,279,897)	(26,277,754)	14,611,451	(1,865,614)	1,220,427	(18,465,122)	65,744,754
Total comprehensive income for the period	103,693,731	122,757,370	431,461,001	556,871,353	37,998,375	50,640,049	146,252,881	268,760,561
Profit for the period attributable to:								
Owners of the Bank	111,511,768	132,956,660	457,978,830	541,931,348	39,936,717	49,439,395	165,018,515	203,097,035
Non-controlling interests	(58,455)	80,607	(240,075)	328,554	(72,728)	(19,773)	(300,512)	(81,228)
	111,453,313	133,037,267	457,738,755	542,259,902	39,863,989	49,419,622	164,718,003	203,015,807
Total other comprehensive income attributable to:								
Owners of the Bank	103,753,796	122,686,064	431,707,688	556,307,970	38,071,580	50,668,047	146,555,364	268,875,577
Non-controlling interests	(60,065)	71,306	(246,687)	563,383	(73,205)	(27,998)	(302,483)	(115,016)
	103,693,731	122,757,370	431,461,001	556,871,353	37,998,375	50,640,049	146,252,881	268,760,561
The earnings per share attributable to shareholders of the Bank during the period:								
Basic earnings per share	33 0.26	0.31	1.06	1.25	0.09	0.11	0.38	0.47
Diluted earnings per share	33 0.26	0.31	1.06	1.25	0.09	0.11	0.38	0.47

The accompanying notes on pages 26 to 214 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Attributable to equity holders of the Parent													
	Share capital		Share premium		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Notes 5 & 42)	(Notes 5 & 42)	(Notes 5 & 42)	(Notes 5 & 42)	(Notes 5 & 42)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
As at 1 January 2023, as reclassified	433,163,019	1,732,652,076	11,706,215	48,235,459	638,862,248	2,706,552,320	226,856,479	908,250,779	1,310,587,961	5,395,690,634	6,059,859	24,948,440	1,316,647,820	5,420,639,074
Profit for the period	-	-	-	-	-	-	111,511,768	457,978,830	111,511,768	457,978,830	(58,455)	(240,075)	111,453,313	457,738,755
<i>Other comprehensive income:</i>														
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	(879,037)	(3,610,205)	-	-	(879,037)	(3,610,205)	-	-	(879,037)	(3,610,205)
Currency translation differences - foreign subsidiaries	-	-	-	-	(6,878,935)	(28,251,786)	-	-	(6,878,935)	(28,251,786)	(1,610)	(6,612)	(6,880,545)	(28,258,398)
Total comprehensive (loss)/income for the period	-	-	-	-	(7,757,972)	(31,861,991)	111,511,768	457,978,830	103,753,796	426,116,839	(60,065)	(246,687)	103,693,731	425,870,152
Transaction with owners:														
ABL's increase in capital	-	-	-	-	-	-	(230,017)	(944,680)	(230,017)	(944,680)	(597)	(2,452)	(230,614)	(947,132)
Dividends paid	-	-	-	-	-	-	(72,695,343)	(297,105,865)	(72,695,343)	(297,105,865)	-	-	(72,695,343)	(297,105,865)
Transfer from retained earnings to regulatory reserves	-	-	-	-	68,791,533	282,526,826	(68,791,533)	(282,526,826)	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	5,561,460	-	-	-	5,561,460	-	29,389	-	5,590,849
Total transactions with owners	-	-	-	-	68,791,533	288,088,286	(141,716,893)	(580,577,371)	(72,925,360)	(292,489,085)	(597)	26,937	(72,925,957)	(292,462,148)
As at 30 September 2023	<u>433,163,019</u>	<u>1,732,652,076</u>	<u>11,706,215</u>	<u>48,235,459</u>	<u>699,895,809</u>	<u>2,962,778,615</u>	<u>196,651,354</u>	<u>785,652,238</u>	<u>1,341,416,397</u>	<u>5,529,318,388</u>	<u>5,999,197</u>	<u>24,728,690</u>	<u>1,347,415,594</u>	<u>5,554,047,078</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Attributable to equity holders of the Parent													
	Share capital		Share premium		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
As at 1 January 2022, as reclassified	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 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)
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
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)
Exchange differences	-	-	-	-	-	12,842,412	-	-	-	12,842,412	-	272,740	-	13,115,152
Total comprehensive (loss)/ 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's 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)	-	-	-	-	-	-
Exchange 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	433,163,019	1,784,198,475	11,706,215	48,217,900	636,009,958	2,645,330,855	182,117,150	724,534,703	1,262,996,342	5,202,281,933	6,064,063	24,977,875	1,269,060,405	5,227,259,808

The accompanying notes on pages 26 to 214 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Note	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the period before income tax		139,054,901	167,554,622	571,098,477	682,952,641
<i>Adjustments for:</i>					
Net impairment losses	10	30,048,349	19,986,953	123,408,570	81,466,820
Depreciation of property and equipment	14	17,504,583	16,557,552	71,891,322	67,488,582
Depreciation of right-of-use assets	16	9,067,012	8,754,452	37,238,218	35,683,146
Seniority indemnity benefits	25(c)	7,703,738	7,192,381	31,639,252	29,316,145
Amortisation of intangible assets	15	2,029,970	2,361,662	8,337,087	9,626,134
Career development expense	25(b)	1,257,694	1,324,917	5,165,349	5,400,362
Provident fund		503,140	-	2,066,396	-
Adjustment in property and equipment		364,663	479,339	1,497,671	1,953,786
Adjustment in intangible assets		97,600	(47,152)	400,843	(192,192)
Unrealised foreign exchange gains		(73,446)	(2,774,926)	(301,643)	(11,310,598)
(Reversal of)/provision for retirement benefits	25(a)	(121,300)	2,125,574	(498,179)	8,663,840
Gain on disposals of property and equipment and lease	30	(247,376)	(443,846)	(1,015,973)	(1,809,116)
Dividend income	30	(407,629)	(117,333)	(1,674,132)	(478,249)
Currency translation reserves		(6,880,545)	(17,331,364)	(28,258,398)	(70,642,640)
Net interest income		(319,247,529)	(337,756,711)	(1,311,149,601)	(1,376,696,354)
Operating loss before changes in working capital		(119,346,175)	(132,133,880)	(490,154,741)	(538,577,693)
<i>Changes in:</i>					
Deposits from customers		525,576,900	239,231,959	2,158,544,328	975,109,465
Deposits and placements with other banks		11,535,158	(9,306,862)	47,374,894	(37,934,770)
Deposits and placements from other banks and financial institutions		1,067,557	(56,618,143)	4,384,457	(230,775,551)
Other assets		(341,226)	(13,572,696)	(1,401,415)	(55,322,309)
Other liabilities		(42,751,917)	12,445,247	(175,582,123)	50,726,827
Loans and advances		(166,758,056)	(816,452,957)	(684,875,336)	(3,327,862,253)
Statutory deposits		(173,280,421)	(54,446,441)	(711,662,689)	(221,923,694)
Cash flows from/(used in) operations		35,701,820	(830,853,773)	146,627,375	(3,386,559,978)
Interest received		557,828,533	491,090,580	2,291,001,785	2,001,685,204
Provident fund paid		(503,072)	-	(2,066,117)	-
Career development benefits paid	25(b)	(3,872,526)	(7,367)	(15,904,464)	(30,028)
Seniority benefits paid	25(c)	(5,281,843)	(5,062,350)	(21,692,529)	(20,634,139)
Retirement benefits paid	25(a)	(22,464,315)	(87,738)	(92,260,942)	(357,620)
Income tax paid	32(a)	(40,843,915)	(37,743,732)	(167,745,959)	(153,843,452)
Interest paid		(149,003,692)	(109,835,317)	(611,958,163)	(447,688,752)
Net cash from/(used in) operating activities (carried forward to next page)		371,560,990	(492,499,697)	1,526,000,986	(2,007,428,765)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Note	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Net cash from/(used in) operating activities (brought forward from previous page)		<u>371,560,990</u>	<u>(492,499,697)</u>	<u>1,526,000,986</u>	<u>(2,007,428,765)</u>
Cash flows from investing activities					
Proceeds from matured investments		69,862,124	1,012,498	286,923,743	4,126,942
Interest received from investments		3,349,946	1,784,510	13,758,228	7,273,663
Dividends received		407,629	117,333	1,674,132	478,249
Proceeds from disposals of property and equipment		199,706	1,117,758	820,193	4,555,982
Purchases of financial investments		-	(186,155,685)	-	(758,770,572)
Purchases of intangible assets	15	(2,342,392)	(1,200,130)	(9,620,204)	(4,891,730)
Purchases of property and equipment	14	(28,031,994)	(18,729,971)	(115,127,399)	(76,343,362)
Net cash from/(used in) investing activities		<u>43,445,019</u>	<u>(202,053,687)</u>	<u>178,428,693</u>	<u>(823,570,828)</u>
Cash flows from financing activities					
Proceeds from borrowings		90,722,260	437,448,846	372,596,322	1,783,041,496
Proceeds from subordinated debts		14,972,500	-	61,492,058	-
Payment of tax on ABL's increase capital		(230,614)	(312,446)	(947,132)	(1,273,530)
Payments of lease liabilities	24	(10,256,455)	(9,664,385)	(42,123,261)	(39,392,033)
Repayments of subordinated debts		(15,000,000)	(15,000,000)	(61,605,000)	(61,140,000)
Interest paid		(56,164,431)	(49,658,083)	(230,667,318)	(202,406,346)
Payments of dividends		(72,695,343)	(58,419,561)	(297,105,865)	(238,118,131)
Repayments of borrowings		(240,321,650)	(148,256,949)	(987,001,017)	(604,295,324)
Net cash (used in)/from financing activities		<u>(288,973,733)</u>	<u>156,137,422</u>	<u>(1,185,361,213)</u>	<u>636,416,132</u>
Net increase/(decrease) in cash and cash equivalents		<u>126,032,276</u>	<u>(538,415,962)</u>	<u>519,068,466</u>	<u>(2,194,583,461)</u>
Cash and cash equivalents at the beginning of the period		<u>1,748,443,669</u>	<u>1,803,239,297</u>	<u>7,198,342,585</u>	<u>7,346,396,896</u>
Exchange differences		-	-	9,178,794	57,993,882
Cash and cash equivalents at the end of the period	34	<u>1,874,475,945</u>	<u>1,264,823,335</u>	<u>7,726,589,845</u>	<u>5,209,807,317</u>

During the nine-month period ended 30 September 2023, the Group entered into new lease agreements and recognised right-of-use assets amounting to US\$12,999,364 (30 September 2022: US\$9,195,216), and pre-terminated right-of-use assets and lease liabilities amounting to US\$633,224 (30 September 2022: US\$1,193,753) and US\$693,743 (30 September 2022: US\$1,194,485), respectively, and recognised a gain from pretermination amounting to US\$90,617 (30 September 2022: US\$3,261), which is a non-cash transaction.

The accompanying notes on pages 26 to 214 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Notes 5 & 42)
ASSETS					
Cash on hand	7	507,543,715	486,665,483	2,092,095,193	2,003,601,794
Deposits and placements with other banks, net	8	1,036,660,201	828,396,425	4,273,113,349	3,410,508,082
Financial investments, net	9	366,255,370	556,037,532	1,509,704,635	2,289,206,519
Loans and advances, net	10	6,382,992,084	6,246,269,485	26,310,693,370	25,715,891,470
Other assets	11	78,110,220	77,642,135	321,970,328	319,652,671
Statutory deposits	12	650,535,968	479,556,076	2,681,509,260	1,974,332,365
Investments in subsidiaries	13	91,117,716	91,117,716	375,587,225	375,131,637
Property and equipment, net	14	115,903,351	106,286,031	477,753,613	437,579,590
Intangible assets, net	15	10,117,863	10,318,424	41,705,831	42,480,952
Right-of-use assets, net	16	29,730,142	26,525,687	122,547,645	109,206,253
Derivative financial instruments	23	8,751,556	9,630,593	36,073,914	39,649,151
TOTAL ASSETS		<u>9,277,718,186</u>	<u>8,918,445,587</u>	<u>38,242,754,363</u>	<u>36,717,240,484</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	18	388,039,116	390,611,644	1,599,497,236	1,608,148,138
Deposits from customers	19	6,412,691,529	5,889,433,410	26,433,114,483	24,246,797,349
Other liabilities	20	131,715,843	140,022,120	542,932,705	576,471,068
Borrowings	21	790,133,979	944,275,857	3,256,932,261	3,887,583,703
Subordinated debts	22	130,070,489	127,762,328	536,150,556	525,997,504
Lease liabilities	24	29,691,638	26,457,635	122,388,932	108,926,083
Employee benefits	25	10,347,549	32,626,027	42,652,597	134,321,353
Current income tax liabilities	32(a)	2,588,333	33,911,933	10,669,109	139,615,428
Deferred tax liabilities	17	19,975,897	2,258,353	82,340,647	9,297,639
TOTAL LIABILITIES		<u>7,915,254,373</u>	<u>7,587,359,307</u>	<u>32,626,678,526</u>	<u>31,237,158,265</u>
EQUITY					
Share capital	26 & 42	433,163,019	433,163,019	1,732,652,076	1,732,652,076
Share premium	26 & 42	11,706,215	11,706,215	48,235,459	48,235,459
Reserves	36 & 42	743,725,431	676,078,984	3,142,315,416	2,858,819,277
Retained earnings		173,869,148	210,138,062	692,872,886	840,375,407
TOTAL EQUITY		<u>1,362,463,813</u>	<u>1,331,086,280</u>	<u>5,616,075,837</u>	<u>5,480,082,219</u>
TOTAL LIABILITIES AND EQUITY		<u>9,277,718,186</u>	<u>8,918,445,587</u>	<u>38,242,754,363</u>	<u>36,717,240,484</u>

The accompanying notes on pages 26 to 214 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 2023

	Note	For the nine-month period ended				For the three-month period ended			
		30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
		US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Interest income	27	539,532,562	469,687,092	2,215,860,232	1,914,444,587	182,308,276	163,637,539	753,297,796	672,223,010
Interest expense	28	(236,450,305)	(149,880,251)	(971,101,403)	(610,911,903)	(81,582,077)	(55,074,265)	(337,097,142)	(226,245,081)
Net interest income		<u>303,082,257</u>	<u>319,806,841</u>	<u>1,244,758,829</u>	<u>1,303,532,684</u>	<u>100,726,199</u>	<u>108,563,274</u>	<u>416,200,654</u>	<u>445,977,929</u>
Fee and commission income	29	31,503,777	32,081,202	129,386,012	130,762,979	10,797,886	11,285,065	44,616,865	46,359,047
Fee and commission expense		(2,934,988)	(3,164,670)	(12,053,996)	(12,899,195)	(1,261,489)	(1,570,482)	(5,212,473)	(6,451,540)
Net fee and commission income		<u>28,568,789</u>	<u>28,916,532</u>	<u>117,332,016</u>	<u>117,863,784</u>	<u>9,536,397</u>	<u>9,714,583</u>	<u>39,404,392</u>	<u>39,907,507</u>
Allowances for impairment losses on loans and advances, deposits and placements with other banks, other receivables, and investment securities	10	(26,864,294)	(13,799,515)	(110,331,655)	(56,246,823)	(6,565,912)	(568,606)	(27,130,348)	(2,335,833)
Reversal of impairment losses on off-balance sheet commitments	10	12,061	60,366	49,535	246,052	2,750	5,310	11,363	21,813
Net impairment losses		<u>(26,852,233)</u>	<u>(13,739,149)</u>	<u>(110,282,120)</u>	<u>(56,000,771)</u>	<u>(6,563,162)</u>	<u>(563,296)</u>	<u>(27,118,985)</u>	<u>(2,314,020)</u>
Income after impairment losses		<u>304,798,813</u>	<u>334,984,224</u>	<u>1,251,808,725</u>	<u>1,365,395,697</u>	<u>103,699,434</u>	<u>117,714,561</u>	<u>428,486,061</u>	<u>483,571,416</u>
Other income, net	30	17,685,790	17,449,038	72,635,540	71,122,279	5,825,447	4,958,502	24,070,747	20,369,526
General and administrative expenses	31	(191,852,207)	(192,374,576)	(787,937,014)	(784,118,772)	(62,674,951)	(64,184,921)	(258,972,898)	(263,671,655)
Profit before income tax		<u>130,632,396</u>	<u>160,058,686</u>	<u>536,507,251</u>	<u>652,399,204</u>	<u>46,849,930</u>	<u>58,488,142</u>	<u>193,583,910</u>	<u>240,269,287</u>
Income tax expense	32(b)	(25,680,483)	(32,772,249)	(105,469,744)	(133,579,687)	(9,298,170)	(11,703,457)	(38,420,038)	(48,077,801)
Profit for the period		<u>104,951,913</u>	<u>127,286,437</u>	<u>431,037,507</u>	<u>518,819,517</u>	<u>37,551,760</u>	<u>46,784,685</u>	<u>155,163,872</u>	<u>192,191,486</u>
Other comprehensive income:									
<i>Items that will not be reclassified to profit or loss:</i>									
Remeasurement of employee benefit obligations	25	-	(3,623,451)	-	(14,769,186)	-	276,534	-	1,136,002
Exchange differences		-	-	5,672,181	57,205,042	-	-	9,813,006	23,345,425
<i>Item that is or may be reclassified subsequently to profit or loss -</i>									
Remeasurement of the effective portion of derivatives arising from cash flow hedge		(879,037)	10,645,948	(3,610,205)	43,392,884	175,258	6,009,391	724,166	24,686,578
Other comprehensive (loss) income during the period		<u>(879,037)</u>	<u>7,022,497</u>	<u>2,061,976</u>	<u>85,828,740</u>	<u>175,258</u>	<u>6,285,925</u>	<u>10,537,172</u>	<u>49,168,005</u>
Total comprehensive income for the period		<u>104,072,876</u>	<u>134,308,934</u>	<u>433,099,483</u>	<u>604,648,257</u>	<u>37,727,018</u>	<u>53,070,610</u>	<u>165,701,044</u>	<u>241,359,491</u>

The accompanying notes on pages 26 to 214 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Notes 5 & 42)	US\$	KHR'000 (Notes 5 & 42)	US\$	KHR'000 (Notes 5 & 42)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2023, as reclassified	433,163,019	1,732,652,076	11,706,215	48,235,459	676,078,984	2,858,819,277	210,138,062	840,375,407	1,331,086,280	5,480,082,219
Profit for the period	-	-	-	-	-	-	104,951,913	431,037,507	104,951,913	431,037,507
<i>Other comprehensive income -</i>										
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	(879,037)	(3,610,205)	-	-	(879,037)	(3,610,205)
Total comprehensive (loss)/income for the period	-	-	-	-	(879,037)	(3,610,205)	104,951,913	431,037,507	104,072,876	427,427,302
Transaction with owners:										
Dividends paid	-	-	-	-	-	-	(72,695,343)	(297,105,865)	(72,695,343)	(297,105,865)
Transfer from retained earnings to regulatory reserves	-	-	-	-	68,525,484	281,434,163	(68,525,484)	(281,434,163)	-	-
Exchange differences	-	-	-	-	-	5,672,181	-	-	-	5,672,181
Total transactions with owners	-	-	-	-	68,525,484	287,106,344	(141,220,827)	(578,540,028)	(72,695,343)	(291,433,684)
As at 30 September 2023	<u>433,163,019</u>	<u>1,732,652,076</u>	<u>11,706,215</u>	<u>48,235,459</u>	<u>743,725,431</u>	<u>3,142,315,416</u>	<u>173,869,148</u>	<u>692,872,886</u>	<u>1,362,463,813</u>	<u>5,616,075,837</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2022, as reclassified	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)
Exchange 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)	-	-
Exchange 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>

The accompanying notes on pages 26 to 214 form an integral part of these interim financial statements.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Note	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the period before income tax		130,632,396	160,058,686	536,507,251	652,399,204
<i>Adjustments for:</i>					
Net impairment losses	10	26,852,233	13,739,149	110,282,120	56,000,771
Depreciation of property and equipment	14	16,382,562	15,272,723	67,283,182	62,251,619
Depreciation of right-of-use assets	16	8,714,759	8,243,830	35,791,515	33,601,851
Seniority indemnity benefits	25(c)	7,578,235	7,137,337	31,123,811	29,091,786
Amortisation of intangible assets	15	1,876,342	2,165,632	7,706,137	8,827,116
Career development expense	25(b)	1,193,007	1,236,918	4,899,680	5,041,678
Provident fund		494,815	-	2,032,205	-
Adjustment in property and equipment		364,663	479,339	1,497,671	1,953,786
Adjustment in intangible assets		97,600	(47,152)	400,843	(192,192)
Unrealised foreign exchange losses/(gains)		6,240	(443,786)	25,628	(1,808,872)
(Reversal of)/provision for retirement benefits	25(a)	(49,526)	2,055,343	(203,403)	8,377,578
Gain on disposals of property and equipment and lease	30	(246,823)	(441,485)	(1,013,702)	(1,799,493)
Dividend income	30	(407,629)	(117,333)	(1,674,132)	(478,249)
Net interest income		(303,082,257)	(319,806,841)	(1,244,758,829)	(1,303,532,684)
Operating loss before changes in working capital					
		(109,593,383)	(110,467,640)	(450,100,023)	(450,266,101)
<i>Changes in:</i>					
Deposits from customers		523,258,119	265,778,888	2,149,021,095	1,083,314,747
Deposits and placements with other banks		12,468,596	(9,291,258)	51,208,524	(37,871,168)
Other assets		(577,672)	(14,475,747)	(2,372,499)	(59,003,145)
Deposits and placements of other banks and financial institutions		(2,572,528)	(52,219,648)	(10,565,372)	(212,847,285)
Other liabilities		(42,023,110)	12,313,886	(172,588,913)	50,191,399
Loans and advances		(163,798,109)	(846,983,495)	(672,718,834)	(3,452,304,726)
Statutory deposits		(170,979,892)	(54,080,647)	(702,214,416)	(220,432,717)
Cash flows from/(used in) operations					
		46,182,021	(809,425,661)	189,669,562	(3,299,218,996)
Interest received		536,182,616	467,902,582	2,202,102,004	1,907,170,924
Provident fund paid		(494,882)	-	(2,032,480)	-
Career development benefits paid	25(b)	(3,872,526)	(7,367)	(15,904,464)	(30,028)
Seniority benefits paid	25(c)	(5,202,198)	(4,991,795)	(21,365,427)	(20,346,556)
Retirement benefits paid	25(a)	(21,920,036)	(87,738)	(90,025,588)	(357,620)
Income tax paid	32(a)	(39,286,539)	(35,849,585)	(161,349,816)	(146,122,908)
Interest paid		(145,482,294)	(105,869,382)	(597,495,781)	(431,523,601)
Net cash from/(used in) operating activities (carried forward to next page)					
		366,106,162	(488,328,946)	1,503,598,010	(1,990,428,785)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Net cash from/(used in) operating activities (brought forward from previous page)	366,106,162	(488,328,946)	1,503,598,010	(1,990,428,785)
Cash flows from investing activities				
Proceeds from matured investments	69,862,124	909,332	286,923,743	3,706,437
Interest received from investments	3,349,946	1,784,510	13,758,228	7,273,663
Dividend received	407,629	117,333	1,674,132	478,249
Proceeds from disposals of property and equipment	268,361	451,874	1,102,159	1,841,838
Purchases of financial investments	-	(186,052,519)	-	(758,350,067)
Purchases of intangible assets	15 (1,771,361)	(1,145,945)	(7,274,980)	(4,670,872)
Purchases of property and equipment	14 (26,370,496)	(17,157,513)	(108,303,627)	(69,934,023)
Net cash from/(used in) investing activities	45,746,203	(201,092,928)	187,879,655	(819,654,775)
Cash flows from financing activities				
Proceeds from borrowings	83,632,503	425,414,946	343,478,690	1,733,991,320
Proceeds from subordinated debts	14,972,500	-	61,492,058	-
Payments of lease liabilities	24 (9,777,464)	(9,058,951)	(40,156,045)	(36,924,284)
Repayments of subordinated debts	(15,000,000)	(15,000,000)	(61,605,000)	(61,140,000)
Interest paid	(55,610,451)	(41,771,430)	(228,392,122)	(170,260,349)
Payments of dividends	(72,695,343)	(58,419,561)	(297,105,865)	(238,118,131)
Repayments of borrowings	(235,869,035)	(133,142,486)	(968,714,127)	(542,688,773)
Net cash (used in)/from financing activities	(290,347,290)	168,022,518	(1,191,002,411)	684,859,783
Net increase/(decrease) in cash and cash equivalents	121,505,075	(521,399,356)	500,475,254	(2,125,223,777)
Cash and cash equivalents at the beginning of the period	1,719,370,446	1,758,380,868	7,078,648,126	7,163,643,656
Exchange differences	-	-	8,965,518	56,706,969
Cash and cash equivalents at the end of the period	34 1,840,875,521	1,236,981,512	7,588,088,898	5,095,126,848

During the nine-month period ended 30 September 2023, the Bank entered into new lease agreements and recognised right-of-use assets amounting to US\$12,559,585 (30 September 2022: US\$9,003,158), and pre-terminated right-of-use assets and lease liabilities amounting to US\$632,712 (30 September 2022: US\$1,167,006) and US\$706,401 (30 September 2022: US\$1,160,921), respectively, and recognised a gain from pretermination amounting to US\$71,169 (30 September 2022: US\$10,328), which is a non-cash transaction.

The accompanying notes on pages 26 to 214 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 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

1. Background information

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

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

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

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

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

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

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

As at 30 September 2023, the Group and the Bank have 13,579 and 12,084 employees, respectively (31 December 2022: 13,582 and 12,083 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;

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)

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

The preparation of 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 Standard ("CIAS") 34, *Interim Financial Reporting*.

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

(b) Adoption of amended accounting standards

(i) Amended accounting standards effective during the period

The Group and the Bank adopted all accounting standards and interpretations as at 30 September 2023. The amended accounting standards assessed to be applicable and have no material impact to the Group's and the Bank's interim financial statements follow:

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)

(i) Amended accounting standards effective during the period (continued)

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

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

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

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

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

The Management does not expect that the adoption of the amendments to the accounting standards listed above will have a material impact on the 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(ii) *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 separate statement of profit or loss and other comprehensive income.

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

(iii) *Disposal of subsidiaries*

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

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

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

(v) *Non-controlling interests*

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(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 Dollar ("US\$" or "USD"), which is the Group's and the Bank's functional and presentation currency.

(ii) *Transactions and balances*

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

(iii) *Group's companies*

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

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

(e) Financial assets and financial liabilities

(i) *Recognition and initial measurement*

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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

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

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

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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 FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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)

Business model assessment (continued)

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and,
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Assessment of whether contractual cash flows are SPPI

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

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

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

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

The Group and the Bank hold a portfolio of long-term fixed-rate loans for which the Group and the Bank have the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision in which the Group and the Bank have an option to either accept the revised rate or redeem the loan at par without penalty. The Group and the Bank have determined that the contractual cash flows of these loans are SPPI because the option varies with the interest rate in consideration for the time value of money, credit risk, and other basic lending risks and costs associated with the principal amount outstanding.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)*

Non-recourse loans

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

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

Reclassifications

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

Financial liabilities

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

(iii) *Derecognition*

Financial assets

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)

(iii) *Derecognition (continued)*

Financial assets (continued)

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

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

Financial liabilities

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

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

Financial assets

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

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- whether any substantial new terms are introduced that will affect the risk profile of the loan;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; and/or,
- insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group or the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place [see (vii) for write-off policy]. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

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

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

Financial liabilities

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

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)

(v) *Offsetting*

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

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

(vi) *Fair value measurement*

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

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) *Impairment*

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

- financial assets that are debt instruments;
- loans and advances;
- financial guarantee contracts issued; and,
- loan commitments issued.

No impairment loss is recognised on equity investments.

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

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 consider a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group and the Bank do not apply the low credit risk exemption to any other financial instruments.

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

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

Measurement of ECL

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

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

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

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

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

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

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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)*

Measurement of ECL (continued)

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

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)*

Restructured financial assets

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

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

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

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

Credit-impaired financial assets

At each reporting date, the Group and the Bank assess whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)*

Credit-impaired financial assets (continued)

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 statement of financial position

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

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

Write-off

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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 (continued)

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

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

Non-integral financial guarantee contracts

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

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

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

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

(viii) *Derivative financial instruments*

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 (continued)*

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

(ix) *Hedge accounting*

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

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

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

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

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

As at the reporting date, the Group and the Bank only have cash flow hedges for its interest rate swap agreements.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)*

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

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

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits and placements with other banks with original 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 statement of financial position.

(g) Loans and advances

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

(h) Financial investments

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(h) Financial investments (continued)

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

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

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

(i) Other assets

Other assets include prepayments and advances, stationery supplies, receivable from Western Union and VISA, income tax receivable, and others.

Prepayments and advances include all kinds of expenditure paid in advance, but for which the underlying asset will not be consumed until a future period and will be cleared subsequently to profit or loss in the relevant reporting period, while advances include all kinds of refundable deposits and advance payments for the purchase of goods or services which will be cleared upon receipt of the goods or services.

Stationery supplies include all items of ordinary and necessary administrative supplies for use in day-to-day operations.

Receivable from Western Union and VISA represents all the balances from fund transfers awaiting settlement by overseas partners as well as by the all kinds of card scheme partners.

Income tax receivable pertains to tax credit that can be offset against tax liability.

Others include all other current assets, the nature of which are not specified above, such as other receivables waiting for clearance, solution, and/or settlement with customers, suppliers, or partners as well as with the other banks.

(j) Share capital and share premium

Share capital and share premium are classified as equity.

Share capital represents the nominal (par) value of shares that have been issued. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

Share premium includes any premiums received on the issuance of share capital. Incremental costs directly attributable to the issuance of new share capital are shown in equity as a deduction from the proceeds, net of tax.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(k) 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.

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 all the dilutive potential common stocks into common stocks.

(l) Property and equipment

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

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

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to the interim statement 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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

	Years
Land improvements	3 to 20
Building and improvements	3 to 20
Leasehold improvements*	3 to 5
Office equipment	3 to 15
Computer equipment	3 to 7
Motor vehicles	3 to 8

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(l) Property and equipment (continued)

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

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

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

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

(m) Intangible assets

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

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

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

(n) Impairment of non-financial assets

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(n) Impairment of non-financial assets (continued)

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

(o) Reserves

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

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

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

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

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

(p) Retained earnings

Retained earnings includes all current and prior period retained profits.

(q) Current and deferred income tax

The tax expense for the 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 where each entity of the Group operates and generates taxable income and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(q) Current and deferred income tax (continued)

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

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

(r) Employee benefits

(i) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for short-term employee benefits. The Group and the Bank recognise a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

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

(ii) Post-employment benefits

The Group and the Bank have various post-employment benefit schemes as summarised below.

Seniority benefits

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

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

Seniority benefits (continued)

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

Retirement benefits

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

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

No separate fund is maintained for the retirement benefits.

The liability is recognised in the interim statement of financial position at the present value of defined benefit obligation at the reporting period using the Projected Unit Credit method to estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods. The Group and the Bank attribute benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expect to pay in the future reporting periods. The present value of the retirement benefit obligation is determined by discounting the estimated future payments using the Bank's long-term fixed deposit interest rate as its reference rate, as there is no deep high-quality corporate bonds or government bonds currently being offered in the market.

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

During the nine-month period ended 30 September 2023, the Group and the Bank amended the Employee Retirement Operating Manual and decided to terminate the retirement benefit plan due to the Group and the Bank have legal obligation required by the Royal Government of Cambodia to pay the seniority benefits and provident fund. Thus, the Group and the Bank have settled the outstanding amounts accrued for the retirement benefits amounting to US\$22,464,315 and US\$21,920,036, respectively; with the remaining balance after the settlement of US\$350,852 and US\$226,845 credited to profit or loss, respectively.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

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

Provident Fund

Provident fund is both the Bank's and employee's obligation. Contributions were made effective 1 October 2022 and these are paid every month to the National Social Security Fund. For the first five years, contribution to the fund is set at 4% (from KHR400,000 to KHR1,200,000 equivalent US\$97 to US\$291, respectively), which is paid both by the Bank and its employees at 2% each (see Note 25).

Career development benefits

The Bank and its subsidiaries provide career development benefits to their employees ranging from US\$1,250 to US\$6,250 based on the management position level except for ABL which provides career development benefits to its employees ranging from LAK7,947,000 (equivalent to US\$417) to LAK 23,372,500 (equivalent to US\$1,226) based on the management position level.

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

The liability is recognised in the interim statement of financial position at the present value of employee benefit obligation at the end of each reporting period using the Projected Unit Credit method. The present value is determined by discounting the estimated future payments by reference to three-year fixed deposit interest rate, as the period of the benefit entitlement is three years.

(s) Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of obligation can be reliably estimated.

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(t) Interest

Effective interest rate

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

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

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

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

Amortised cost and gross carrying amount

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

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

Calculation of interest income and interest expense

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(t) Interest (continued)

Presentation

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

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;
- 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 statement of profit or loss and other comprehensive income includes:

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

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

(u) Fee and commission

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

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

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

A contract with a customer that results in a recognised financial instrument in the Group's and the Bank's interim financial statements may be partially in the scope of CIFRS 9, *Financial Instruments*, and partially in the scope of CIFRS 15, *Revenue from Contracts with Customers*. If this is the case, then the Group and the Bank first apply CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then apply CIFRS 15 to the residual.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(v) Recognition of fee and other income

(i) *Dividends*

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

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.

(ii) *Training and consultancy services*

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

(w) Leases

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

As a lessee

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(w) Leases (continued)

As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group and the Bank use an incremental borrowing rate. Practically, the Group and the Bank used the incremental borrowing rate as the discount rate to measure its right-of-use assets and lease liabilities.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's and the Bank's estimate of the amount expected to be payable under a residual value guarantee; if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment; or a lease contract is modified and the lease modification is not accounted for as a separate lease. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(x) Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank's interim financial statements. Contingent assets should be disclosed where an inflow of economic benefits is probable.

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.

(y) Events after the reporting period

The Group and the Bank identify events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the 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.

(z) Segment reporting

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

2. Summary of significant accounting policies (continued)

(z) 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 2023 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 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
<u>Financial position:</u>				
Current assets	1,192,827	1,538,723	4,916,833	6,334,923
Non-current assets	31,536,947	32,117,464	129,995,296	132,227,599
Total assets	32,729,774	33,656,187	134,912,129	138,562,522
Current liabilities	2,567,712	2,134,580	10,584,109	8,788,066
Non-current liabilities	4,496,456	5,600,054	18,534,392	23,055,422
Total liabilities	7,064,168	7,734,634	29,118,501	31,843,488
Equity	25,665,606	25,921,553	105,793,628	106,719,034
Ownership and voting interest held by				
non-controlling interest	23.391%	23.391%	23.391%	23.391%
Equity attributable to:				
Equity holders of the Parent	19,662,164	19,858,243	81,047,440	81,756,385
Non-controlling interest	6,003,442	6,063,310	24,746,188	24,962,649

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

3. Composition of the Group (continued)

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

	For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
<u>Results of operations:</u>				
Revenue	3,793,075	4,139,448	15,578,159	16,872,390
Costs and expenses	(4,049,022)	(3,799,532)	(16,629,333)	(15,486,892)
(Loss)/profit for the period	(255,947)	339,916	(1,051,174)	1,385,498
Total comprehensive (loss)/income for the period	(255,947)	318,496	(1,051,174)	1,298,190
<u>(Loss)/profit attributable to:</u>				
Equity holders of the Parent	(196,078)	260,406	(805,292)	1,061,415
Non-controlling interest	(59,869)	79,510	(245,882)	324,083
<u>Total comprehensive (loss)/income for the period attributable to:</u>				
Equity holders of the Parent	(196,078)	243,997	(805,292)	994,532
Non-controlling interest	(59,869)	74,499	(245,882)	303,658
Dividends paid to non-controlling interest	-	-	-	-
<u>Cash flows:</u>				
Net cash inflows from operating activities	694,474	1,092,293	2,852,205	4,452,186
Net cash outflows from investing activities	(62,821)	(50,840)	(258,006)	(207,224)
Net cash outflows from financing activities	(951,247)	(955,648)	(3,906,771)	(3,895,221)
Net cash (outflows)/inflows	(319,594)	85,805	(1,312,572)	349,741

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 interim results and interim 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 in the succeeding page.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

(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 are included in the following notes:

- Note 2(e)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 38.1(f): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.
- The long-term fixed deposit rate on deposits from customers is used as the discount rate for calculating lease liabilities (as the incremental borrowing rate) and the defined benefit obligations.

Functional currency

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

Leases

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

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

Post-employment benefits

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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

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

Impairment of financial and non-financial assets

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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)

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

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

As at 30 September 2023, the Management believes that the recoverable amounts of its equity investments and non-financial assets, exceed their carrying amounts. Accordingly, no impairment loss was recognised.

Coronavirus and continuing impact on ECL

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

Post-employment benefits

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

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income together with future tax planning strategies.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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)

Taxes

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

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

Estimating cost of right-of-use assets and lease liabilities

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

Lease liabilities are measured at the present value of lease payments to be made over the lease term. In calculating the lease liabilities, the Group and the Bank use its average incremental borrowing rate which is based on long-term fixed deposit interest rate at the time of the commencement of the lease term.

Estimating useful lives of assets

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

Fair value measurement

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 39).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

5. Translation of United States Dollar 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 using the closing rate as at the reporting date. The interim statement of profit or loss and other comprehensive income and the interim statement of cash flows are translated into KHR using the applicable average rates for the three-month or nine-month periods. Exchange differences arising from the translation are recognised as “Currency translation differences” in the other comprehensive income.

The Group and the Bank have used the following exchange rates:

			Closing rate	Average rate (nine-month)	Average rate (three-month)
30 September 2023	US\$1	=	KHR4,122	KHR4,107	KHR4,132
30 September 2022	US\$1	=	KHR4,119	KHR4,076	KHR4,108
31 December 2022	US\$1	=	KHR4,117		

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

6. Segment information

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

(a) Business segments

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

- *Lending* - provides loans to individual, group, and corporate as well as financial institutions. Products offered depend on the purpose, feature and size, such as group loan, small loan, medium loan, housing loan, car loan, motor loan, overdraft loan, revolving loan, financial lease, trade finance loan, etc.
- *Other financial services* - provides other services such as foreign exchange transaction, debit & credit card issuing and acquiring service, fund transfer (local & overseas), and cash management services (such as payroll, cash collection, bills payment, top-up and standing order). These services are leaning toward modernising the digital banking services via mobile application, internet banking and e-commerce as well as other digital ways.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm’s length basis.

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 follows:

	For the nine-month period ended						For the nine-month period ended					
	30 September 2023						30 September 2022					
	Lending		Other financial services		Total		Lending		Other financial services		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)	
Revenues												
Interest income	561,178,478	2,304,760,009	-	-	561,178,478	2,304,760,009	492,875,091	2,008,958,871	-	-	492,875,091	2,008,958,871
Interest expense	(241,930,949)	(993,610,408)	-	-	(241,930,949)	(993,610,408)	(155,118,380)	(632,262,517)	-	-	(155,118,380)	(632,262,517)
Net interest income	319,247,529	1,311,149,601	-	-	319,247,529	1,311,149,601	337,756,711	1,376,696,354	-	-	337,756,711	1,376,696,354
Non-interest income	-	-	54,617,300	224,313,251	54,617,300	224,313,251	-	-	56,197,782	229,062,160	56,197,782	229,062,160
Total net revenues	319,247,529	1,311,149,601	54,617,300	224,313,251	373,864,829	1,535,462,852	337,756,711	1,376,696,354	56,197,782	229,062,160	393,954,493	1,605,758,514
	For the three-month period ended						For the three-month period ended					
	30 September 2023						30 September 2022					
	Lending		Other financial services		Total		Lending		Other financial services		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)	
Revenues												
Interest income	189,214,369	781,833,773	-	-	189,214,369	781,833,773	170,835,509	701,792,271	-	-	170,835,509	701,792,271
Interest expense	(83,505,366)	(345,044,172)	-	-	(83,505,366)	(345,044,172)	(56,657,441)	(232,748,768)	-	-	(56,657,441)	(232,748,768)
Net interest income	105,709,003	436,789,601	-	-	105,709,003	436,789,601	114,178,068	469,043,503	-	-	114,178,068	469,043,503
Non-interest income	-	-	18,381,530	75,952,482	18,381,530	75,952,482	-	-	18,194,694	74,743,803	18,194,694	74,743,803
Total net revenues	105,709,003	436,789,601	18,381,530	75,952,482	124,090,533	512,742,083	114,178,068	469,043,503	18,194,694	74,743,803	132,372,762	543,787,306

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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) follows:

	For the nine-month period ended								For the nine-month period ended							
	30 September 2023								30 September 2022							
	Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total		Kingdom of Cambodia		Lao PDR		Republic Union of Myanmar		Total	
US\$	KHR000	US\$	KHR000	US\$	KHR000	US\$	KHR000	US\$	KHR000	US\$	KHR000	US\$	KHR000	US\$	KHR000	
	(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)	
Profit or loss																
Total income	592,954,106	2,435,262,513	19,926,622	81,838,637	4,726,467	19,411,603	617,607,195	2,536,512,753	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
Total expense	(488,207,210)	(2,005,067,011)	(13,884,343)	(57,022,997)	(4,013,344)	(16,482,806)	(506,104,897)	(2,078,572,814)	(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)
Net profit	104,746,896	430,195,502	6,042,279	24,815,640	713,123	2,928,797	111,502,298	457,939,939	128,034,910	521,870,293	4,689,151	19,112,980	307,601	1,253,782	133,031,662	542,237,055
Other segment information																
Depreciation and amortisation	27,628,878	113,471,802	830,797	3,412,083	155,669	639,333	28,615,344	117,523,218	26,372,322	107,493,584	1,096,770	4,470,435	214,952	876,144	27,684,044	112,840,163

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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.

	For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Revenues				
Total segment revenues	617,607,195	551,629,862	2,536,512,753	2,248,443,318
Elimination of intersegment revenues	(1,811,417)	(2,556,989)	(7,439,493)	(10,422,287)
Group net revenues as reported in profit or loss	615,795,778	549,072,873	2,529,073,260	2,238,021,031
Profit or loss				
Total segment profit	111,502,298	133,031,662	457,939,939	542,237,055
Elimination of intersegment profit	(48,985)	5,605	(201,184)	22,847
Group net profit as reported in profit or loss	111,453,313	133,037,267	457,738,755	542,259,902
	For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Revenues				
Total segment revenues	207,938,746	189,788,806	859,202,898	779,652,415
Elimination of intersegment revenues	(342,847)	(758,603)	(1,416,643)	(3,116,341)
Group net revenues as reported in profit or loss	207,595,899	189,030,203	857,786,255	776,536,074
Profit or loss				
Total segment profit	39,883,808	49,382,288	164,799,895	202,862,439
Elimination of intersegment profit	(19,819)	37,334	(81,892)	153,368
Group net profit as reported in profit or loss	39,863,989	49,419,622	164,718,003	203,015,807

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

6. Segment information (continued)

(d) Reconciliation (continued)

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

	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Assets				
Total segment assets	9,495,403,957	9,130,490,377	39,140,055,111	37,590,228,880
Elimination of intersegment assets	(97,585,478)	(99,327,071)	(402,247,340)	(408,929,551)
Total assets	<u>9,397,818,479</u>	<u>9,031,163,306</u>	<u>38,737,807,771</u>	<u>37,181,299,329</u>
Liabilities				
Total segment liabilities	8,057,006,178	7,722,909,407	33,210,979,467	31,795,218,029
Elimination of intersegment liabilities	(6,603,293)	(8,393,921)	(27,218,774)	(34,557,774)
Total liabilities	<u>8,050,402,885</u>	<u>7,714,515,486</u>	<u>33,183,760,693</u>	<u>31,760,660,255</u>
For the nine-month period ended				
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Other segment information				
Total segment depreciation and amortisation	28,615,344	27,684,044	117,523,218	112,840,163
Elimination of intersegment depreciation and amortisation	(13,779)	(10,378)	(56,591)	(42,301)
Total depreciation and amortisation	<u>28,601,565</u>	<u>27,673,666</u>	<u>117,466,627</u>	<u>112,797,862</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

6. Segment information (continued)

(d) Reconciliation (continued)

	For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Other segment information				
Total segment depreciation and amortisation	9,911,829	15,017,268	40,955,677	61,690,937
Elimination of intersegment depreciation and amortisation	(4,644)	(10,378)	(19,188)	(42,633)
Total depreciation and amortisation	<u>9,907,185</u>	<u>15,006,890</u>	<u>40,936,489</u>	<u>61,648,304</u>

7. Cash on hand

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
By currency:								
In USD	346,817,606	347,641,854	1,429,582,172	1,431,241,513	345,394,268	346,175,903	1,423,715,173	1,425,206,193
In KHR	130,911,315	113,035,256	539,616,440	465,366,149	130,898,479	113,025,660	539,563,530	465,326,642
In THB	26,786,911	25,283,928	110,415,647	104,093,932	25,347,790	23,581,457	104,483,590	97,084,858
In Euro	3,440,905	1,819,435	14,183,410	7,490,614	3,432,805	1,813,640	14,150,022	7,466,756
In other currencies	8,012,677	9,246,568	33,028,256	38,068,120	2,470,373	2,068,823	10,182,878	8,517,345
	<u>515,969,414</u>	<u>497,027,041</u>	<u>2,126,825,925</u>	<u>2,046,260,328</u>	<u>507,543,715</u>	<u>486,665,483</u>	<u>2,092,095,193</u>	<u>2,003,601,794</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

8. Deposits and placements with other banks, net

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Balances with local banks:								
National Bank of Cambodia	610,240,397	493,778,912	2,515,410,916	2,032,887,781	610,240,397	493,778,912	2,515,410,916	2,032,887,781
Other banks	26,281,058	68,717,001	108,330,521	282,907,893	26,281,058	68,717,001	108,330,521	282,907,893
	<u>636,521,455</u>	<u>562,495,913</u>	<u>2,623,741,437</u>	<u>2,315,795,674</u>	<u>636,521,455</u>	<u>562,495,913</u>	<u>2,623,741,437</u>	<u>2,315,795,674</u>
Balances with overseas banks:								
Bank of Lao PDR	24,041,369	15,024,630	99,098,523	61,856,402	-	-	-	-
Other banks	401,792,178	269,389,900	1,656,187,358	1,109,078,218	400,151,974	266,123,757	1,649,426,437	1,095,631,508
	<u>425,833,547</u>	<u>284,414,530</u>	<u>1,755,285,881</u>	<u>1,170,934,620</u>	<u>400,151,974</u>	<u>266,123,757</u>	<u>1,649,426,437</u>	<u>1,095,631,508</u>
Total balances with local and overseas banks	1,062,355,002	846,910,443	4,379,027,318	3,486,730,294	1,036,673,429	828,619,670	4,273,167,874	3,411,427,182
Allowance for impairment losses	(62,190)	(308,268)	(256,347)	(1,269,140)	(13,228)	(223,245)	(54,525)	(919,100)
	<u>1,062,292,812</u>	<u>846,602,175</u>	<u>4,378,770,971</u>	<u>3,485,461,154</u>	<u>1,036,660,201</u>	<u>828,396,425</u>	<u>4,273,113,349</u>	<u>3,410,508,082</u>
Current	1,062,292,812	846,602,175	4,378,770,971	3,485,461,154	1,036,660,201	828,396,425	4,273,113,349	3,410,508,082
Non-current	-	-	-	-	-	-	-	-
	<u>1,062,292,812</u>	<u>846,602,175</u>	<u>4,378,770,971</u>	<u>3,485,461,154</u>	<u>1,036,660,201</u>	<u>828,396,425</u>	<u>4,273,113,349</u>	<u>3,410,508,082</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

a) By account types

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Balances with local banks:								
Current accounts	610,551,110	494,834,864	2,516,691,675	2,037,235,135	610,551,110	494,834,864	2,516,691,675	2,037,235,135
Fixed deposits	25,970,345	67,661,049	107,049,762	278,560,539	25,970,345	67,661,049	107,049,762	278,560,539
	<u>636,521,455</u>	<u>562,495,913</u>	<u>2,623,741,437</u>	<u>2,315,795,674</u>	<u>636,521,455</u>	<u>562,495,913</u>	<u>2,623,741,437</u>	<u>2,315,795,674</u>
Balances with overseas banks:								
Current accounts	315,229,623	154,018,565	1,299,376,506	634,094,432	290,054,899	136,028,251	1,195,606,294	560,028,309
Fixed deposits	110,603,924	130,395,965	455,909,375	536,840,188	110,097,075	130,095,506	453,820,143	535,603,199
	<u>425,833,547</u>	<u>284,414,530</u>	<u>1,755,285,881</u>	<u>1,170,934,620</u>	<u>400,151,974</u>	<u>266,123,757</u>	<u>1,649,426,437</u>	<u>1,095,631,508</u>
Total balances with local and overseas banks	1,062,355,002	846,910,443	4,379,027,318	3,486,730,294	1,036,673,429	828,619,670	4,273,167,874	3,411,427,182
Allowance for impairment losses	(62,190)	(308,268)	(256,347)	(1,269,140)	(13,228)	(223,245)	(54,525)	(919,100)
	<u>1,062,292,812</u>	<u>846,602,175</u>	<u>4,378,770,971</u>	<u>3,485,461,154</u>	<u>1,036,660,201</u>	<u>828,396,425</u>	<u>4,273,113,349</u>	<u>3,410,508,082</u>

b) By interest rate (per annum)

	The Group		The Bank	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.00% - 0.75%	0.00% - 0.50%	Nil	Nil
Fixed deposits	1.55% - 7.50%	0.14% - 7.50%	4.34% - 6.95%	0.14% - 6.00%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

c) By maturity

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
On demand	1,035,877,808	648,853,430	4,269,888,324	2,671,329,572	1,010,703,084	630,863,115	4,166,118,112	2,597,263,445
Within 1 month	25,970,345	102,998,141	107,049,762	424,043,346	25,970,345	102,697,683	107,049,762	422,806,361
Between 2 to 3 months	506,849	95,058,872	2,089,232	391,357,376	-	95,058,872	-	391,357,376
Between 4 to 6 months	-	-	-	-	-	-	-	-
Between 7 to 12 months	-	-	-	-	-	-	-	-
	<u>1,062,355,002</u>	<u>846,910,443</u>	<u>4,379,027,318</u>	<u>3,486,730,294</u>	<u>1,036,673,429</u>	<u>828,619,670</u>	<u>4,273,167,874</u>	<u>3,411,427,182</u>

9. Financial investments, net

	Note	The Group				The Bank			
		30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Unlisted equity securities at FVOCI	(a)								
Credit Bureau Holding (Cambodia) Ltd.		153,529	153,529	632,847	632,079	153,529	153,529	632,847	632,079
SWIFT		36,141	36,141	148,973	148,792	36,141	36,141	148,973	148,792
Total financial investments at FVOCI		<u>189,670</u>	<u>189,670</u>	<u>781,820</u>	<u>780,871</u>	<u>189,670</u>	<u>189,670</u>	<u>781,820</u>	<u>780,871</u>
Unquoted financial investments at amortised cost									
Negotiable Certificate of Deposits with the NBC	(b)	304,402,102	519,982,197	1,254,745,464	2,140,766,705	304,402,102	519,982,197	1,254,745,464	2,140,766,705
Debt securities	(c)	62,292,858	36,481,870	256,771,161	150,195,859	62,292,858	36,481,870	256,771,161	150,195,859
		366,694,960	556,464,067	1,511,516,625	2,290,962,564	366,694,960	556,464,067	1,511,516,625	2,290,962,564
ECL Allowance		(629,260)	(616,205)	(2,593,810)	(2,536,916)	(629,260)	(616,205)	(2,593,810)	(2,536,916)
Total financial investments at amortised cost		<u>366,065,700</u>	<u>555,847,862</u>	<u>1,508,922,815</u>	<u>2,288,425,648</u>	<u>366,065,700</u>	<u>555,847,862</u>	<u>1,508,922,815</u>	<u>2,288,425,648</u>
Total financial investments		<u>366,255,370</u>	<u>556,037,532</u>	<u>1,509,704,635</u>	<u>2,289,206,519</u>	<u>366,255,370</u>	<u>556,037,532</u>	<u>1,509,704,635</u>	<u>2,289,206,519</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

9. Financial investments, net (continued)

- (a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly owned at 5% and indirectly owned at 1% through the Association of Banks in Cambodia. As at 30 September 2023, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (31 December 2022: US\$153,529) and the Bank's investment in Society for Worldwide Interbank Financial Telecommunications ("SWIFT") is valued at cost amounting to US\$36,141 (31 December 2022: US\$36,141) as the Management believes the cost of these investments approximates its fair value. Dividend income received from CBC during the nine-month period ended 30 September 2023 amounted to KHR1,662,534,720 (US\$407,629) (30 September 2022: KHR475,200,000 (US\$117,333)).
- (b) As at 30 September 2023, the Bank has pledged negotiable certificate of deposits ("NCD") amounting to US\$4,246,835 (31 December 2022: US\$22,400,230) with the NBC as collateral for settlement clearing facility. As at 30 September 2023, the other NCD amounting to US\$300,155,267 (31 December 2022: US\$497,581,967) with the NBC is made for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to twelve months. As at 30 September 2023, the Bank is yet to utilise the overdraft on the settlement clearing facility.
- (c) On 12 January 2022, the Bank invested in a corporate debt security with a face value of US\$30,000,000 guaranteed by Overseas Cambodian Investment Corporation Ltd, a third party. The debt security earns an interest at the rate of 5.5% per annum and will mature on 11 January 2025. As at 30 September 2023, the carrying amount of this investment is US\$31,188,904 (31 December 2022: US\$31,600,274)

On 9 September 2022, the Bank bought 20,000 sheets of government bonds from the Ministry of Economy and Finance ("MEF") with a face value of KHR1,000,000 per sheet. The bonds earn an interest of 2% per annum with yield to maturity at the rate of 2.20% per annum and a tenure of 12 months and have matured on 9 September 2023. On 27 January 2023, the Bank bought more 20,000 sheets of government bonds from the MEF with a face value of KHR1,000,000 per sheet. The bonds earn an interest of 3.48% per annum with a yield to maturity at the rate of 3.60% per annum and a tenure of 1 year and will mature on 27 January 2024. On 24 February 2023, the Bank bought more 60,000 sheets of government bonds from the MEF with a face value of KHR1,000,000 per sheet. The bonds earn an interest of 4% per annum with a yield to maturity at the rate of 4.10% per annum and a tenure of 2 years and will mature on 24 February 2025. On 18 August 2023, the Bank bought more 20,000 sheets of government bonds from the MEF with a face value of KHR1,000,000 per sheet. The bonds earn an interest of 4% per annum with a yield to maturity at the rate of 4.30% per annum and a tenure of 2 years and will mature on 18 August 2025. On 22 September 2023, the Bank bought more 8,000 sheets of government bonds from the MEF with a face value of KHR1,000,000 per sheet. The bonds earn an interest of 4.50% per annum with a yield to maturity at the rate of 5.20% per annum and a tenure of 3 years and will mature on 22 September 2026. These bond investments are guaranteed by the Cambodian Government. The bond investments are valued at amortised cost due to the purpose of earning interest at the maturity date only and the cash flows are expected to be collected at future specific dates. As at 30 September 2023, the amortised cost of the investments in government bonds is KHR128,210,498,187 (US\$31,103,954) (31 December 2022: KHR20,097,529,580 (US\$4,881,596)).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 1 month	159,766,291	499,182,241	658,556,651	2,055,133,286	159,766,291	499,182,241	658,556,651	2,055,133,286
Between 2 to 3 months	138,112,170	22,132,777	569,298,365	91,120,643	138,112,170	22,132,777	569,298,365	91,120,643
Between 4 to 6 months	11,549,578	300,698	47,607,361	1,237,974	11,549,578	300,698	47,607,361	1,237,974
Between 7 to 12 months	6,010,650	4,848,351	24,775,899	19,960,661	6,010,650	4,848,351	24,775,899	19,960,661
More than 12 months	51,256,271	30,000,000	211,278,349	123,510,000	51,256,271	30,000,000	211,278,349	123,510,000
	<u>366,694,960</u>	<u>556,464,067</u>	<u>1,511,516,625</u>	<u>2,290,962,564</u>	<u>366,694,960</u>	<u>556,464,067</u>	<u>1,511,516,625</u>	<u>2,290,962,564</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

10. Loans and advances, net

	The Group											
	30 September 2023			31 December 2022			30 September 2023			31 December 2022		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
						(Note 5)			(Note 5)			
Small Loan	2,996,105,011	26,854,260	2,969,250,751	2,868,926,918	22,413,324	2,846,513,594	12,349,944,855	110,693,260	12,239,251,595	11,811,372,121	92,275,655	11,719,096,466
Medium Loan	2,380,446,339	18,900,991	2,361,545,348	2,507,150,225	14,113,589	2,493,036,636	9,812,199,809	77,909,885	9,734,289,924	10,321,937,476	58,105,646	10,263,831,830
Personal & Others Loan	415,107,043	2,958,736	412,148,307	262,623,532	1,700,385	260,923,147	1,711,071,232	12,195,909	1,698,875,323	1,081,221,081	7,000,485	1,074,220,596
Staff Loan	293,582,466	64,152	293,518,314	289,854,485	82,333	289,772,152	1,210,146,925	264,435	1,209,882,490	1,193,330,915	338,965	1,192,991,950
Overdraft Loan	155,506,056	506,183	154,999,873	161,555,205	310,254	161,244,951	640,995,963	2,086,486	638,909,477	665,122,779	1,277,316	663,845,463
Public Housing Loan	155,349,381	885,461	154,463,920	153,915,879	1,086,746	152,829,133	640,350,148	3,649,870	636,700,278	633,671,674	4,474,133	629,197,541
Credit Card Loan	80,263,574	1,860,283	78,403,291	63,294,403	1,101,478	62,192,925	330,846,452	7,668,087	323,178,365	260,583,057	4,534,785	256,048,272
Revolving Loan	24,079,957	176,874	23,903,083	41,060,604	72,286	40,988,318	99,257,583	729,075	98,528,508	169,046,507	297,601	168,748,906
Staff Housing Loan	30,414,325	27,703	30,386,622	29,013,820	29,394	28,984,426	125,367,848	114,192	125,253,656	119,449,897	121,015	119,328,882
Home Improvement Loan	21,671,568	992,275	20,679,293	23,246,999	1,312,237	21,934,762	89,330,203	4,090,158	85,240,045	95,707,895	5,402,480	90,305,415
Trade Loan	16,938,310	59,086	16,879,224	21,006,685	20,636	20,986,049	69,819,714	243,552	69,576,162	86,484,522	84,958	86,399,564
	<u>6,569,464,030</u>	<u>53,286,004</u>	<u>6,516,178,026</u>	<u>6,421,648,755</u>	<u>42,242,662</u>	<u>6,379,406,093</u>	<u>27,079,330,732</u>	<u>219,644,909</u>	<u>26,859,685,823</u>	<u>26,437,927,924</u>	<u>173,913,039</u>	<u>26,264,014,885</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

10. Loans and advances, net (continued)

	The Bank											
	30 September 2023			31 December 2022			30 September 2023			31 December 2022		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)
Small Loan	2,875,822,776	11,598,011	2,864,224,765	2,748,136,582	9,619,193	2,738,517,389	11,854,141,483	47,807,001	11,806,334,482	11,314,078,308	39,602,218	11,274,476,090
Medium Loan	2,370,530,627	18,848,350	2,351,682,277	2,499,495,011	14,081,544	2,485,413,467	9,771,327,244	77,692,899	9,693,634,345	10,290,420,960	57,973,717	10,232,447,243
Personal & Others Loan	412,108,744	2,899,178	409,209,566	258,973,137	1,652,271	257,320,866	1,698,712,243	11,950,411	1,686,761,832	1,066,192,406	6,802,399	1,059,390,007
Staff Loan	289,342,211	48,702	289,293,509	285,038,052	71,760	284,966,292	1,192,668,594	200,750	1,192,467,844	1,173,501,660	295,436	1,173,206,224
Overdraft Loan	154,730,245	503,625	154,226,620	160,552,411	308,800	160,243,611	637,798,070	2,075,942	635,722,128	660,994,276	1,271,330	659,722,946
Public Housing Loan	152,915,932	859,906	152,056,026	151,376,678	1,083,712	150,292,966	630,319,472	3,544,533	626,774,939	623,217,783	4,461,642	618,756,141
Credit Card Loan	80,263,574	1,860,283	78,403,291	63,294,403	1,101,478	62,192,925	330,846,452	7,668,087	323,178,365	260,583,057	4,534,785	256,048,272
Revolving Loan	24,079,957	176,874	23,903,083	41,060,604	72,286	40,988,318	99,257,583	729,075	98,528,508	169,046,507	297,601	168,748,906
Staff Housing Loan	30,342,290	27,696	30,314,594	28,972,643	29,389	28,943,254	125,070,919	114,163	124,956,756	119,280,371	120,995	119,159,376
Trade Loan	16,938,310	59,086	16,879,224	21,006,685	20,636	20,986,049	69,819,714	243,552	69,576,162	86,484,522	84,958	86,399,564
Home Improvement Loan	12,898,635	99,506	12,799,129	16,520,247	115,899	16,404,348	53,168,173	410,164	52,758,009	68,013,857	477,156	67,536,701
	<u>6,419,973,301</u>	<u>36,981,217</u>	<u>6,382,992,084</u>	<u>6,274,426,453</u>	<u>28,156,968</u>	<u>6,246,269,485</u>	<u>26,463,129,947</u>	<u>152,436,577</u>	<u>26,310,693,370</u>	<u>25,831,813,707</u>	<u>115,922,237</u>	<u>25,715,891,470</u>

(a) Loans and advances in gross amount by maturity

	The Group				The Bank			
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
Within 1 year	1,574,760,973	1,591,146,359	6,491,164,731	6,550,749,560	1,521,464,898	1,536,853,536	6,271,478,310	6,327,226,008
Later than 1 year but not later than 3 years	2,230,481,085	2,193,502,533	9,194,043,032	9,030,649,928	2,181,688,009	2,136,109,587	8,992,917,973	8,794,363,170
Later than 3 years but not later than 5 years	1,521,552,088	1,583,979,594	6,271,837,707	6,521,243,988	1,495,349,589	1,557,305,827	6,163,831,006	6,411,428,090
Later than 5 years	1,242,669,884	1,053,020,269	5,122,285,262	4,335,284,448	1,221,470,805	1,044,157,503	5,034,902,658	4,298,796,439
	<u>6,569,464,030</u>	<u>6,421,648,755</u>	<u>27,079,330,732</u>	<u>26,437,927,924</u>	<u>6,419,973,301</u>	<u>6,274,426,453</u>	<u>26,463,129,947</u>	<u>25,831,813,707</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Allowance for/(reversal of) impairment losses on:								
Loans and advances	30,301,148	19,343,763	124,446,815	78,845,178	27,076,861	12,980,569	111,204,668	52,908,799
Deposits and placements with other banks	(228,908)	16,370	(940,125)	66,724	(198,545)	209,235	(815,425)	852,842
Other receivables	(38,625)	21,166	(158,633)	86,273	(27,076)	1,616	(111,201)	6,587
Investments in debt securities	13,054	608,095	53,613	2,478,595	13,054	608,095	53,613	2,478,595
	30,046,669	19,989,394	123,401,670	81,476,770	26,864,294	13,799,515	110,331,655	56,246,823
Off-balance sheet commitments	1,680	(2,441)	6,900	(9,950)	(12,061)	(60,366)	(49,535)	(246,052)
	<u>30,048,349</u>	<u>19,986,953</u>	<u>123,408,570</u>	<u>81,466,820</u>	<u>26,852,233</u>	<u>13,739,149</u>	<u>110,282,120</u>	<u>56,000,771</u>
	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Allowance for/(reversal of) impairment losses on:								
Loans and advances	7,219,500	1,350,638	29,830,973	5,548,421	7,012,475	375,151	28,975,547	1,541,120
Deposits and placements with other banks	(520,299)	146,137	(2,149,875)	600,331	(445,513)	184,762	(1,840,860)	759,002
Other receivables	(2,670)	(2,751)	(11,032)	(11,301)	(1,050)	584	(4,339)	2,399
Investments in debt securities	-	8,109	-	33,311	-	8,109	-	33,312
	6,696,531	1,502,133	27,670,066	6,170,762	6,565,912	568,606	27,130,348	2,335,833
Off-balance sheet commitments	491	1,109	2,029	4,556	(2,750)	(5,310)	(11,363)	(21,813)
	<u>6,697,022</u>	<u>1,503,242</u>	<u>27,672,095</u>	<u>6,175,318</u>	<u>6,563,162</u>	<u>563,296</u>	<u>27,118,985</u>	<u>2,314,020</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

10. Loans and advances, net (continued)

Movements in allowance for impairment losses on loans and advances during the period were as follows:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	42,242,662	34,621,074	173,913,039	141,046,256	28,156,968	22,588,505	115,922,237	92,025,571
Allowance for impairment losses during the period	30,301,148	19,343,763	124,446,815	78,845,178	27,076,861	12,980,569	111,204,668	52,908,799
Written off during the period	(18,942,780)	(2,143,317)	(77,797,997)	(8,736,160)	(18,251,261)	(770,205)	(74,957,929)	(3,139,356)
Currency translation differences	(315,026)	(3,544,300)	(1,293,812)	(14,446,567)	(1,351)	(253,767)	(5,549)	(1,034,354)
Exchange differences	-	-	376,864	2,145,162	-	-	273,150	1,530,615
At the end of the period	53,286,004	48,277,220	219,644,909	198,853,869	36,981,217	34,545,102	152,436,577	142,291,275

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	54,712,204	49,461,160	225,961,402	201,306,923	38,202,283	34,723,238	157,775,429	141,323,579
Allowance for impairment losses during the period	7,219,500	1,350,638	29,830,974	5,548,421	7,012,475	375,151	28,975,547	1,541,120
Written off during the period	(8,555,673)	(772,037)	(35,352,041)	(3,171,528)	(8,274,067)	(488,673)	(34,188,445)	(2,007,469)
Currency translation differences	(90,027)	(1,762,541)	(371,992)	(7,240,518)	40,526	(64,614)	167,453	(265,434)
Exchange differences	-	-	(423,434)	2,410,571	-	-	(293,407)	1,699,479
At the end of the period	53,286,004	48,277,220	219,644,909	198,853,869	36,981,217	34,545,102	152,436,577	142,291,275

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

11. Other assets

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Prepayments and advances	16,350,324	13,054,273	67,396,036	53,744,442	16,120,357	12,353,023	66,448,112	50,857,396
Stationery supplies	5,623,452	4,314,109	23,179,869	17,761,187	5,412,367	4,111,810	22,309,777	16,928,322
Income tax receivable	4,736,311	3,248,578	19,523,074	13,374,396	4,678,011	3,164,522	19,282,761	13,028,337
Receivable from Western Union and VISA	1,879,803	2,344,641	7,748,548	9,652,887	1,870,017	2,310,933	7,708,210	9,514,111
Others	50,467,238	55,908,562	208,025,956	230,175,549	50,039,411	55,738,749	206,262,454	229,476,431
	<u>79,057,128</u>	<u>78,870,163</u>	<u>325,873,483</u>	<u>324,708,461</u>	<u>78,120,163</u>	<u>77,679,037</u>	<u>322,011,314</u>	<u>319,804,597</u>
ECL Allowance	(13,089)	(51,597)	(53,954)	(212,425)	(9,943)	(36,902)	(40,986)	(151,926)
Total	<u>79,044,039</u>	<u>78,818,566</u>	<u>325,819,529</u>	<u>324,496,036</u>	<u>78,110,220</u>	<u>77,642,135</u>	<u>321,970,328</u>	<u>319,652,671</u>
Current	63,036,817	65,079,070	259,837,760	267,930,531	62,385,823	64,194,634	257,154,364	264,289,309
Non-current	16,007,222	13,739,496	65,981,769	56,565,505	15,724,397	13,447,501	64,815,964	55,363,362
	<u>79,044,039</u>	<u>78,818,566</u>	<u>325,819,529</u>	<u>324,496,036</u>	<u>78,110,220</u>	<u>77,642,135</u>	<u>321,970,328</u>	<u>319,652,671</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

12. Statutory deposits

	Note	The Group				The Bank			
		30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
		US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
With the Central Bank	(a)	650,535,968	479,556,076	2,681,509,260	1,974,332,365	650,535,968	479,556,076	2,681,509,260	1,974,332,365
With Other Central Bank	(b)	4,832,845	2,532,022	19,920,989	10,424,333	-	-	-	-
Others	(c)	242,601	242,895	1,000,000	1,000,000	-	-	-	-
		<u>655,611,414</u>	<u>482,330,993</u>	<u>2,702,430,249</u>	<u>1,985,756,698</u>	<u>650,535,968</u>	<u>479,556,076</u>	<u>2,681,509,260</u>	<u>1,974,332,365</u>
Current		-	-	-	-	-	-	-	-
Non-current		<u>655,611,414</u>	<u>482,330,993</u>	<u>2,702,430,249</u>	<u>1,985,756,698</u>	<u>650,535,968</u>	<u>479,556,076</u>	<u>2,681,509,260</u>	<u>1,974,332,365</u>
		<u>655,611,414</u>	<u>482,330,993</u>	<u>2,702,430,249</u>	<u>1,985,756,698</u>	<u>650,535,968</u>	<u>479,556,076</u>	<u>2,681,509,260</u>	<u>1,974,332,365</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

12. Statutory deposits (continued)

(a) With the Central Bank

(i) Reserve requirement

Pursuant to the NBC's Prakas No. B7-023-005 on the maintenance of reserve requirement against banking and financial institutions' deposits and borrowings dated 9 January 2023, the institution shall maintain reserve requirement against deposits and borrowings in accordance with dates and rates as follows:

- From 1 January 2023 to 31 December 2023, reserve requirement in foreign currencies shall be at the rate of 9%.
- From 1 January 2024 onwards, reserve requirement in foreign currencies shall be at the rate of 12.5%.
- The institution shall maintain the reserve requirement in local currency (KHR) at the rate of 7%.

Prior to NBC's Prakas No. B7-023-005, the NBC issued on 18 March 2020 a press release announcing the reduction of the Reserve Requirement to 7% in order to mitigate the impact of COVID-19 pandemic on Cambodia's economy.

Pursuant to the NBC's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings. Reserve requirements for both KHR and other currencies bear no interest since 29 August 2018.

The reserve requirement amounted to US\$607,072,877 as at 30 September 2023 (31 December 2022: US\$436,239,774).

(ii) Capital guarantee

Pursuant to the NBC's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001, the banks are required to maintain 10% of its registered capital as a statutory deposit with the NBC. The deposit, which is not available for use in the bank's day-to-day operations, is refundable should the bank voluntarily ceases its operations in Cambodia. As at 30 September 2023, capital guarantee deposit amounted to US\$43,316,302 and accrued interest amounted US\$146,789 (31 December 2022: US\$43,316,302). The capital guarantee deposit is earning at an interest rate of $\frac{1}{4}$ of the London Inter-bank Offered Rate ("LIBOR") on a 6-month basis. Pursuant to 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

ABL maintained its compulsory deposits in compliance with the requirements of the Bank of Lao PDR ("BOL"). Statutory deposits with Central Bank include compulsory reserve and registered capital reserve. These balances earn no interest. Under regulations of the BOL, banks are required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5.5% for the Lao Kip ("LAK") and 8% for foreign currency (previously, 5% and 5%, respectively), on a bi-monthly basis, of customers' deposits having original maturities of less than 12 months.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

12. Statutory deposits (continued)

(c) Others

In compliance with Prakas No. 009 on the licensing of securities firms and securities representatives issued by the SECC (currently, the SERC), ACS is required to place a security deposit into SECC's bank account maintained with the NBC amounting to KHR1,000,000,000 (which is equivalent to US\$242,601 and US\$242,895 as at 30 September 2023 and 31 December 2022, respectively) for operating as a securities broker in the Kingdom of Cambodia. This statutory deposit does not bear interest.

13. Investments in subsidiaries

	Note	The Bank			
		30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Unquoted ordinary shares, at cost					
ACLEDA Bank Lao Ltd.	(a)	49,389,566	49,389,566	203,583,791	203,336,843
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,285,220	8,275,170
ACLEDA Institute of Business Co., Ltd.	(c)	19,805,000	19,805,000	81,636,210	81,537,185
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,913,150	19,913,150	82,082,004	81,982,439
		<u>91,117,716</u>	<u>91,117,716</u>	<u>375,587,225</u>	<u>375,131,637</u>

Details of the Bank's subsidiaries are as follows:

Name of Subsidiaries	Note	Ownership and Voting Interest	
		30 September 2023	31 December 2022
ACLEDA Bank Lao Ltd.	(a)	99.90%	99.90%
ACLEDA Securities Plc.	(b)	100%	100%
ACLEDA Institute of Business Co., Ltd.	(c)	76.609%	76.609%
ACLEDA MFI Myanmar Co., Ltd.	(d)	100%	100%

(a) ACLEDA Bank Lao Ltd.

ABL was established in Lao PDR on 13 December 2007 under a preliminary license from the BOL. ABL's principal business is providing banking and related financial services in Lao PDR. The Bank owned 99.90% of ABL's shares. The Bank's initial investment in 2008 in ABL is US\$5,477,399. In 2009, the Bank sold shares to International Finance Corporation ("IFC") amounting to US\$876,384 which decreased the Bank's investments in ABL to US\$4,601,015. In 2010, the Bank injected capital to ABL amounting to US\$5,966,969, thereby increasing its investments to US\$10,567,984.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

13. Investments in subsidiaries (continued)

(a) ACLEDA Bank Lao Ltd. (continued)

In 2014, the Bank bought shares from FMO, Stichting Triodos Doen, Triodos Fair Share Fund and IFC amounting to US\$28,875,098 and injected capital to ABL amounting to US\$9,946,484, increasing its investments in ABL to US\$49,389,566. As at 30 September 2023, the Bank's investments in ABL remain the same.

Status of operations

The government of Lao PDR will have to impose tough measures if it wants to cap the average inflation rate at 9% this year 2023 as promised, according to a senior official. Over the past six months, the cost of goods and services has soared by 38.06%, affecting household incomes and people's standard of living in Laos. There is a strong risk that Lao PDR will not be able to achieve the target to cap inflation at 9% in year 2023, because the cost of goods and services is continuing to rise. The inflation rate dipped slightly to 41% in March 2023, edging down further to 39.89% in April 2023, 38.86% in May 2023, and 28.8% in June 2023, down from the peak of headline inflation recorded at 41.3% in February 2023. Depreciation of the LAK is one of the main factors driving inflation because one third of the goods used to calculate price rises is imported. In June 2023, the hike in consumer prices was mainly driven by the food and non-alcoholic beverage category, which surged by 49.1% year-on-year. This was followed by the medical care and medicines category (38.8%), hotel and restaurant category (35.2%), communications and transport category (33%), household goods (32.9%), and clothing and footwear category (25.1%). Almost all types of products on sale at markets have undergone further price increases in recent months.

BOL has issued letter No. 2464/BOL on 25 August 2023 to manage liquidity and risk of banking system for the effective control of the quality of credit to make it strong, sustainable, and consistent with the current macro-economic factors by adjusting the compulsory reserve ratio of LAK from 5.5% to 8%, and for foreign currencies from 8% to 10%.

The Prime Minister of Lao PDR issued the letter of PM No. 13 dated 29 August 2023 which recommended the study to improve the economy, finance, inflation rate, and exchange rate in Laos. The Prime Minister also recommended the Tax Department of the Ministry of Finance to study a possible increase in value-added tax ("VAT") from 7% to 10%, increase in tax on profit, and income tax; however, the target effectivity date was not mentioned, except for the VAT which was clearly stated in the announcement.

As of September 2023, the situation of inflation rate and fluctuations in the exchange rates still impact ABL's performance considering the translation to USD of LAK. The loans outstanding are less than plan by around 12%. While loan default is at 6.58% (an increase of 1.14% compare to June 2023) due to the increase in the value of non-performing loans. Despite the challenging situation, ABL still has the ability to pay its debts, and its liquidity and cash flow levels are still in good position.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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, the SERC (previously known as SECC) granted a brokerage license to ACS. The registered share capital of ACS is US\$2,010,000, divided into 2,010,000 shares with par value of US\$1 each. ACS’ principal business is providing securities brokerage and other services approved by the SERC. ACS is wholly-owned by the Bank.

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

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

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

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

On 29 March 2021, AIB submitted a letter to the MOC requesting for its approval on the amendment of its MAA relating to the capital increase and on 2 December 2022, AIB obtained the approval from the MOC.

(d) ACLEDA MFI Myanmar Co., Ltd.

AMM was incorporated in the Republic of the Union of Myanmar under the Republic of the Union of Myanmar Companies Law on 6 September 2012 to provide services per Registration No. 143715094 and started its operations on 18 February 2013. The financial year of the statutory financial statements of AMM is from 1 October to 30 September until year 2021 and from 1 April to 31 March from year 2022 onwards in accordance with the Letter N^o: NgaKaSa/AhMaKha (105/2021) issued on 13 September 2021 on changing the fiscal year of Myanmar.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

13. Investments in subsidiaries (continued)

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

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

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

On 23 September 2019, the Bank injected capital amounting to US\$3,969,923 (equivalent to Myanmar Kyat ("MMK") of 6,099,390,000) and additional capital of US\$3,995,367 (equivalent MMK6,039,396,000), on 3 December 2019, increasing its ownership to 99.99%, with the remaining interest owned by AIB.

On 12 May 2021, the Bank settled US\$2,145 to AIB to hold 100% of common stock of AMM shares amounting to MMK20,140,000,000 (2019: 99.99% of MMK8,000,000,000). On 5 April 2021, AMM submitted a request to the regulator for the approval of its amended MAA resulting from the change in ownership. Microfinance Business Supervisory Committee has approved AMM's request with Letter No. KaKa-1/6 (467/2021) dated 23 December 2021.

Status of operations

The United States imposed sanctions on Myanmar's defense ministry and two banks, namely Myanmar Foreign Trade Bank ('MFTB') and Myanma Investment and Commercial Bank ('MICB'), used by the ruling military junta to buy arms and other goods from foreign sources. Therefore, protests and movements caused temporary disruptions in the business operations across Myanmar including other key services such as electricity, logistics, and digital connectivity, and this led to high fluctuation in exchange rate.

Pact Global Microfinance Fund ("PGMF"), the largest microfinance provider in Myanmar, has announced its closure after forgiving more than US\$156 million of the outstanding debts of 890,000 borrowers. PGMF announced that it would cease operating in Myanmar after 30 June 2023. They already stop to operation and now try to doing approval on close operation license with government. PGMF concluded that it can no longer operate in Myanmar despite working diligently over the last two years to persuade the government to allow it to continue serving hundreds of thousands of borrowers and savers. The Myanmar government refused to give its approval for PGMF to register as a commercial entity for PGMF to be able to continue to provide microfinance loans, unless PGMF will agree to share its profits and that all its assets will go to the government in the future. PGMF has served nearly 15,000 villages and 2.3 million clients over its 25 years of service to the people of Myanmar.

The Central Bank of Myanmar ("CBM") has closely monitored the economic growth rate, inflation rate, and monetary status for the financial ease of banks and the developments in the banking sector, and the appropriate monetary policy methods are being implemented to stabilise the value of the MMK and the stability of the exchange rate. The CBM issued a new 20,000 MMK banknote on 31 July 2023. The Ministry of Information reported that the CBM has revoked the licenses of over than 130 money changers due to failure to comply with the established regulations and directives.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

13. Investments in subsidiaries (continued)

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

Status of operations (continued)

The Myanmar Agricultural Development Bank (“MADB”) has reported that a monsoon agricultural loans of MMK83.93 billion was set to be disbursed from 18 May 2023 to September 2023 and that MMK55.78 billion was loaned to the farmers in 23 townships of Mandalay Region. The amount of the monsoon loans from MADB was set at MMK83.93 billion. MADB loaned MMK55.78 billion to farmers through 23 banks until 29 September 2023, the last day of the loan disbursement. The loans were provided for 329,515 acres of farmland owned by 837,463 farmers. Up to 85% of the loans have been disbursed. In 2022, the monsoon loans amounted to MMK48.25 billion and MMK39.77 billion was collected, which means 83% of the loans has been recovered. After issuing the 2023 monsoon loans, MADB will continue to provide winter loans. The farmers can contact the relevant banks to repay old debts and receive new loans. The crop loans were provided from 18 May 2023 to the end of September 2023, which are to be repaid until April 2024 and with interest rate of 5%.

According to the World Bank, Myanmar’s economy ‘stabilised’ during the first half of 2023 and expects growth of 3% in 2023. However, it warns about the increase in inequality and deterioration of food security in the country. While Myanmar is making economic progress, the growth is unequal and the poorest are being hit hard by consecutive shocks. It is expected to maintain growth for the next one or two years, but this will be affected by high inflation, which is about 14% and puts food security in the nation at risk. Worryingly, progress against malnutrition seems to have halted or reversed. More than half of households have been forced to sell their assets, increase their borrowings, or limit their spending, including health and education.

Given the above developments in the economy and banking sector of Myanmar, AMM still operates as usual by focusing on loan collection, loan recovery, and loan disbursement as well as mobilising voluntary savings. As of 30 September 2023, AMM’s loans outstanding increased by 3.24% and 11.89% compared to June 2023 and September 2022, respectively, along with the decrease in loan default value by 67.68% and 15.31% compared to June 2023 and September 2022, respectively, due to the new directive of the Financial Regulatory Department of Myanmar changing the provision rate from 1% to 3% for the overdue loan over 30 days. Month by month, the voluntary savings increased, thereby contributing to the good liquidity and favourable cash flow position of AMM to support its daily operations smoothly and giving it the capacity to expand its future operations as the situation in Myanmar improves.

(e) ACLEDA Bank Plc. (Representative Office)

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

The representation office is permitted for the following activities:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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\$	Construction in progress US\$	Total US\$
Cost									
As at 1 January 2023	14,542,280	1,759,381	99,042,570	9,653,057	83,813,313	90,372,687	21,880,815	2,647,259	323,711,362
Additions	-	-	36,963	790,229	13,489,728	8,383,758	3,589,984	1,741,332	28,031,994
Disposals/write-offs	-	-	(359)	(149,857)	(1,172,650)	(1,177,014)	(669,923)	-	(3,169,803)
Reclassifications	-	-	50,000	593,243	91,950	859,830	9,636	(1,604,659)	-
Currency translation differences	-	-	-	(58,812)	(137,436)	(762,982)	(98,317)	(23,476)	(1,081,023)
Adjustments	-	-	-	-	12,594	5	-	(377,262)	(364,663)
As at 30 September 2023	<u>14,542,280</u>	<u>1,759,381</u>	<u>99,129,174</u>	<u>10,827,860</u>	<u>96,097,499</u>	<u>97,676,284</u>	<u>24,712,195</u>	<u>2,383,194</u>	<u>347,127,867</u>
Less: Accumulated depreciation									
As at 1 January 2023	-	896,603	31,315,844	5,206,404	61,047,802	69,885,318	15,138,682	-	183,490,653
Charge for the period	-	49,154	3,463,850	1,155,015	6,401,703	5,045,770	1,389,091	-	17,504,583
Disposals/write-offs	-	-	(359)	(143,579)	(1,156,122)	(1,175,881)	(667,115)	-	(3,143,056)
Currency translation differences	-	(7)	(3,105)	(50,552)	(129,123)	(586,097)	(92,773)	-	(861,657)
As at 30 September 2023	<u>-</u>	<u>945,750</u>	<u>34,776,230</u>	<u>6,167,288</u>	<u>66,164,260</u>	<u>73,169,110</u>	<u>15,767,885</u>	<u>-</u>	<u>196,990,523</u>
Carrying value	<u>14,542,280</u>	<u>813,631</u>	<u>64,352,944</u>	<u>4,660,572</u>	<u>29,933,239</u>	<u>24,507,174</u>	<u>8,944,310</u>	<u>2,383,194</u>	<u>150,137,344</u>
In KHR' 000 equivalent (Note 5)	<u>59,943,278</u>	<u>3,353,787</u>	<u>265,262,835</u>	<u>19,210,878</u>	<u>123,384,811</u>	<u>101,018,571</u>	<u>36,868,446</u>	<u>9,823,526</u>	<u>618,866,132</u>

As at 30 September 2023, fully depreciated property and equipment with total historical cost of US\$127,091,942 (31 December 2022: US\$122,558,800) are still in active use.

As at 30 September 2023, the Bank's construction in progress amounting to US\$1,306,081 is mostly related to purchases of ATM and POS machines; and ABL's construction in progress amounting to US\$1,077,113 is mostly related to upgrade of Nutanix, CRM machines, Palo Alto and Dell firewall, Cisco security and switch for the upgrade of T24 core banking R22 (31 December 2022: the Bank's construction in progress amounting to US\$2,492,887 is mostly related to purchases of POS machines, development of self-service areas, server, Cisco security and switch; and ABL's construction in progress amounting US\$154,372 is mostly related to IT projects such as Fire Eyes and Nutanix).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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\$	Construction 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>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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\$	Construction in progress US\$	Total US\$
Cost									
As at 1 January 2023	2,328,344	282,726	77,116,208	9,134,971	81,747,217	84,601,903	21,010,084	2,492,887	278,714,340
Additions	-	-	30,276	779,403	13,373,931	8,130,161	3,372,437	684,288	26,370,496
Disposals/write-offs	-	-	(359)	(134,853)	(1,153,584)	(1,169,656)	(593,923)	-	(3,052,375)
Reclassifications	-	-	50,000	591,271	79,659	772,902	-	(1,493,832)	-
Adjustments	-	-	-	-	12,594	5	-	(377,262)	(364,663)
As at 30 September 2023	<u>2,328,344</u>	<u>282,726</u>	<u>77,196,125</u>	<u>10,370,792</u>	<u>94,059,817</u>	<u>92,335,315</u>	<u>23,788,598</u>	<u>1,306,081</u>	<u>301,667,798</u>
Less: Accumulated depreciation									
As at 1 January 2023	-	165,865	28,256,258	4,761,986	59,270,750	65,604,513	14,368,937	-	172,428,309
Charge for the period	-	6,893	2,914,264	1,138,715	6,317,068	4,665,058	1,340,564	-	16,382,562
Disposals/write-offs	-	-	(359)	(129,411)	(1,140,432)	(1,168,710)	(591,925)	-	(3,030,837)
Currency translation differences	-	(7)	(3,105)	(982)	(6,307)	(3,981)	(1,205)	-	(15,587)
As at 30 September 2023	<u>-</u>	<u>172,751</u>	<u>31,167,058</u>	<u>5,770,308</u>	<u>64,441,079</u>	<u>69,096,880</u>	<u>15,116,371</u>	<u>-</u>	<u>185,764,447</u>
Carrying value	<u>2,328,344</u>	<u>109,975</u>	<u>46,029,067</u>	<u>4,600,484</u>	<u>29,618,738</u>	<u>23,238,435</u>	<u>8,672,227</u>	<u>1,306,081</u>	<u>115,903,351</u>
In KHR' 000 equivalent (Note 5)	<u>9,597,434</u>	<u>453,317</u>	<u>189,731,814</u>	<u>18,963,195</u>	<u>122,088,438</u>	<u>95,788,829</u>	<u>35,746,920</u>	<u>5,383,666</u>	<u>477,753,613</u>

As at 30 September 2023, fully depreciated property and equipment with total historical cost of US\$121,337,020 (31 December 2022: US\$115,146,949) are still in active use.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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\$	Construction 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>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 2023	39,382,953	2,484,354	41,867,307	37,140,474	2,261,329	39,401,803
Additions	1,081,942	1,260,450	2,342,392	877,385	893,976	1,771,361
Disposals/write-offs	(50,447)	-	(50,447)	(50,447)	-	(50,447)
Reclassifications	999,380	(999,380)	-	863,772	(863,772)	-
Currency translation differences	(332,776)	(33,916)	(366,692)	-	-	-
Adjustments	-	(97,600)	(97,600)	-	(97,600)	(97,600)
As at 30 September 2023	41,081,052	2,613,908	43,694,960	38,831,184	2,193,933	41,025,117
Less: Accumulated amortisation						
As at 1 January 2023	30,970,766	-	30,970,766	29,083,379	-	29,083,379
Charge for the period	2,029,970	-	2,029,970	1,876,342	-	1,876,342
Disposals/write-offs	(50,447)	-	(50,447)	(50,447)	-	(50,447)
Currency translation differences	(299,648)	-	(299,648)	(2,020)	-	(2,020)
As at 30 September 2023	32,650,641	-	32,650,641	30,907,254	-	30,907,254
Carrying value	8,430,411	2,613,908	11,044,319	7,923,930	2,193,933	10,117,863
<i>In KHR' 000 equivalent (Note 5)</i>	<i>34,750,154</i>	<i>10,774,529</i>	<i>45,524,683</i>	<i>32,662,439</i>	<i>9,043,392</i>	<i>41,705,831</i>

As at 30 September 2023, the Group's and the Bank's fully amortised intangible assets with historical cost of US\$25,032,944 and US\$23,618,362, respectively (31 December 2022: US\$23,892,574 and US\$22,650,495, respectively), are still used actively.

As at 30 September 2023, the Bank's work in progress amounting to US\$2,193,933 is mostly related to Toanchet Loan, accounting system, merchant management system, card management system, and software license and implementation of Chatbot Solution; and ABL's work in progress amounting to US\$419,975 is mostly related to project LAPS Phase II and software/license upgrading of T24 R12-R21 (31 December 2022: the Bank's work in progress amounting to US\$2,261,329 is mostly related to the upgrade of T24, card management system, mobile application, and Htrunk software; and ABL's work in progress amounting to US\$223,025 is mostly related to the upgrade of the service for assessment of core banking, Hi-Ware, and Smart Vista for LAPS).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 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/write-offs	(259,647)	(15,233)	(274,880)	(244,206)	-	(244,206)
Transfers	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/write-offs	(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
<i>In KHR' 000 equivalent (Note 5)</i>	<u>34,684,089</u>	<u>10,311,665</u>	<u>44,995,754</u>	<u>32,942,539</u>	<u>10,117,656</u>	<u>43,060,195</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

16. Right-of-use assets, net

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Right-of-use assets	31,241,960	28,785,805	128,779,359	118,511,159	29,730,142	26,525,687	122,547,645	109,206,253

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	28,785,805	28,337,884	118,511,159	115,448,539	26,525,687	25,596,727	109,206,253	104,281,066
Additions during the period	12,999,364	9,195,216	53,388,388	37,479,700	12,559,585	9,003,158	51,582,216	36,696,872
Depreciation for the period	(9,067,012)	(8,754,452)	(37,238,218)	(35,683,146)	(8,714,759)	(8,243,830)	(35,791,515)	(33,601,851)
Lease termination during the period	(633,224)	(1,193,753)	(2,600,651)	(4,865,737)	(632,712)	(1,167,006)	(2,598,548)	(4,756,716)
Currency translation differences	(842,973)	(93,219)	(3,462,090)	(379,961)	(7,659)	52,079	(31,456)	212,274
Exchange differences	-	-	180,771	1,238,818	-	-	180,695	1,136,561
At the end of the period	31,241,960	27,491,676	128,779,359	113,238,213	29,730,142	25,241,128	122,547,645	103,968,206

For the nine-month and three month periods ended 30 September 2023, the Group and the Bank have recognised expense relating to variable lease payments amounting to US\$16,792 and US\$16,792, respectively; while the expense relating to short-term lease payments is amounting US\$373 and US\$373, respectively (30 September 2022: the Group and the Bank have recognised expense relating to variable lease payments amounting to US\$20,984 and US\$20,984, respectively; no short-term-lease payments).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 buildings 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			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	28,523,218	28,654,899	117,800,890	116,625,439	27,129,844	26,363,694	112,046,256	107,300,235
Additions during the period	5,918,583	2,053,454	24,455,585	8,435,589	5,598,068	1,855,557	23,131,217	7,622,628
Depreciation for the period	(3,097,793)	(2,964,167)	(12,800,081)	(12,176,798)	(2,982,424)	(2,803,757)	(12,323,376)	(11,517,834)
Lease terminations during the period	(17,010)	(179,691)	(70,285)	(738,171)	(17,043)	(182,342)	(70,422)	(749,061)
Currency translation differences	(85,038)	(72,819)	(351,377)	(299,140)	1,697	7,976	7,012	32,765
Exchange differences	-	-	(255,373)	1,391,294	-	-	(243,042)	1,279,473
At the end of the period	31,241,960	27,491,676	128,779,359	113,238,213	29,730,142	25,241,128	122,547,645	103,968,206

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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

Amounts recognised in the interim statement 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Depreciation expense	9,067,012	8,754,452	37,238,218	35,683,146	8,714,759	8,243,830	35,791,515	33,601,851
Interest on lease liabilities	1,400,635	1,450,464	5,752,408	5,912,091	1,294,947	1,329,215	5,318,347	5,417,880
Gain on pre-termination of leases	(90,617)	(3,261)	(372,164)	(13,292)	(71,169)	(10,328)	(292,291)	(42,097)
	<u>10,377,030</u>	<u>10,201,655</u>	<u>42,618,462</u>	<u>41,581,945</u>	<u>9,938,537</u>	<u>9,562,717</u>	<u>40,817,571</u>	<u>38,977,634</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Depreciation expense	3,097,793	2,964,167	12,800,081	12,176,798	2,982,424	2,803,757	12,323,376	11,517,834
Interest on lease liabilities	489,178	484,779	2,021,283	1,991,472	453,345	447,312	1,873,222	1,837,558
Gain on pre-termination of leases	(14,068)	28,459	(58,129)	116,910	(7,868)	24,859	(32,511)	102,121
	<u>3,572,903</u>	<u>3,477,405</u>	<u>14,763,235</u>	<u>14,285,180</u>	<u>3,427,901</u>	<u>3,275,928</u>	<u>14,164,087</u>	<u>13,457,513</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and deferred tax liabilities

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Deferred tax assets	41,137,651	43,330,032	169,569,397	178,389,742	37,086,502	39,642,675	152,870,561	163,208,893
Deferred tax liabilities	(60,220,802)	(44,467,889)	(248,230,146)	(183,074,299)	(57,062,399)	(41,901,028)	(235,211,208)	(172,506,532)
	<u>(19,083,151)</u>	<u>(1,137,857)</u>	<u>(78,660,749)</u>	<u>(4,684,557)</u>	<u>(19,975,897)</u>	<u>(2,258,353)</u>	<u>(82,340,647)</u>	<u>(9,297,639)</u>

	30 September 2023											
	ABC US\$		ABL US\$		ACS US\$		AIB US\$		AMM US\$		Group 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)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)
Deferred tax assets	37,086,502	152,870,561	753,940	3,107,741	31,259	128,850	131,434	541,771	3,134,516	12,920,474	41,137,651	169,569,397
Deferred tax liabilities	(57,062,399)	(235,211,208)	(3,553)	(14,645)	(9,876)	(40,709)	(530,912)	(2,188,419)	(2,614,062)	(10,775,164)	(60,220,802)	(248,230,146)
	<u>(19,975,897)</u>	<u>(82,340,647)</u>	<u>750,387</u>	<u>3,093,096</u>	<u>21,383</u>	<u>88,141</u>	<u>(399,478)</u>	<u>(1,646,648)</u>	<u>520,454</u>	<u>2,145,310</u>	<u>(19,083,151)</u>	<u>(78,660,749)</u>

	31 December 2022											
	ABC US\$		ABL US\$		ACS US\$		AIB US\$		AMM US\$		Group 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)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)
Deferred tax assets	39,642,675	163,208,893	808,356	3,328,002	46,524	191,539	178,137	733,390	2,654,340	10,927,918	43,330,032	178,389,742
Deferred tax liabilities	(41,901,028)	(172,506,532)	(10,715)	(44,114)	(3,243)	(13,351)	(464,899)	(1,913,989)	(2,088,004)	(8,596,313)	(44,467,889)	(183,074,299)
	<u>(2,258,353)</u>	<u>(9,297,639)</u>	<u>797,641</u>	<u>3,283,888</u>	<u>43,281</u>	<u>178,188</u>	<u>(286,762)</u>	<u>(1,180,599)</u>	<u>566,336</u>	<u>2,331,605</u>	<u>(1,137,857)</u>	<u>(4,684,557)</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and deferred tax liabilities (continued)

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	(1,137,857)	9,068,606	(4,684,557)	36,945,501	(2,258,353)	7,523,717	(9,297,639)	30,651,623
Charged to profit or loss	(17,811,536)	(8,210,746)	(73,151,978)	(33,467,001)	(17,717,544)	(8,144,137)	(72,765,953)	(33,195,502)
Currency translation differences	(133,758)	(270,158)	(549,344)	(1,101,164)	-	-	-	-
Exchange differences	-	-	(274,870)	43,409	-	-	(277,055)	(11,631)
At the end of the period	(19,083,151)	587,702	(78,660,749)	2,420,745	(19,975,897)	(620,420)	(82,340,647)	(2,555,510)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	(10,261,412)	5,109,167	(42,379,632)	20,794,310	(11,320,344)	3,578,722	(46,753,021)	14,565,399
Charged to profit or loss	(8,775,692)	(4,688,627)	(36,261,159)	(19,260,880)	(8,655,553)	(4,199,142)	(35,764,745)	(17,250,075)
Currency translation differences	(46,047)	167,162	(190,266)	686,701	-	-	-	-
Exchange differences	-	-	170,308	200,614	-	-	177,119	129,166
At the end of the period	(19,083,151)	587,702	(78,660,749)	2,420,745	(19,975,897)	(620,420)	(82,340,647)	(2,555,510)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and deferred tax liabilities (continued)

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

Deferred tax assets of the Group:

	Unamortised loan fees	Unearned revenue	Provision for loan loss	Other provision	Staff bonus	Unrealised foreign exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2023	10,011,636	44,281	13,597,553	9,554,050	2,117,163	1,683,243	473	362,157	5,873,706	43,244,262
Credited/(charged) to profit or loss	(592,432)	5,285	290,821	(4,057,578)	(61,722)	690,784	(473)	263,309	1,355,395	(2,106,611)
As at 30 September 2023	<u>9,419,204</u>	<u>49,566</u>	<u>13,888,374</u>	<u>5,496,472</u>	<u>2,055,441</u>	<u>2,374,027</u>	<u>-</u>	<u>625,466</u>	<u>7,229,101</u>	<u>41,137,651</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>38,825,959</u>	<u>204,311</u>	<u>57,247,878</u>	<u>22,656,458</u>	<u>8,472,528</u>	<u>9,785,739</u>	<u>-</u>	<u>2,578,171</u>	<u>29,798,353</u>	<u>169,569,397</u>
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
Credited/(charged) to profit or loss	1,613,032	27,344	2,164,588	1,593,519	668,768	472,902	(836,589)	(18,263)	(343,614)	5,341,687
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>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and deferred tax liabilities (continued)

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

Deferred tax assets of the Bank:

	Unamortised loan fees	Provision for loan loss	Other provision	Staff bonus	Unrealised foreign exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2023	10,011,636	13,597,553	9,392,387	2,117,163	1,682,562	-	359,397	2,481,977	39,642,675
Credited/(charged) to profit or loss	(592,432)	290,821	(3,994,363)	(61,722)	690,745	-	258,990	851,788	(2,556,173)
As at 30 September 2023	<u>9,419,204</u>	<u>13,888,374</u>	<u>5,398,024</u>	<u>2,055,441</u>	<u>2,373,307</u>	<u>-</u>	<u>618,387</u>	<u>3,333,765</u>	<u>37,086,502</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>38,825,959</u>	<u>57,247,878</u>	<u>22,250,655</u>	<u>8,472,528</u>	<u>9,782,771</u>	<u>-</u>	<u>2,548,991</u>	<u>13,741,779</u>	<u>152,870,561</u>
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
Credited/(charged) 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>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

17. Deferred tax assets and deferred tax liabilities (continued)

Deferred tax liabilities of the Group and the Bank:

	The Group					The Bank			
	Accelerated depreciation	Unrealised exchange	Others	Lease	Total	Accelerated depreciation	Others	Lease	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2023	1,728,360	3,243	42,650,516	-	44,382,119	1,263,461	40,637,567	-	41,901,028
Charged to profit or loss	884,221	425	14,668,720	285,317	15,838,683	811,999	14,068,712	280,660	15,161,371
As at 30 September 2023	<u>2,612,581</u>	<u>3,668</u>	<u>57,319,236</u>	<u>285,317</u>	<u>60,220,802</u>	<u>2,075,460</u>	<u>54,706,279</u>	<u>280,660</u>	<u>57,062,399</u>
In KHR'000 equivalent (Note 5)	<u>10,769,059</u>	<u>15,119</u>	<u>236,269,891</u>	<u>1,176,077</u>	<u>248,230,146</u>	<u>8,555,046</u>	<u>225,499,281</u>	<u>1,156,881</u>	<u>235,211,208</u>
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>-</u>	<u>42,198,751</u>	<u>563,774</u>	<u>39,437,997</u>	<u>-</u>	<u>40,001,771</u>
In KHR'000 equivalent (Note 5)	<u>4,191,350</u>	<u>13,910</u>	<u>169,611,394</u>	<u>-</u>	<u>173,816,654</u>	<u>2,322,185</u>	<u>162,445,110</u>	<u>-</u>	<u>164,767,295</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current accounts	93,750,777	78,511,735	386,440,703	323,232,813	96,226,799	81,962,426	396,646,865	337,439,308
Savings deposits	39,879,290	33,733,059	164,382,433	138,879,004	38,647,673	33,033,099	159,305,708	135,997,269
Fixed deposits	285,263,889	305,581,605	1,175,857,751	1,258,079,468	253,164,644	275,616,119	1,043,544,663	1,134,711,561
	<u>418,893,956</u>	<u>417,826,399</u>	<u>1,726,680,887</u>	<u>1,720,191,285</u>	<u>388,039,116</u>	<u>390,611,644</u>	<u>1,599,497,236</u>	<u>1,608,148,138</u>

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

a) By maturity

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 6 months	258,921,583	265,568,387	1,067,274,766	1,093,345,050	237,411,143	255,711,856	978,608,732	1,052,765,711
Later than 6 months but not later than 1 year	33,460,746	23,908,026	137,925,195	98,429,343	24,645,724	7,585,299	101,589,674	31,228,676
Later than 1 year but not later than 3 years	26,281,627	21,518,957	108,332,866	88,593,546	25,752,249	20,483,460	106,150,770	84,330,405
Later than 3 years	100,230,000	106,831,029	413,148,060	439,823,346	100,230,000	106,831,029	413,148,060	439,823,346
	<u>418,893,956</u>	<u>417,826,399</u>	<u>1,726,680,887</u>	<u>1,720,191,285</u>	<u>388,039,116</u>	<u>390,611,644</u>	<u>1,599,497,236</u>	<u>1,608,148,138</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Related parties	29,155	36,648	120,177	150,880	2,535,750	4,245,548	10,452,361	17,478,921
Non-related parties	418,864,801	417,789,751	1,726,560,710	1,720,040,405	385,503,366	386,366,096	1,589,044,875	1,590,669,217
	<u>418,893,956</u>	<u>417,826,399</u>	<u>1,726,680,887</u>	<u>1,720,191,285</u>	<u>388,039,116</u>	<u>390,611,644</u>	<u>1,599,497,236</u>	<u>1,608,148,138</u>

c) By interest (per annum)

	The Group		The Bank	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.75%	0.00% - 0.50%
Savings deposits	0.00% - 2.00%	0.00% - 1.90%	0.00% - 1.00%	0.00% - 0.75%
Fixed deposits	0.25% - 8.45%	1.00% - 8.20%	0.25% - 8.45%	1.00% - 8.20%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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19. Deposits from customers

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current accounts	923,385,639	872,890,504	3,806,195,604	3,593,690,205	912,834,172	861,122,998	3,762,702,457	3,545,243,383
Savings deposits	2,102,927,827	2,097,146,116	8,668,268,503	8,633,950,560	2,079,434,581	2,073,911,840	8,571,429,343	8,538,295,045
Margin deposits	18,942,751	14,970,310	78,082,020	61,632,765	18,892,448	14,913,282	77,874,671	61,397,982
Fixed deposits	3,451,484,985	2,986,157,372	14,227,021,108	12,294,009,901	3,401,530,328	2,939,485,290	14,021,108,012	12,101,860,939
	<u>6,496,741,202</u>	<u>5,971,164,302</u>	<u>26,779,567,235</u>	<u>24,583,283,431</u>	<u>6,412,691,529</u>	<u>5,889,433,410</u>	<u>26,433,114,483</u>	<u>24,246,797,349</u>

The deposits from customers are analysed as follows:

a) By maturity

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 6 months	4,673,189,993	4,165,205,397	19,262,889,151	17,148,150,619	4,624,795,748	4,117,472,928	19,063,408,074	16,951,636,045
Later than 6 months but not later than 1 year	825,615,508	990,262,169	3,403,187,124	4,076,909,350	809,730,264	978,895,422	3,337,708,148	4,030,112,452
Later than 1 year but not later than 3 years	685,381,524	606,988,086	2,825,142,642	2,498,969,950	673,967,610	591,933,453	2,778,094,488	2,436,990,026
Later than 3 years	312,554,177	208,708,650	1,288,348,318	859,253,512	304,197,907	201,131,607	1,253,903,773	828,058,826
	<u>6,496,741,202</u>	<u>5,971,164,302</u>	<u>26,779,567,235</u>	<u>24,583,283,431</u>	<u>6,412,691,529</u>	<u>5,889,433,410</u>	<u>26,433,114,483</u>	<u>24,246,797,349</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Related parties	14,170,571	17,059,211	58,411,095	70,232,772	16,467,667	19,639,867	67,879,725	80,857,332
Non-related parties	6,482,570,631	5,954,105,091	26,721,156,140	24,513,050,659	6,396,223,862	5,869,793,543	26,365,234,758	24,165,940,017
	<u>6,496,741,202</u>	<u>5,971,164,302</u>	<u>26,779,567,235</u>	<u>24,583,283,431</u>	<u>6,412,691,529</u>	<u>5,889,433,410</u>	<u>26,433,114,483</u>	<u>24,246,797,349</u>

c) By interest rate

	The Group		The Bank	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Current accounts	0.00% - 0.90%	0.00% - 0.90%	0.00% - 0.75%	0.00% - 0.50%
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 1.00%	0.00% - 0.75%
Fixed deposits	0.25% - 9.50%	0.25% - 9.00%	0.25% - 8.45%	0.25% - 9.00%

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AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

20. Other liabilities

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Accrued annual leave	27,431,553	25,401,028	113,072,861	104,576,032	26,990,119	24,992,135	111,253,271	102,892,620
Fund transfers	27,654,596	78,920,348	113,992,245	324,915,073	27,630,931	78,918,322	113,894,698	324,906,732
Tax payables	5,998,451	2,364,491	24,725,615	9,734,609	5,952,349	2,338,106	24,535,583	9,625,982
Accrued bonuses	667,562	13,419,266	2,751,691	55,247,118	-	12,714,375	-	52,345,082
Others	71,903,559	21,524,911	296,386,470	88,618,059	71,142,444	21,059,182	293,249,153	86,700,652
	<u>133,655,721</u>	<u>141,630,044</u>	<u>550,928,882</u>	<u>583,090,891</u>	<u>131,715,843</u>	<u>140,022,120</u>	<u>542,932,705</u>	<u>576,471,068</u>
Current	95,345,619	106,889,562	393,014,642	440,064,327	93,822,601	105,668,588	386,736,761	435,037,577
Non-current	<u>38,310,102</u>	<u>34,740,482</u>	<u>157,914,240</u>	<u>143,026,564</u>	<u>37,893,242</u>	<u>34,353,532</u>	<u>156,195,944</u>	<u>141,433,491</u>
	<u>133,655,721</u>	<u>141,630,044</u>	<u>550,928,882</u>	<u>583,090,891</u>	<u>131,715,843</u>	<u>140,022,120</u>	<u>542,932,705</u>	<u>576,471,068</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 of each of the borrowing agreements. The Group and the Bank did not pledge any collaterals for these borrowings.

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current	152,025,561	256,186,945	626,649,362	1,054,721,653	144,446,205	250,657,658	595,407,257	1,031,957,578
Non-current	652,982,107	701,148,923	2,691,592,245	2,886,630,116	645,687,774	693,618,199	2,661,525,004	2,855,626,125
	<u>805,007,668</u>	<u>957,335,868</u>	<u>3,318,241,607</u>	<u>3,941,351,769</u>	<u>790,133,979</u>	<u>944,275,857</u>	<u>3,256,932,261</u>	<u>3,887,583,703</u>

The borrowings are analysed as follows:

a) By relationship

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Related parties	50,300,057	48,847,528	207,336,835	201,105,273	50,300,057	48,847,528	207,336,835	201,105,273
Non-related parties	754,707,611	908,488,340	3,110,904,772	3,740,246,496	739,833,922	895,428,329	3,049,595,426	3,686,478,430
	<u>805,007,668</u>	<u>957,335,868</u>	<u>3,318,241,607</u>	<u>3,941,351,769</u>	<u>790,133,979</u>	<u>944,275,857</u>	<u>3,256,932,261</u>	<u>3,887,583,703</u>

b) By interest rate

	The Group		The Bank	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Annual interest rates	2.00% - 13.00%	2.00% - 13.00%	2.00% - 9.80%	2.00% - 8.64%

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22. Subordinated debts

These are subordinated debts approved by the NBC to be treated as part of complementary capital and represent the outstanding principal and accrued interest payable amount. The Group and the Bank did not pledge any collaterals for these subordinated debts.

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current	28,245,062	26,092,801	116,426,146	107,424,061	28,245,062	26,092,801	116,426,146	107,424,061
Non-current	101,825,427	101,669,527	419,724,410	418,573,443	101,825,427	101,669,527	419,724,410	418,573,443
	<u>130,070,489</u>	<u>127,762,328</u>	<u>536,150,556</u>	<u>525,997,504</u>	<u>130,070,489</u>	<u>127,762,328</u>	<u>536,150,556</u>	<u>525,997,504</u>

The subordinated debts are analysed as follows:

a) By relationship

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Related parties	15,317,333	-	63,138,047	-	15,317,333	-	63,138,047	-
Non-related parties	114,753,156	127,762,328	473,012,509	525,997,504	114,753,156	127,762,328	473,012,509	525,997,504
	<u>130,070,489</u>	<u>127,762,328</u>	<u>536,150,556</u>	<u>525,997,504</u>	<u>130,070,489</u>	<u>127,762,328</u>	<u>536,150,556</u>	<u>525,997,504</u>

b) By interest rate

	The Group		The Bank	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Annual interest rates	5.76% - 7.75%	5.76% - 8.48%	5.76% - 7.75%	5.76% - 8.48%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 2023	31 December 2022	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
	Less than 1 year	2.145%	1.267%	3,750,000	70,000,000	15,457,500	288,190,000	31,308	2,104,484	129,052
1 to 2 years	0.300%	3.036%	99,000,000	11,250,000	408,078,000	46,316,250	1,966,920	144,696	8,107,644	595,714
More than 2 to 5 years	0.565%	0.572%	73,000,000	108,000,000	300,906,000	444,636,000	6,753,328	7,381,413	27,837,218	30,389,275
			175,750,000	189,250,000	724,441,500	779,142,250	8,751,556	9,630,593	36,073,914	39,649,151

Outstanding Contracts	Average Contracted Rate Fixed Interest		The Bank Notional Principal Amount				Fair Value			
	30 September 2023	31 December 2022	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
	Less than 1 year	2.145%	1.267%	3,750,000	70,000,000	15,457,500	288,190,000	31,308	2,104,484	129,052
1 to 2 years	0.300%	3.036%	99,000,000	11,250,000	408,078,000	46,316,250	1,966,920	144,696	8,107,644	595,714
More than 2 to 5 years	0.565%	0.572%	73,000,000	108,000,000	300,906,000	444,636,000	6,753,328	7,381,413	27,837,218	30,389,275
			175,750,000	189,250,000	724,441,500	779,142,250	8,751,556	9,630,593	36,073,914	39,649,151

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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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Undiscounted lease liabilities								
Less than 1 year	12,147,477	11,132,050	50,071,900	45,830,650	11,702,424	10,769,041	48,237,392	44,336,142
1 to 5 years	21,696,118	19,227,169	89,431,398	79,158,255	20,730,516	18,323,677	85,451,187	75,438,578
More than 5 years	3,153,761	3,401,022	12,999,803	14,002,008	285,800	374,011	1,178,068	1,539,803
Total undiscounted lease liabilities	36,997,356	33,760,241	152,503,101	138,990,913	32,718,740	29,466,729	134,866,647	121,314,523
Present value of lease liabilities								
Current	11,825,532	10,777,597	48,744,843	44,371,367	11,403,469	10,429,953	47,005,099	42,940,116
Non-current	19,896,491	17,671,173	82,013,336	72,752,219	18,288,169	16,027,682	75,383,833	65,985,967
Total present value of lease liabilities	31,722,023	28,448,770	130,758,179	117,123,586	29,691,638	26,457,635	122,388,932	108,926,083

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24. Lease liabilities (continued)

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

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	28,448,770	27,874,940	117,123,586	113,562,506	26,457,635	25,371,736	108,926,083	103,364,452
Additions during the period	12,844,986	9,145,450	52,754,358	37,276,854	12,422,921	8,999,992	51,020,937	36,683,967
Payments for the period	(10,256,455)	(9,664,385)	(42,123,261)	(39,392,033)	(9,777,464)	(9,058,951)	(40,156,045)	(36,924,284)
Lease terminations during the period	(693,743)	(1,194,485)	(2,849,203)	(4,868,721)	(706,401)	(1,160,921)	(2,901,189)	(4,731,914)
Interest charged during the period	1,400,635	1,450,464	5,752,408	5,912,091	1,294,947	1,329,215	5,318,347	5,417,880
Adjustment	-	2,000	-	8,152	-	2,000	-	8,152
Currency translation differences	(22,170)	(129,425)	(91,052)	(527,536)	-	-	-	-
Exchange differences	-	-	191,343	1,237,586	-	-	180,799	1,146,516
At the end of the period	31,722,023	27,484,559	130,758,179	113,208,899	29,691,638	25,483,071	122,388,932	104,964,769

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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			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	28,923,293	28,418,087	119,453,200	115,661,614	26,959,086	26,343,262	111,341,025	107,217,076
Additions during the period	5,836,382	2,006,854	24,115,930	8,244,156	5,515,868	1,855,557	22,791,567	7,622,628
Payments for the period	(3,498,470)	(3,171,933)	(14,455,678)	(13,030,301)	(3,211,750)	(2,955,860)	(13,270,951)	(12,142,673)
Lease terminations during the period	(20,193)	(207,880)	(83,437)	(853,971)	(24,911)	(207,200)	(102,932)	(851,178)
Interest charged during the period	489,178	484,779	2,021,283	1,991,472	453,345	447,312	1,873,222	1,837,558
Currency translation differences	(8,167)	(45,348)	(33,746)	(186,290)	-	-	-	-
Exchange differences	-	-	(259,373)	1,382,219	-	-	(242,999)	1,281,358
At the end of the period	31,722,023	27,484,559	130,758,179	113,208,899	29,691,638	25,483,071	122,388,932	104,964,769

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24. Lease liabilities (continued)

Amounts recognised in the interim statement of cash flows follow:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Total cash outflows for lease payments	10,256,455	9,664,385	42,123,261	39,392,033	9,777,464	9,058,951	40,156,045	36,924,284

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Total cash outflows for lease payments	3,498,470	3,171,933	14,455,678	13,030,301	3,211,750	2,955,860	13,270,951	12,142,673

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits

	Note	The Group				The Bank			
		30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Retirement benefits	(a)	-	22,581,539	-	92,968,196	-	21,969,800	-	90,449,666
Career development benefits	(b)	1,949,685	4,598,006	8,036,602	18,929,991	1,827,509	4,507,750	7,532,992	18,558,407
Seniority indemnity benefits	(c)	8,540,561	6,123,116	35,204,192	25,208,868	8,449,697	6,078,067	34,829,651	25,023,402
Provident fund		71,605	71,537	295,156	294,518	70,343	70,410	289,954	289,878
		<u>10,561,851</u>	<u>33,374,198</u>	<u>43,535,950</u>	<u>137,401,573</u>	<u>10,347,549</u>	<u>32,626,027</u>	<u>42,652,597</u>	<u>134,321,353</u>
Current		3,853,742	5,182,511	15,885,125	21,336,398	3,724,892	5,165,377	15,354,005	21,265,857
Non-current		<u>6,708,109</u>	<u>28,191,687</u>	<u>27,650,825</u>	<u>116,065,175</u>	<u>6,622,657</u>	<u>27,460,650</u>	<u>27,298,592</u>	<u>113,055,496</u>
		<u>10,561,851</u>	<u>33,374,198</u>	<u>43,535,950</u>	<u>137,401,573</u>	<u>10,347,549</u>	<u>32,626,027</u>	<u>42,652,597</u>	<u>134,321,353</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Within 1 month	71,603	396,330	295,148	1,631,690	70,342	395,202	289,950	1,627,046
Between 2 to 3 months	2,602,761	4,024,160	10,728,581	16,567,467	2,560,274	4,009,449	10,553,449	16,506,902
Between 4 to 6 months	846,961	327,803	3,491,173	1,349,565	764,441	327,144	3,151,026	1,346,852
Between 7 to 12 months	332,417	434,218	1,370,223	1,787,676	329,835	433,582	1,359,580	1,785,057
More than 12 months	6,708,109	28,191,687	27,650,825	116,065,175	6,622,657	27,460,650	27,298,592	113,055,496
	<u>10,561,851</u>	<u>33,374,198</u>	<u>43,535,950</u>	<u>137,401,573</u>	<u>10,347,549</u>	<u>32,626,027</u>	<u>42,652,597</u>	<u>134,321,353</u>

(a) Retirement benefits

(i) The movements in the retirement benefit obligation during the period are as follows:

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	22,581,539	16,974,073	92,968,196	69,152,373	21,969,800	16,320,353	90,449,666	66,489,117
Current service cost	164,944	1,237,640	677,425	5,044,621	132,997	1,201,936	546,219	4,899,091
Interest cost	145,339	893,097	596,907	3,640,263	132,415	858,570	543,828	3,499,531
Benefits paid	(22,464,315)	(87,738)	(92,260,942)	(357,620)	(21,920,036)	(87,738)	(90,025,588)	(357,620)
Settlement gain	(431,583)	(5,163)	(1,772,511)	(21,044)	(314,938)	(5,163)	(1,293,450)	(21,044)
Remeasurement loss during the period	-	3,594,481	-	14,651,105	-	3,623,451	-	14,769,186
Currency translation differences	4,076	(142,645)	16,740	(581,421)	(238)	(30,094)	(977)	(122,663)
Exchange differences	-	-	(225,815)	999,889	-	-	(219,698)	973,537
At the end of the period	<u>-</u>	<u>22,463,745</u>	<u>-</u>	<u>92,528,166</u>	<u>-</u>	<u>21,881,315</u>	<u>-</u>	<u>90,129,135</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(i) The movements in the defined benefit obligation during the period are as follows: (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	-	22,063,857	-	89,799,898	-	21,491,527	-	87,470,514
Current service cost	-	409,356	-	1,681,634	-	403,468	-	1,657,447
Interest cost	-	298,569	-	1,226,521	-	287,021	-	1,179,082
Benefits paid	-	(19,626)	-	(80,624)	-	(19,626)	-	(80,624)
Settlement gain	-	(4,401)	-	(18,079)	-	(4,400)	-	(18,075)
Remeasurement gain during the period	-	(258,164)	-	(1,060,538)	-	(276,534)	-	(1,136,002)
Currency translation differences	-	(25,846)	-	(106,175)	-	(141)	-	(579)
Exchange differences	-	-	-	1,085,529	-	-	-	1,057,372
At the end of the period	-	<u>22,463,745</u>	-	<u>92,528,166</u>	-	<u>21,881,315</u>	-	<u>90,129,135</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

25. Employee benefits (continued)

(a) Retirement benefits (continued)

(ii) The amounts recognised in the interim statement 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Current service cost	164,944	1,237,640	677,425	5,044,621	132,997	1,201,936	546,219	4,899,091
Interest cost	145,339	893,097	596,907	3,640,263	132,415	858,570	543,828	3,499,531
Settlement gain	(431,583)	(5,163)	(1,772,511)	(21,044)	(314,938)	(5,163)	(1,293,450)	(21,044)
	<u>(121,300)</u>	<u>2,125,574</u>	<u>(498,179)</u>	<u>8,663,840</u>	<u>(49,526)</u>	<u>2,055,343</u>	<u>(203,403)</u>	<u>8,377,578</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Current service cost	-	409,356	-	1,681,634	-	403,468	-	1,657,447
Interest cost	-	298,569	-	1,226,521	-	287,021	-	1,179,082
Settlement gain	-	(4,401)	-	(18,078)	-	(4,400)	-	(18,075)
	<u>-</u>	<u>703,524</u>	<u>-</u>	<u>2,890,077</u>	<u>-</u>	<u>686,089</u>	<u>-</u>	<u>2,818,454</u>

During the nine-month period ended 30 September 2023, the Group and the Bank amended the Employee Retirement Operating Manual and decided to terminate the retirement benefit plan due to the Group and the Bank have legal obligation required by the Royal Government of Cambodia to pay the seniority benefits and provident fund. Thus, the Group and the Bank have settled the outstanding amounts accrued for the retirement benefits amounting to US\$22,464,315 and US\$21,920,036, respectively; with the remaining balance after settlement of US\$350,852 and US\$226,845 credited to profit or loss, respectively.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	4,598,006	2,864,399	18,929,991	11,669,562	4,507,750	2,851,527	18,558,407	11,617,121
Additions (Note 31)	1,257,694	1,324,917	5,165,349	5,400,362	1,193,007	1,236,918	4,899,680	5,041,678
Benefits paid	(3,872,526)	(7,367)	(15,904,464)	(30,028)	(3,872,526)	(7,367)	(15,904,464)	(30,028)
Currency translation differences	(33,489)	(25,036)	(137,539)	(102,047)	(722)	(5,091)	(2,965)	(20,751)
Exchange differences	-	-	(16,735)	184,476	-	-	(17,666)	180,970
At the end of the period	1,949,685	4,156,913	8,036,602	17,122,325	1,827,509	4,075,987	7,532,992	16,788,990

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	1,528,432	3,730,466	6,312,424	15,182,997	1,416,887	3,658,714	5,851,743	14,890,966
Additions (Note 31)	428,104	434,403	1,768,926	1,784,528	410,695	419,663	1,696,992	1,723,976
Benefits paid	-	(2,252)	-	(9,251)	-	(2,252)	-	(9,251)
Currency translation differences	(6,851)	(5,704)	(28,308)	(23,432)	(73)	(138)	(302)	(567)
Exchange differences	-	-	(16,440)	187,483	-	-	(15,441)	183,866
At the end of the period	1,949,685	4,156,913	8,036,602	17,122,325	1,827,509	4,075,987	7,532,992	16,788,990

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
At the beginning of the period	6,123,116	6,258,345	25,208,868	25,496,497	6,078,067	6,159,927	25,023,402	25,095,544
Additions (Note 31)	7,703,738	7,192,381	31,639,252	29,316,145	7,578,235	7,137,337	31,123,811	29,091,786
Benefits paid	(5,281,843)	(5,062,350)	(21,692,529)	(20,634,139)	(5,202,198)	(4,991,795)	(21,365,427)	(20,346,556)
Currency translation differences	(4,450)	(26,153)	(18,276)	(106,600)	(4,407)	(26,162)	(18,100)	(106,636)
Exchange differences	-	-	66,877	372,093	-	-	65,965	368,329
At the end of the period	8,540,561	8,362,223	35,204,192	34,443,996	8,449,697	8,279,307	34,829,651	34,102,467

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
At the beginning of the period	6,165,064	6,115,198	25,461,714	24,888,855	6,117,011	6,071,339	25,263,255	24,710,351
Additions (Note 31)	2,376,007	2,259,480	9,817,661	9,281,944	2,333,171	2,220,419	9,640,663	9,121,481
Benefits paid	-	(11,667)	-	(47,928)	-	(11,664)	-	(47,916)
Currency translation differences	(510)	(788)	(2,107)	(3,237)	(485)	(787)	(2,004)	(3,233)
Exchange differences	-	-	(73,076)	324,362	-	-	(72,263)	321,784
At the end of the period	8,540,561	8,362,223	35,204,192	34,443,996	8,449,697	8,279,307	34,829,651	34,102,467

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

26. Share capital and share premium

As at 30 September 2023, the authorised share capital comprised of 433,163,019 ordinary shares with par value of US\$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank are:

Share capital

	As at 30 September 2023			As at 31 December 2022		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	121,151,500	121,151,500	27.9690%	117,569,958	117,569,958	27.1422%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.0669%
COFIBRED S.A	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
ORIX Corporation	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
NHTPE Rumdul	15,160,706	15,160,706	3.5000%	15,160,706	15,160,706	3.5000%
Triodos Microfinance Fund	6,274,582	6,274,582	1.4485%	6,274,582	6,274,582	1.4485%
Triodos Fair Share Fund	5,365,844	5,365,844	1.2388%	5,365,844	5,365,844	1.2388%
Shareholders Legalised from ASA, Plc.	24,916,808	24,916,808	5.7524%	24,916,808	24,916,808	5.7524%
Public Shareholders	76,973,823	76,973,823	17.7702%	80,555,365	80,555,365	18.5970%
	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>
<i>In KHR'000 equivalent (Note 5)</i>		<u>1,732,652,076</u>			<u>1,732,652,076</u>	

On 15 June 2021, 11,488 actual shareholders of ASA, Plc., one of the institutional shareholders of the Bank, has legalised all its shareholdings of 107,204,547 shares or 24.7492% of the Bank's outstanding shares in accordance with the relevant measures, laws and regulations of the SERC. After legalisation, 4% of the Bank's share capital or 17,326,521 shares were floated on the CSX. On 5 April 2022, ASA, Plc. added 64,915,190 floating shares legalised on the CSX equal to 14.9863%.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 the MOC on 29 March 2021 and 12 May 2021, respectively.

Dividend

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

- In respect of the year ended 31 December 2022: KHR685.8985 per ordinary share declared on 10 May 2023 and paid on 19 May 2023
- 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

The Group and the Bank			
For the nine-month period ended			
30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
72,695,343		297,105,865	
	58,419,561		237,650,775

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Loans and advances	540,581,994	486,326,840	2,220,170,249	1,982,268,200	518,953,091	463,133,219	2,131,340,345	1,887,731,001
Financial investments	4,169,443	3,887,616	17,123,902	15,845,923	4,169,443	3,887,616	17,123,902	15,845,923
Deposits and placements with other banks:								
Banks inside Cambodia	3,557,588	1,838,051	14,611,015	7,491,896	3,540,575	1,837,456	14,541,141	7,489,469
Banks outside Cambodia	12,467,057	733,594	51,202,203	2,990,129	12,467,057	739,811	51,202,204	3,015,471
National Bank of Cambodia	402,396	88,990	1,652,640	362,723	402,396	88,990	1,652,640	362,723
	<u>561,178,478</u>	<u>492,875,091</u>	<u>2,304,760,009</u>	<u>2,008,958,871</u>	<u>539,532,562</u>	<u>469,687,092</u>	<u>2,215,860,232</u>	<u>1,914,444,587</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Loans and advances	183,813,517	168,281,735	759,517,452	691,301,367	176,912,456	161,084,360	731,002,268	661,734,551
Financial investments	1,059,749	1,533,860	4,378,883	6,301,097	1,059,749	1,533,860	4,378,883	6,301,097
Deposits and placements with other banks:								
Banks inside Cambodia	496,814	648,678	2,052,836	2,664,769	491,782	648,083	2,032,043	2,662,324
Banks outside Cambodia	3,699,005	299,637	15,284,289	1,230,909	3,699,005	299,637	15,284,289	1,230,909
National Bank of Cambodia	145,284	71,599	600,313	294,129	145,284	71,599	600,313	294,129
	<u>189,214,369</u>	<u>170,835,509</u>	<u>781,833,773</u>	<u>701,792,271</u>	<u>182,308,276</u>	<u>163,637,539</u>	<u>753,297,796</u>	<u>672,223,010</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	12,998,089	10,090,988	53,383,152	41,130,867	11,463,400	9,010,940	47,080,184	36,728,591
Savings deposits	73,735	50,430	302,830	205,553	60,098	23,358	246,822	95,207
Current accounts	163,775	10,622	672,624	43,295	163,775	10,622	672,624	43,295
Deposits from customers:								
Fixed deposits	145,582,437	96,129,904	597,907,069	391,825,489	143,039,837	93,500,058	587,464,611	381,106,236
Savings deposits	15,414,844	7,973,387	63,308,764	32,499,525	14,938,462	7,528,526	61,352,263	30,686,272
Current accounts	5,717,143	837,493	23,480,306	3,413,621	5,716,034	836,860	23,475,752	3,411,041
Borrowings	53,842,977	30,796,833	221,133,106	125,527,892	53,036,438	29,862,413	217,820,651	121,719,195
Subordinated debts	6,737,314	7,778,259	27,670,149	31,704,184	6,737,314	7,778,259	27,670,149	31,704,186
Interest expenses on lease	1,400,635	1,450,464	5,752,408	5,912,091	1,294,947	1,329,215	5,318,347	5,417,880
	<u>241,930,949</u>	<u>155,118,380</u>	<u>993,610,408</u>	<u>632,262,517</u>	<u>236,450,305</u>	<u>149,880,251</u>	<u>971,101,403</u>	<u>610,911,903</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	4,592,008	3,327,846	18,974,177	13,670,791	4,045,816	2,987,552	16,717,312	12,272,864
Savings deposits	27,974	24,563	115,589	100,905	21,851	11,297	90,288	46,408
Current accounts	54,407	6,560	224,810	26,948	54,407	6,560	224,810	26,948
Deposits from customers:								
Fixed deposits	52,074,830	33,600,493	215,173,198	138,030,825	51,189,782	32,829,691	211,516,179	134,864,371
Savings deposits	4,851,795	3,873,386	20,047,617	15,911,870	4,685,450	3,734,360	19,360,279	15,340,751
Current accounts	2,039,288	425,590	8,426,337	1,748,325	2,038,864	425,396	8,424,585	1,747,527
Borrowings	17,113,449	12,508,954	70,712,771	51,386,783	16,830,125	12,226,827	69,542,077	50,227,805
Subordinated debts	2,262,437	2,405,270	9,348,390	9,880,849	2,262,437	2,405,270	9,348,390	9,880,849
Interest expenses on lease	489,178	484,779	2,021,283	1,991,472	453,345	447,312	1,873,222	1,837,558
	<u>83,505,366</u>	<u>56,657,441</u>	<u>345,044,172</u>	<u>232,748,768</u>	<u>81,582,077</u>	<u>55,074,265</u>	<u>337,097,142</u>	<u>226,245,081</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Commission fees	8,892,000	12,454,742	36,519,444	50,765,528	8,811,983	11,577,601	36,190,814	47,190,302
ATM fee	8,160,186	7,369,691	33,513,884	30,038,861	8,125,244	7,326,450	33,370,377	29,862,610
Early loan redemption fees	6,315,322	6,144,538	25,937,027	25,045,137	5,354,603	4,893,858	21,991,355	19,947,365
Commission fee collected for assurance agency	4,724,999	3,527,963	19,405,571	14,379,977	4,647,900	3,444,684	19,088,925	14,040,532
Training fees	2,007,792	1,624,150	8,246,002	6,620,035	26,988	28,244	110,840	115,123
Fee income from guarantee	706,001	657,662	2,899,546	2,680,630	705,606	656,002	2,897,924	2,673,864
Deposit fee charged	356,003	691,367	1,462,104	2,818,012	248,961	530,814	1,022,483	2,163,598
Others	3,886,709	3,653,253	15,962,714	14,890,660	3,582,492	3,623,549	14,713,294	14,769,585
	<u>35,049,012</u>	<u>36,123,366</u>	<u>143,946,292</u>	<u>147,238,840</u>	<u>31,503,777</u>	<u>32,081,202</u>	<u>129,386,012</u>	<u>130,762,979</u>

Settlement fees amounting to KHR20,592,000 (equivalent to US\$5,014) and US\$53,676 for the operations of cash settlement agents were recognised for the nine-month period ended 30 September 2023 (30 September 2022: KHR237,932,300 (equivalent to US\$58,374) and US\$90,999, respectively).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Commission fees	2,700,601	3,869,404	11,158,883	15,895,512	2,674,159	3,748,216	11,049,625	15,397,671
ATM fee	2,930,854	2,703,767	12,110,289	11,107,075	2,919,513	2,690,953	12,063,428	11,054,435
Early loan redemption fees	2,210,239	2,017,964	9,132,708	8,289,796	1,911,606	1,647,903	7,898,756	6,769,586
Commission fee collected for assurance agency	1,612,152	1,334,627	6,661,412	5,482,648	1,587,630	1,311,916	6,560,087	5,389,351
Training fees	687,008	412,028	2,838,717	1,692,611	11,996	9,372	49,567	38,500
Fee income from guarantee	151,927	347,200	627,762	1,426,298	151,927	347,052	627,762	1,425,690
Deposit fee charged	91,658	112,275	378,731	461,226	63,217	70,130	261,213	288,094
Others	1,590,328	1,470,440	6,571,235	6,040,566	1,477,838	1,459,523	6,106,427	5,995,720
	<u>11,974,767</u>	<u>12,267,705</u>	<u>49,479,737</u>	<u>50,395,732</u>	<u>10,797,886</u>	<u>11,285,065</u>	<u>44,616,865</u>	<u>46,359,047</u>

Settlement fees amounting to KHR1,648,000 (equivalent to US\$399) and US\$1,183 for the operations of cash settlement agents were recognised for the three-month period ended 30 September 2023 (30 September 2022: KHR1,426,000 (equivalent to US\$347) and US\$775, respectively).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Foreign exchange gain, net	13,157,622	11,024,994	54,038,354	44,937,876	13,143,845	10,831,434	53,981,771	44,148,925
Recovery from loans and advances written off	4,643,725	7,273,474	19,071,779	29,646,680	3,562,268	5,690,972	14,630,235	23,196,402
Dividend income	407,629	117,333	1,674,132	478,249	407,629	117,333	1,674,132	478,249
Gain on disposals of property and equipment and lease	247,376	443,846	1,015,973	1,809,116	246,823	441,485	1,013,702	1,799,493
Others	1,111,936	1,214,769	4,566,721	4,951,399	325,225	367,814	1,335,700	1,499,210
	<u>19,568,288</u>	<u>20,074,416</u>	<u>80,366,959</u>	<u>81,823,320</u>	<u>17,685,790</u>	<u>17,449,038</u>	<u>72,635,540</u>	<u>71,122,279</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Foreign exchange gain, net	4,060,968	3,144,053	16,779,920	12,915,770	4,045,043	3,091,039	16,714,118	12,697,988
Recovery from loans and advances written off	1,764,326	2,303,172	7,290,195	9,461,431	1,416,777	1,503,164	5,854,123	6,174,998
Dividend income	202,167	-	835,354	-	202,167	-	835,354	-
Gain on disposals of property and equipment and lease	63,192	224,578	261,109	922,566	63,006	222,158	260,341	912,625
Others	316,110	255,186	1,306,167	1,048,304	98,454	142,141	406,811	583,915
	<u>6,406,763</u>	<u>5,926,989</u>	<u>26,472,745</u>	<u>24,348,071</u>	<u>5,825,447</u>	<u>4,958,502</u>	<u>24,070,747</u>	<u>20,369,526</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Salaries and wages	112,445,421	106,694,072	461,813,344	434,885,037	107,164,667	100,799,795	440,125,287	410,859,964
Depreciation of property and equipment (Note 14)	17,504,583	16,557,552	71,891,322	67,488,582	16,382,562	15,272,723	67,283,182	62,251,619
Repairs and maintenance	11,692,643	10,491,005	48,021,685	42,761,336	11,395,984	10,193,189	46,803,306	41,547,438
Other employee expense	9,729,906	18,569,246	39,960,724	75,688,247	10,218,203	19,431,879	41,966,160	79,204,339
Depreciation of right-of-use assets (Note 16)	9,067,012	8,754,452	37,238,218	35,683,146	8,714,759	8,243,830	35,791,515	33,601,851
Seniority indemnity benefits (Note 25(c))	7,703,738	7,192,381	31,639,252	29,316,145	7,578,235	7,137,337	31,123,811	29,091,786
Utilities	4,594,443	4,383,115	18,869,377	17,865,577	4,290,730	4,115,070	17,622,028	16,773,025
Office supplies	4,109,845	3,947,446	16,879,133	16,089,790	3,812,892	3,653,036	15,659,547	14,889,775
Communication	4,002,254	3,836,646	16,437,257	15,638,169	3,212,338	2,977,920	13,193,072	12,138,002
Travelling expenses	2,120,535	2,045,397	8,709,037	8,337,038	1,843,870	1,808,629	7,572,774	7,371,972
Amortisation charges (Note 15)	2,029,970	2,361,662	8,337,087	9,626,134	1,876,342	2,165,632	7,706,137	8,827,116
Career development benefits (Note 25(b))	1,257,694	1,324,917	5,165,349	5,400,362	1,193,007	1,236,918	4,899,680	5,041,678
License fees	885,009	826,639	3,634,732	3,369,381	863,485	805,300	3,546,333	3,282,403
Retirement benefits (Note 25(a))	-	2,125,574	-	8,663,840	-	2,055,343	-	8,377,578
Others	14,601,347	13,902,823	59,967,734	56,667,906	13,305,133	12,477,975	54,644,182	50,860,226
	<u>201,744,400</u>	<u>203,012,927</u>	<u>828,564,251</u>	<u>827,480,690</u>	<u>191,852,207</u>	<u>192,374,576</u>	<u>787,937,014</u>	<u>784,118,772</u>

For the nine-month period ended 30 September 2023, the salaries and wages of the Bank's staff, who are responsible for the operations of cash settlement agents, amounted to US\$35,442 (30 September 2022: US\$33,782). The above expenses include costs incurred for the operations of cash settlement agents, which consist office supplies amounting to US\$420, expendable costs amounting to US\$94, furniture and fixtures amounting to US\$1,124, and membership fees amounting to US\$9,435 (KHR38,750,000) (30 September 2022: office supplies amounting to US\$193, expendable costs amounting to US\$759, furniture and fixtures amounting to US\$760, and membership fees amounting to US\$9,507 (KHR38,750,000)).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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	30 September	30 September	30 September	30 September	30 September	30 September	30 September
	2023	2022	2023	2022	2023	2022	2023	2022
US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	
		(Note 5)	(Note 5)			(Note 5)	(Note 5)	
Salaries and wages	35,315,766	33,305,610	145,924,745	136,819,446	33,679,672	31,616,400	139,164,405	129,880,171
Depreciation of property and equipment	6,131,120	5,490,345	25,333,788	22,554,337	5,758,416	5,078,110	23,793,775	20,860,876
Repairs and maintenance	4,149,008	3,638,677	17,143,701	14,947,685	4,035,856	3,533,597	16,676,157	14,516,016
Other employee expense	3,612,948	7,823,623	14,928,701	32,139,443	3,626,395	8,078,613	14,984,264	33,186,942
Depreciation of right-of-use assets (Note 16)	3,097,793	2,964,167	12,800,081	12,176,798	2,982,424	2,803,757	12,323,376	11,517,834
Seniority indemnity benefits (Note 25(c))	2,376,007	2,259,480	9,817,661	9,281,944	2,333,171	2,220,419	9,640,663	9,121,481
Utilities	1,627,199	1,485,240	6,723,586	6,101,366	1,524,226	1,389,099	6,298,102	5,706,419
Office supplies	1,332,406	1,253,108	5,505,502	5,147,768	1,229,446	1,161,015	5,080,071	4,769,450
Communication	1,085,656	1,386,685	4,485,931	5,696,502	851,436	1,100,843	3,518,134	4,522,263
Travelling expenses	685,459	682,568	2,832,317	2,803,989	594,148	593,326	2,455,020	2,437,383
Amortisation charges	678,272	762,092	2,802,620	3,130,674	634,126	705,006	2,620,209	2,896,165
Career development benefits (Note 25(b))	428,104	434,403	1,768,926	1,784,528	410,695	419,663	1,696,992	1,723,976
License fees	296,205	276,019	1,223,919	1,133,886	287,667	269,413	1,188,640	1,106,749
Retirement benefits (Note 25(a))	-	703,524	-	2,890,077	-	686,089	-	2,818,454
Others	5,373,338	4,941,067	22,202,631	20,297,903	4,727,273	4,529,571	19,533,090	18,607,476
	<u>66,189,281</u>	<u>67,406,608</u>	<u>273,494,109</u>	<u>276,906,346</u>	<u>62,674,951</u>	<u>64,184,921</u>	<u>258,972,898</u>	<u>263,671,655</u>

For the three-month period ended 30 September 2023, the salaries and wages of the Bank's staff, who are responsible for the operations of cash settlement agents, amounted to US\$12,474 (30 September 2022: US\$10,363). The above expenses include costs incurred for the operations of cash settlement agents, which consist office supplies amounting to US\$151, expendable costs amounting to US\$30, furniture and fixtures amounting to US\$362, and membership fees amounting to US\$3,125 (KHR12,916,667) (30 September 2022: office supplies amounting to US\$68, expendable costs amounting to US\$235, furniture and fixtures amounting to US\$313, and membership fees amounting to US\$3,144 (KHR12,916,667).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

32. Taxation

(a) Current income tax liabilities

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Current income tax liabilities	3,374,599	34,428,462	13,910,097	141,741,978	2,588,333	33,911,933	10,669,109	139,615,428

	The Group				The Bank			
	For the nine-month period ended				For the nine-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	34,428,462	36,315,767	141,741,978	147,950,435	33,911,933	35,491,329	139,615,428	144,591,674
Income tax expense	9,790,052	26,306,609	40,207,744	107,225,738	7,962,939	24,628,112	32,703,790	100,384,185
Income tax paid	(40,843,915)	(37,743,732)	(167,745,959)	(153,843,452)	(39,286,539)	(35,849,585)	(161,349,816)	(146,122,908)
Exchange differences	-	-	(293,666)	1,142,414	-	-	(300,293)	1,114,586
At the end of the period	3,374,599	24,878,644	13,910,097	102,475,135	2,588,333	24,269,856	10,669,109	99,967,537

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
At the beginning of the period	4,945,243	18,873,568	20,423,854	76,815,422	3,815,976	17,912,961	15,759,981	72,905,751
Income tax expense	1,275,370	7,728,309	5,269,829	31,747,893	642,617	7,504,315	2,655,293	30,827,726
Income tax paid	(2,846,014)	(1,723,233)	(11,759,730)	(7,079,041)	(1,870,260)	(1,147,420)	(7,727,914)	(4,713,601)
Exchange differences	-	-	(23,856)	990,861	-	-	(18,251)	947,661
At the end of the period	3,374,599	24,878,644	13,910,097	102,475,135	2,588,333	24,269,856	10,669,109	99,967,537

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Current income tax	9,790,052	26,306,609	40,207,744	107,225,738	7,962,939	24,628,112	32,703,790	100,384,185
Deferred tax	17,811,536	8,210,746	73,151,978	33,467,001	17,717,544	8,144,137	72,765,954	33,195,502
	27,601,588	34,517,355	113,359,722	140,692,739	25,680,483	32,772,249	105,469,744	133,579,687

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Current income tax	1,275,370	7,728,309	5,269,829	31,747,893	642,617	7,504,315	2,655,293	30,827,726
Deferred tax	8,775,692	4,688,627	36,261,159	19,260,880	8,655,553	4,199,142	35,764,745	17,250,075
	10,051,062	12,416,936	41,530,988	51,008,773	9,298,170	11,703,457	38,420,038	48,077,801

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Profit before income tax	139,054,901	167,554,622	571,098,477	682,952,641	130,632,396	160,058,686	536,507,251	652,399,204
Tax calculated at domestic tax rates applicable to taxable profits in the respective countries	27,840,865	33,530,574	114,342,433	136,670,620	26,126,479	32,011,737	107,301,449	130,479,840
Effect of net (non-taxable income)/non-deductible expense	(239,277)	986,781	(982,711)	4,022,119	(445,996)	760,512	(1,831,705)	3,099,847
	<u>27,601,588</u>	<u>34,517,355</u>	<u>113,359,722</u>	<u>140,692,739</u>	<u>25,680,483</u>	<u>32,772,249</u>	<u>105,469,744</u>	<u>133,579,687</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Profit before income tax	49,915,051	61,836,558	206,248,991	254,024,580	46,849,930	58,488,142	193,583,910	240,269,287
Tax calculated at domestic tax rates applicable to taxable profits in the respective countries	10,002,246	12,366,781	41,329,280	50,802,736	9,369,986	11,697,628	38,716,782	48,053,856
Effect of net non-deductible expense/(non-taxable income)	48,816	50,155	201,708	206,037	(71,816)	5,829	(296,744)	23,945
	<u>10,051,062</u>	<u>12,416,936</u>	<u>41,530,988</u>	<u>51,008,773</u>	<u>9,298,170</u>	<u>11,703,457</u>	<u>38,420,038</u>	<u>48,077,801</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

32. Taxation (continued)

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

In accordance with the Sub-decree No. 01 of the Royal Government of Cambodia dated 4 January 2019, on Tax Incentives in Securities Sector, the Bank has been entitled to a reduction of 50% on the tax on income for a period of 3 years from 2020 to 2022 after successful listing (proportion is based on the percentage of listed shares taking 20.0001% as a base in accordance with the Prakas No. 183 on the implementation guidance on the incentive on tax on profit for the IPO enterprise) and waiver of other tax liabilities, including tax on income and withholding taxes for the period from year N-3 to N-10, where N is the IPO year (“N-3 to N-10”).

(d) Other tax matters

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

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

33. Earnings per share

The following table shows the Bank’s profit used in the basic and diluted EPS computations for the period presented:

	For the nine-month period ended				For the three-month period ended			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Profit attributable to the shareholders of the Bank	111,511,768	132,956,660	457,978,830	541,931,348	39,936,717	49,439,395	165,018,515	203,097,035
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	0.26	0.31	1.06	1.25	0.09	0.11	0.38	0.47
Diluted EPS	0.26	0.31	1.06	1.25	0.09	0.11	0.38	0.47

The Bank has no potentially dilutive ordinary shares as at the reporting date. As such, the diluted EPS is equal to the basic EPS.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

34. Cash and cash equivalents

	The Group				The Bank			
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
Cash on hand	515,969,414	537,569,732	2,126,825,925	2,214,249,726	507,543,715	528,478,192	2,092,095,193	2,176,801,673
Deposits and placements with other banks:								
<i>Balances with the National Bank of Cambodia:</i>								
Current accounts	610,240,397	347,905,046	2,515,410,916	1,433,020,884	610,240,397	347,905,046	2,515,410,916	1,433,020,884
Negotiable certificate of deposits, term of three months or less	296,658,377	159,290,356	1,222,825,830	656,116,976	296,658,377	159,290,356	1,222,825,830	656,116,976
<i>Balances with other banks:</i>								
Current accounts	315,540,337	123,150,159	1,300,657,269	507,255,505	290,365,612	104,700,493	1,196,887,053	431,261,331
Fixed deposits, term of three months or less	136,067,420	96,908,042	560,869,905	399,164,226	136,067,420	96,607,425	560,869,906	397,925,984
	<u>1,874,475,945</u>	<u>1,264,823,335</u>	<u>7,726,589,845</u>	<u>5,209,807,317</u>	<u>1,840,875,521</u>	<u>1,236,981,512</u>	<u>7,588,088,898</u>	<u>5,095,126,848</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

35. Commitments and contingencies

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

(a) Loan commitments, guarantees, and other financial liabilities

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Unused portion of overdrafts	208,044,694	175,132,489	857,560,229	721,020,457	207,750,437	174,716,731	856,347,301	719,308,782
Bank guarantees	68,971,550	62,873,329	284,300,729	258,849,495	68,842,819	62,741,984	283,770,100	258,308,748
Letters of credit	6,429,732	9,176,130	26,503,355	37,778,127	6,429,732	9,176,130	26,503,355	37,778,127
Foreign exchange spot transactions	393,258	-	1,621,009	-	393,258	-	1,621,009	-
	<u>283,839,234</u>	<u>247,181,948</u>	<u>1,169,985,322</u>	<u>1,017,648,079</u>	<u>283,416,246</u>	<u>246,634,845</u>	<u>1,168,241,765</u>	<u>1,015,395,657</u>

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

(b) Capital expenditure commitments

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Not later than 1 year	6,109,210	6,030,204	25,182,164	24,826,350	2,661,233	5,027,569	10,969,602	20,698,502
Later than 1 but not later than 5 years	291,650	268,961	1,202,181	1,107,312	-	-	-	-
	<u>6,400,860</u>	<u>6,299,165</u>	<u>26,384,345</u>	<u>25,933,662</u>	<u>2,661,233</u>	<u>5,027,569</u>	<u>10,969,602</u>	<u>20,698,502</u>

As at 30 September 2023, the balances of these commitments are related to the Bank's purchases of property and equipment and intangible assets amounting to US\$2,661,233; AIB's purchases of other equipment amounting to US\$9,906; and ABL's purchases of other equipment amounting to US\$23,962, purchases of computer software amounting to US\$1,030,533; and CRM, Palo Alto 5410, Panorama M-300, Dell Server for BCP and T24 project, special ITD computers, APC Rack, Dell and Cisco for the T24 upgrade, core banking R21, and Scanner E-document amounting to US\$2,675,226.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

35. Commitments and contingencies (continued)

(b) Capital expenditure commitments (continued)

As at 31 December 2022, the balances of these commitments are related to the Bank's purchases of property and equipment and intangible assets amounting to US\$5,027,569; AIB's purchases of other equipment amounting to US\$9,906; and ABL's purchases of property and equipment and intangible assets amounting to US\$1,002,635, upgrade of Nutanix amounting to US\$157,903, Smart Vista implementation fee amounting to US\$35,286, development of Numpapa bills payment system amounting to US\$11,847, and development of LAPS System Phase 2 amounting to US\$54,019.

(c) 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 2023, remaining balance is US\$6,017,512 (31 December 2022: US\$7,234,793). The Bank has made allowance for impairment losses of US\$51,516 (31 December 2022: US\$65,217) 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 2023, as reclassified	524,311,587	2,158,590,804	9,630,593	39,649,149	155,706,835	641,045,041	(53,815,086)	(221,556,709)	3,028,319	12,467,589	76,356,446	638,862,248	2,706,552,320
Other comprehensive income:													
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	(879,037)	(3,610,205)	-	-	-	-	-	-	-	(879,037)	(3,610,205)
Currency translation differences - foreign subsidiaries	-	-	-	-	-	-	(6,878,935)	(28,251,786)	-	-	-	(6,878,935)	(28,251,786)
Total comprehensive loss for the period	-	-	(879,037)	(3,610,205)	-	-	(6,878,935)	(28,251,786)	-	-	-	(7,757,972)	(31,861,991)
Transactions with owners:													
Transfer from retained earnings to regulatory reserves	-	-	-	-	68,791,533	282,526,826	-	-	-	-	-	68,791,533	282,526,826
Exchange differences	-	2,621,558	-	34,971	-	1,810,406	-	(372,261)	-	15,142	1,451,644	-	5,561,460
Total transactions with owners	-	2,621,558	-	34,971	68,791,533	284,337,232	-	(372,261)	-	15,142	1,451,644	68,791,533	288,088,286
As at 30 September 2023	524,311,587	2,161,212,362	8,751,556	36,073,915	224,498,368	925,382,273	(60,694,021)	(250,180,756)	3,028,319	12,482,731	77,808,090	699,895,809	2,962,778,615

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AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

36. Reserves (continued)

	The Group												
	General reserves		Hedging Reserve		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2022, as reclassified	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
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)
Exchange differences	-	-	-	-	-	-	-	-	-	-	12,842,412	-	12,842,412
Total comprehensive income/(loss) 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
Exchange 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>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023, as reclassified	510,741,556	2,102,722,986	9,630,593	39,649,156	155,706,835	641,045,040	75,402,095	676,078,984	2,858,819,277
Other comprehensive income:									
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	(879,037)	(3,610,205)	-	-	-	(879,037)	(3,610,205)
Total comprehensive loss for the period	-	-	(879,037)	(3,610,205)	-	-	-	(879,037)	(3,610,205)
Transactions with owners:									
Transfer from retained earnings to regulatory reserves	-	-	-	-	68,525,484	281,434,163	-	68,525,484	281,434,163
Exchange differences	-	2,553,708	-	34,963	-	1,806,416	1,277,094	-	5,672,181
Total transactions with owners	-	2,553,708	-	34,963	68,525,484	283,240,579	1,277,094	68,525,484	287,106,344
As at 30 September 2023	510,741,556	2,105,276,694	8,751,556	36,073,914	224,232,319	924,285,619	76,679,189	743,725,431	3,142,315,416
Balance at 1 January 2022, as reclassified	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
Exchange 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
Exchange 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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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 relationship with, the Bank are as follows:

Related parties	Relationship
Subsidiaries of the Bank as disclosed in Note 13	Subsidiaries
Shareholders as disclosed in Note 26	Shareholders
Key management personnel	The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors and members of senior management of the Group and the Bank.

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AS AT 30 SEPTEMBER 2023 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
i) Loans and advances								
Key management personnel	13,069,883	14,651,796	53,874,058	60,321,444	12,635,559	14,171,853	52,083,774	58,345,519
ii) Balances with related parties								
Shareholders	486,342	725,388	2,004,702	2,986,422	486,342	725,388	2,004,702	2,986,422
Subsidiaries	-	-	-	-	12,340	-	50,865	-
	486,342	725,388	2,004,702	2,986,422	498,682	725,388	2,055,567	2,986,422
iii) Receivables from/(payables to) related parties								
Key management personnel								
Other payables	(98,011)	(68,978)	(404,001)	(283,982)	(88,601)	(56,820)	(365,213)	(233,928)
Shareholders								
Other payables	(2,132,517)	(488,930)	(8,790,235)	(2,012,924)	(2,132,517)	(488,930)	(8,790,235)	(2,012,924)
Subsidiaries								
Other receivables	-	-	-	-	567,532	259,910	2,339,367	1,070,049
Other payables	-	-	-	-	(45,831)	(28,709)	(188,915)	(118,195)
	(2,230,528)	(557,908)	(9,194,236)	(2,296,906)	(1,699,417)	(314,549)	(7,004,996)	(1,294,998)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
iv) Deposits from related parties								
Key management personnel	8,898,505	6,209,960	36,679,638	25,566,405	8,494,058	5,730,308	35,012,507	23,591,678
Shareholders								
Current accounts	1,801,628	7,016,846	7,426,311	28,888,355	1,120,608	6,298,570	4,619,146	25,931,213
Savings accounts	68,031	902,605	280,424	3,716,026	68,031	902,605	280,424	3,716,026
Fixed deposits	3,431,562	2,966,448	14,144,899	12,212,866	3,431,562	2,966,448	14,144,899	12,212,866
Subsidiaries								
Current accounts	-	-	-	-	2,714,618	4,274,570	11,189,656	17,598,404
Savings accounts	-	-	-	-	106,232	258,388	437,888	1,063,783
Fixed deposits	-	-	-	-	3,068,308	3,454,526	12,647,566	14,222,283
	<u>14,199,726</u>	<u>17,095,859</u>	<u>58,531,272</u>	<u>70,383,652</u>	<u>19,003,417</u>	<u>23,885,415</u>	<u>78,332,086</u>	<u>98,336,253</u>
v) Borrowings from related parties								
Shareholder	<u>50,300,057</u>	<u>48,847,528</u>	<u>207,336,835</u>	<u>201,105,273</u>	<u>50,300,057</u>	<u>48,847,528</u>	<u>207,336,835</u>	<u>201,105,273</u>
vi) Subordinated debts from related parties								
Shareholder	<u>15,317,333</u>	<u>-</u>	<u>63,138,047</u>	<u>-</u>	<u>15,317,333</u>	<u>-</u>	<u>63,138,047</u>	<u>-</u>

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AS AT 30 SEPTEMBER 2023 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		For nine-month period ended		For nine-month period ended	
	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
i) Interest income from related parties								
Loans and advances to key management personnel	782,016	670,554	3,211,740	2,733,178	781,953	669,681	3,211,481	2,729,620
Deposits with a subsidiary	-	-	-	-	-	6,217	-	25,340
	<u>782,016</u>	<u>670,554</u>	<u>3,211,740</u>	<u>2,733,178</u>	<u>781,953</u>	<u>675,898</u>	<u>3,211,481</u>	<u>2,754,960</u>
ii) Fee and commission income from related parties								
Shareholders	30,645	31,430	125,859	128,108	30,645	31,430	125,859	128,108
Subsidiaries	-	-	-	-	14,579	786	59,876	3,204
	<u>30,645</u>	<u>31,430</u>	<u>125,859</u>	<u>128,108</u>	<u>45,224</u>	<u>32,216</u>	<u>185,735</u>	<u>131,312</u>
iii) Interest expenses to related parties								
Deposits of key management personnel	109,006	82,014	447,688	334,289	87,379	53,772	358,866	219,175
Borrowings from shareholders	4,222,761	570,337	17,342,880	2,324,694	4,222,761	570,337	17,342,880	2,324,694
Deposits of shareholders	122,469	210,078	502,980	856,278	122,469	210,078	502,980	856,278
Deposits of subsidiaries	-	-	-	-	161,733	165,356	664,238	673,991
	<u>4,454,236</u>	<u>862,429</u>	<u>18,293,548</u>	<u>3,515,261</u>	<u>4,594,342</u>	<u>999,543</u>	<u>18,868,964</u>	<u>4,074,138</u>
iv) Fee and remuneration expenses to related parties								
Board of Directors	573,829	483,319	2,356,716	1,970,008	402,623	304,096	1,653,573	1,239,495
Key management personnel	10,996,996	6,423,934	45,164,663	26,183,955	9,888,423	4,910,097	40,611,753	20,013,555
Subsidiaries	-	-	-	-	1,635,106	2,384,631	6,715,380	9,719,756
	<u>11,570,825</u>	<u>6,907,253</u>	<u>47,521,379</u>	<u>28,153,963</u>	<u>11,926,152</u>	<u>7,598,824</u>	<u>48,980,706</u>	<u>30,972,806</u>
v) Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(13,701)	(57,805)	(56,270)	(235,613)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)	30 September 2023 US\$	30 September 2022 US\$	30 September 2023 KHR'000 (Note 5)	30 September 2022 KHR'000 (Note 5)
i) Interest income from related parties								
Loans and advances to key management personnel	216,440	234,714	894,330	964,205	216,131	234,749	893,053	964,349
Deposits with a subsidiary	-	-	-	-	-	-	-	-
	<u>216,440</u>	<u>234,714</u>	<u>894,330</u>	<u>964,205</u>	<u>216,131</u>	<u>234,749</u>	<u>893,053</u>	<u>964,349</u>
ii) Fee and commission income from related parties								
Shareholders	9,903	9,903	40,919	40,682	9,903	9,903	40,919	40,682
Subsidiaries	-	-	-	-	5,653	167	23,358	686
	<u>9,903</u>	<u>9,903</u>	<u>40,919</u>	<u>40,682</u>	<u>15,556</u>	<u>10,070</u>	<u>64,277</u>	<u>41,368</u>
iii) Interest expenses to related parties								
Deposits of key management personnel	32,968	32,382	136,224	133,025	29,952	28,213	123,762	115,899
Borrowings from shareholders	1,622,602	570,337	6,704,591	2,342,944	1,622,602	570,337	6,704,591	2,342,944
Deposits of shareholders	51,880	127,768	214,368	524,871	51,880	127,768	214,368	524,871
Deposits of subsidiaries	-	-	-	-	49,227	58,453	203,406	240,125
	<u>1,707,450</u>	<u>730,487</u>	<u>7,055,183</u>	<u>3,000,840</u>	<u>1,753,661</u>	<u>784,771</u>	<u>7,246,127</u>	<u>3,223,839</u>
iv) Fee and remuneration expenses to related parties								
Board of Directors	186,234	176,220	769,519	723,912	140,025	120,367	578,583	494,467
Key management personnel	2,016,400	1,448,493	8,331,766	5,950,409	1,755,867	1,049,904	7,255,242	4,313,006
Subsidiary	-	-	-	-	287,966	699,981	1,189,876	2,875,522
	<u>2,202,634</u>	<u>1,624,713</u>	<u>9,101,285</u>	<u>6,674,321</u>	<u>2,183,858</u>	<u>1,870,252</u>	<u>9,023,701</u>	<u>7,682,995</u>
v) Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(3,293)	(6,447)	(13,607)	(26,484)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 an effective risk management in place in order to manage and ensure all risks are within the risk appetite and tolerance. This also provides reasonable assurance regarding the achievement of the Group's and the Bank's objectives.

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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 reviews and approves the Group's and the Bank's risk appetite and tolerance statement considering the most significant risks that specify the nature, types, and levels which the Group and the Bank are willing to assume, and provides an outline of the approach to manage these risks.

The risk management policy defines risk categories in line with the categories identified by the Basel Committee on Banking Supervision and the nature of the Group's and the Bank's business context. The policy sets risk tolerance/internal targets per individual risk category.

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Financial assets								
Cash on hand	515,969,414	497,027,041	2,126,825,925	2,046,260,328	507,543,715	486,665,483	2,092,095,193	2,003,601,794
Deposits and placements with other banks, net	1,062,292,812	846,602,175	4,378,770,971	3,485,461,154	1,036,660,201	828,396,425	4,273,113,349	3,410,508,082
Statutory deposits	655,611,414	482,330,993	2,702,430,249	1,985,756,698	650,535,968	479,556,076	2,681,509,260	1,974,332,365
Financial investments	366,065,700	555,847,862	1,508,922,815	2,288,425,648	366,065,700	555,847,862	1,508,922,815	2,288,425,648
Loans and advances, net	6,516,178,026	6,379,406,093	26,859,685,823	26,264,014,885	6,382,992,084	6,246,269,485	26,310,693,370	25,715,891,470
Other assets	37,122,617	44,777,965	153,019,427	184,350,882	37,215,009	44,724,815	153,400,267	184,132,063
Total financial assets	9,153,239,983	8,805,992,129	37,729,655,210	36,254,269,595	8,981,012,677	8,641,460,146	37,019,734,254	35,576,891,422
Financial liabilities								
Deposits and placements of other banks and financial institutions	418,893,956	417,826,399	1,726,680,887	1,720,191,285	388,039,116	390,611,644	1,599,497,236	1,608,148,138
Deposits from customers	6,496,741,202	5,971,164,302	26,779,567,235	24,583,283,431	6,412,691,529	5,889,433,410	26,433,114,483	24,246,797,349
Lease liabilities	31,722,023	28,448,770	130,758,179	117,123,586	29,691,638	26,457,635	122,388,932	108,926,083
Borrowings	805,007,668	957,335,868	3,318,241,607	3,941,351,769	790,133,979	944,275,857	3,256,932,261	3,887,583,703
Subordinated debts	130,070,489	127,762,328	536,150,556	525,997,504	130,070,489	127,762,328	536,150,556	525,997,504
Other liabilities	92,943,257	95,830,215	383,112,105	394,532,995	92,458,219	95,593,093	381,112,779	393,556,764
Total financial liabilities	7,975,378,595	7,598,367,882	32,874,510,569	31,282,480,570	7,843,084,970	7,474,133,967	32,329,196,247	30,771,009,541
Net financial instruments	1,177,861,388	1,207,624,247	4,855,144,641	4,971,789,025	1,137,927,707	1,167,326,179	4,690,538,007	4,805,881,881

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

(b) Objectives and principles (continued)

b. Financial assets and financial liabilities measured at fair value

	The Group				The Bank			
	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Financial assets								
Financial investments	189,670	189,670	781,820	780,871	189,670	189,670	781,820	780,871
Derivative financial instruments	8,751,556	9,630,593	36,073,914	39,649,151	8,751,556	9,630,593	36,073,914	39,649,151
Total financial assets	8,941,226	9,820,263	36,855,734	40,430,022	8,941,226	9,820,263	36,855,734	40,430,022
Net financial instruments	8,941,226	9,820,263	36,855,734	40,430,022	8,941,226	9,820,263	36,855,734	40,430,022

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

38. Financial risk management (continued)

38.1 Credit risk

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

Principles of the credit risk:

- The Board of Directors recognises that the loan book is the main sources of income for the Group and the Bank and, conversely, also constitutes the greatest risk of losses.
- The Board of Directors considers that lending to the lower segments of the market of small business loans, provided the existing policies are implemented properly, carries a credit risk which is smaller than for larger loans as history has shown that losses due to default on these loans have been minimal. The Board of Directors considers the risk return equation favourable for loans provided to the lower segments in the market and considers these loans as the core product of the Group and the Bank.
- The Board of Directors considers that the Management has freedom to adjust, adapt or develop existing products and product lines but requires that new product lines need to be approved by the Board of Directors.
- The day-to-day responsibility for the credit risk lies with the senior management of the Credit Sale Management Division and of the branches.
- The credit risk is regularly measured by calculating the ECL taking probability of customer defaults, exposure in the event of default, and severity of LGD of the customer base where credit scoring is applied for.
- The Board of Directors requires that credit risk is spread across different sectors (like trade, agriculture, services, industrial, infrastructure, etc.) and products to avoid undue overexposure to one particular sector or industry.
- Systemic risk is the risk of system-wide breakdown of the financial sectors. The Board of Directors requires that credit risk on counterparty financial institutions should be subject to the same principles of the prudential assessment and controls as with the other forms of lending and prudential position limits that should be set to sufficiently protect the Group and the Bank from systemic risk.

Internal targets on the credit risk:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 the needed information, which is relevant in the assessment and control phase of the credit process.
- Careful credit control systems, with periodical reviews, through which timely signals can be derived for relevant information regarding risk management.
- Independent control to ensure conformity with approved procedures and regulations in the credit process (formal control) but also monitoring of the quality of risk aspects and credit control (material control).
- The Group and the Bank will maintain a diversified loan assets portfolio in terms of industry sector, geographical area, and currency and loan size.
- Loan analysis will strongly focus on the client's ability and willingness to repay the loan through character and cash flow-based assessment and in applying green-lining methodology.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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.

ABL is required, based on the Letter No. 296 of the BOL, to maintain at all times a maximum ratio of 25% between its overall credit exposure to any individual beneficiary and its net worth. The aggregation of large credit exposure must not exceed 500% of its net worth. However, for AMM, there is no requirement by the Financial Regulatory Department of Myanmar.

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)	30 September 2023 US\$	31 December 2022 US\$	30 September 2023 KHR'000 (Note 5)	31 December 2022 KHR'000 (Note 5)
Credit exposure for on-balance sheet financial assets:								
Cash on hand	515,969,414	497,027,041	2,126,825,925	2,046,260,328	507,543,715	486,665,483	2,092,095,193	2,003,601,794
Deposits and placements with other banks, net	1,062,292,812	846,602,175	4,378,770,971	3,485,461,154	1,036,660,201	828,396,425	4,273,113,349	3,410,508,082
Statutory deposits	655,611,414	482,330,993	2,702,430,249	1,985,756,698	650,535,968	479,556,076	2,681,509,260	1,974,332,365
Financial investments	366,255,370	556,037,532	1,509,704,635	2,289,206,519	366,255,370	556,037,532	1,509,704,635	2,289,206,519
Loans and advances, net	6,516,178,026	6,379,406,093	26,859,685,823	26,264,014,885	6,382,992,084	6,246,269,485	26,310,693,370	25,715,891,470
Derivative financial instruments	8,751,556	9,630,593	36,073,914	39,649,151	8,751,556	9,630,593	36,073,914	39,649,151
Other assets	37,122,617	44,777,965	153,019,427	184,350,882	37,215,009	44,724,815	153,400,267	184,132,063
	<u>9,162,181,209</u>	<u>8,815,812,392</u>	<u>37,766,510,944</u>	<u>36,294,699,617</u>	<u>8,989,953,903</u>	<u>8,651,280,409</u>	<u>37,056,589,988</u>	<u>35,617,321,444</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitments	208,044,694	175,132,489	857,560,229	721,020,457	207,750,437	174,716,731	856,347,301	719,308,782
Bank guarantees	68,971,550	62,873,329	284,300,729	258,849,495	68,842,819	62,741,984	283,770,100	258,308,748
Letters of credit	6,429,732	9,176,130	26,503,355	37,778,127	6,429,732	9,176,130	26,503,355	37,778,127
Foreign exchange spot transactions	393,258	-	1,621,009	-	393,258	-	1,621,009	-
	<u>283,839,234</u>	<u>247,181,948</u>	<u>1,169,985,322</u>	<u>1,017,648,079</u>	<u>283,416,246</u>	<u>246,634,845</u>	<u>1,168,241,765</u>	<u>1,015,395,657</u>
Total maximum credit risk exposure	<u>9,446,020,443</u>	<u>9,062,994,340</u>	<u>38,936,496,266</u>	<u>37,312,347,696</u>	<u>9,273,370,149</u>	<u>8,897,915,254</u>	<u>38,224,831,753</u>	<u>36,632,717,101</u>

The above table represents a worst-case scenario of credit risk exposure to the Group and the Bank as at 30 September 2023 and 31 December 2022, without taking into account any collateral held or other credit enhancements attached. For on-balance financial sheet assets, the exposures set out above are based on net carrying amounts.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 2023, 68.98% for the Group and 68.83% for the Bank of total maximum exposure is derived from loans and advances (31 December 2022: 70.39% and 70.20% for the Group and for the Bank, respectively).

The Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group and the Bank resulting from its loans and advances. Significant credit risk exposure is arising from loans and advances. In order to mitigate the exposure of credit risk arising from loans and advances, all loan size limits must not exceed 75% of estimated saleable value of the pledged collateral, except for other loans authorised by the Management Credit Committee wherein the loan to collateral value exceeds the 75% threshold. As at 30 September 2023, approximately 95.12% (31 December 2022: 96.42%) of these loans and advances are collateralised.

(d) Concentration of financial assets with credit risk exposure

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 and 31 December 2022 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 2023									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	507,572,837	-	-	7,652,551	-	-	744,026	-	515,969,414
Deposits and placements with other banks, net	636,651,965	606,331	580,176	134,829,393	1,465,590	277,452,546	62,060	10,644,751	1,062,292,812
Statutory deposits	650,778,570	-	-	4,832,844	-	-	-	-	655,611,414
Financial investments	366,255,370	-	-	-	-	-	-	-	366,255,370
Loans and advances, net	6,382,992,084	-	-	115,580,946	-	-	17,604,996	-	6,516,178,026
Derivative financial instruments	8,751,556	-	-	-	-	-	-	-	8,751,556
Other assets	36,676,366	-	-	268,769	-	-	177,482	-	37,122,617
	<u>8,589,678,748</u>	<u>606,331</u>	<u>580,176</u>	<u>263,164,503</u>	<u>1,465,590</u>	<u>277,452,546</u>	<u>18,588,564</u>	<u>10,644,751</u>	<u>9,162,181,209</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitments	207,750,437	-	-	294,257	-	-	-	-	208,044,694
Bank guarantees	68,842,819	-	-	128,731	-	-	-	-	68,971,550
Letters of credit	6,429,732	-	-	-	-	-	-	-	6,429,732
Foreign exchange spot transactions	393,258	-	-	-	-	-	-	-	393,258
	<u>283,416,246</u>	<u>-</u>	<u>-</u>	<u>422,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,839,234</u>
Total maximum credit risk exposure	<u>8,873,094,994</u>	<u>606,331</u>	<u>580,176</u>	<u>263,587,491</u>	<u>1,465,590</u>	<u>277,452,546</u>	<u>18,588,564</u>	<u>10,644,751</u>	<u>9,446,020,443</u>
In KHR'000 equivalent (Note 5)	<u>36,574,897,565</u>	<u>2,499,296</u>	<u>2,391,485</u>	<u>1,086,507,638</u>	<u>6,041,162</u>	<u>1,143,659,395</u>	<u>76,622,061</u>	<u>43,877,664</u>	<u>38,936,496,266</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2022									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	486,719,471	-	-	9,705,150	-	-	602,420	-	497,027,041
Deposits and placements with other banks, net	566,618,029	356,084	678,730	142,191,142	1,359,010	123,455,386	54,971	11,888,823	846,602,175
Statutory deposits	479,798,971	-	-	2,532,022	-	-	-	-	482,330,993
Financial investments	556,037,532	-	-	-	-	-	-	-	556,037,532
Loans and advances, net	6,246,269,486	-	-	117,399,730	-	-	15,736,877	-	6,379,406,093
Derivative financial instruments	9,630,593	-	-	-	-	-	-	-	9,630,593
Other assets	44,605,309	-	-	172,656	-	-	-	-	44,777,965
	<u>8,389,679,391</u>	<u>356,084</u>	<u>678,730</u>	<u>272,000,700</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>16,394,268</u>	<u>11,888,823</u>	<u>8,815,812,392</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitments	174,716,731	-	-	415,758	-	-	-	-	175,132,489
Bank guarantees	62,741,984	-	-	131,345	-	-	-	-	62,873,329
Letters of credit	9,176,130	-	-	-	-	-	-	-	9,176,130
	<u>246,634,845</u>	<u>-</u>	<u>-</u>	<u>547,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,181,948</u>
Total maximum credit risk exposure	<u>8,636,314,236</u>	<u>356,084</u>	<u>678,730</u>	<u>272,547,803</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>16,394,268</u>	<u>11,888,823</u>	<u>9,062,994,340</u>
In KHR'000 equivalent (Note 5)	<u>35,555,705,709</u>	<u>1,465,998</u>	<u>2,794,331</u>	<u>1,122,079,305</u>	<u>5,595,044</u>	<u>508,265,824</u>	<u>67,495,201</u>	<u>48,946,284</u>	<u>37,312,347,696</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
As at 30 September 2023									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	507,543,715	-	-	-	-	-	-	-	507,543,715
Deposits and placements with other banks, net	636,610,406	606,331	580,176	110,010,936	1,465,590	277,452,546	46,788	9,887,428	1,036,660,201
Statutory deposits	650,535,968	-	-	-	-	-	-	-	650,535,968
Financial investments	366,255,370	-	-	-	-	-	-	-	366,255,370
Loans and advances, net	6,382,992,084	-	-	-	-	-	-	-	6,382,992,084
Derivative financial instruments	8,751,556	-	-	-	-	-	-	-	8,751,556
Other assets	36,851,832	-	-	-	-	-	363,177	-	37,215,009
	<u>8,589,540,931</u>	<u>606,331</u>	<u>580,176</u>	<u>110,010,936</u>	<u>1,465,590</u>	<u>277,452,546</u>	<u>409,965</u>	<u>9,887,428</u>	<u>8,989,953,903</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitments	207,750,437	-	-	-	-	-	-	-	207,750,437
Bank guarantees	68,842,819	-	-	-	-	-	-	-	68,842,819
Letters of credit	6,429,732	-	-	-	-	-	-	-	6,429,732
Foreign exchange spot transactions	393,258	-	-	-	-	-	-	-	393,258
	<u>283,416,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,416,246</u>
Total maximum credit risk exposure	<u>8,872,957,177</u>	<u>606,331</u>	<u>580,176</u>	<u>110,010,936</u>	<u>1,465,590</u>	<u>277,452,546</u>	<u>409,965</u>	<u>9,887,428</u>	<u>9,273,370,149</u>
In KHR'000 equivalent (Note 5)	<u>36,574,329,484</u>	<u>2,499,296</u>	<u>2,391,485</u>	<u>453,465,078</u>	<u>6,041,162</u>	<u>1,143,659,395</u>	<u>1,689,876</u>	<u>40,755,978</u>	<u>38,224,831,754</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Laos US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	
As at 31 December 2022									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	486,665,483	-	-	-	-	-	-	-	486,665,483
Deposits and placements with other banks, net	562,439,847	356,084	678,730	129,964,976	1,359,010	123,455,386	46,776	10,095,616	828,396,425
Statutory deposits	479,556,076	-	-	-	-	-	-	-	479,556,076
Financial investments	556,037,532	-	-	-	-	-	-	-	556,037,532
Loans and advances, net	6,246,269,485	-	-	-	-	-	-	-	6,246,269,485
Derivative financial instruments	9,630,593	-	-	-	-	-	-	-	9,630,593
Other assets	44,464,905	-	-	-	-	-	259,910	-	44,724,815
	<u>8,385,063,921</u>	<u>356,084</u>	<u>678,730</u>	<u>129,964,976</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>306,686</u>	<u>10,095,616</u>	<u>8,651,280,409</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitments	174,716,731	-	-	-	-	-	-	-	174,716,731
Bank guarantees	62,741,984	-	-	-	-	-	-	-	62,741,984
Letters of credit	9,176,130	-	-	-	-	-	-	-	9,176,130
	<u>246,634,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,634,845</u>
Total maximum credit risk exposure	<u>8,631,698,766</u>	<u>356,084</u>	<u>678,730</u>	<u>129,964,976</u>	<u>1,359,010</u>	<u>123,455,386</u>	<u>306,686</u>	<u>10,095,616</u>	<u>8,897,915,254</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>35,536,703,821</u>	<u>1,465,998</u>	<u>2,794,331</u>	<u>535,065,806</u>	<u>5,595,044</u>	<u>508,265,824</u>	<u>1,262,626</u>	<u>41,563,651</u>	<u>36,632,717,101</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023 and 31 December 2022 based on the industry sectors of the counterparty are as follows:

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	
As at 30 September 2023								
Credit exposure for on-balance sheet								
financial assets:								
Cash on hand	515,969,414	-	-	-	-	-	-	515,969,414
Deposits and placements with other banks, net	1,062,292,812	-	-	-	-	-	-	1,062,292,812
Statutory deposits	-	-	-	-	-	-	655,611,414	655,611,414
Financial investments	-	-	-	-	-	-	366,255,370	366,255,370
Loans and advances, net	3,809,970	2,110,551,333	1,574,913,848	205,529,835	236,142,156	1,397,453,343	987,777,541	6,516,178,026
Derivative financial instruments	8,751,556	-	-	-	-	-	-	8,751,556
Other assets	1,890,357	-	-	-	-	-	35,232,260	37,122,617
	<u>1,592,714,109</u>	<u>2,110,551,333</u>	<u>1,574,913,848</u>	<u>205,529,835</u>	<u>236,142,156</u>	<u>1,397,453,343</u>	<u>2,044,876,585</u>	<u>9,162,181,209</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitments	-	-	-	-	-	-	208,044,694	208,044,694
Bank guarantees	-	-	-	-	-	-	68,971,550	68,971,550
Letters of credit	-	-	-	-	-	-	6,429,732	6,429,732
Foreign exchange spot transactions	-	-	-	-	-	-	393,258	393,258
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,839,234</u>	<u>283,839,234</u>
Total maximum credit risk exposure	<u>1,592,714,109</u>	<u>2,110,551,333</u>	<u>1,574,913,848</u>	<u>205,529,835</u>	<u>236,142,156</u>	<u>1,397,453,343</u>	<u>2,328,715,819</u>	<u>9,446,020,443</u>
In KHR'000 equivalent (Note 5)	<u>6,565,167,557</u>	<u>8,699,692,595</u>	<u>6,491,794,881</u>	<u>847,193,980</u>	<u>973,377,967</u>	<u>5,760,302,680</u>	<u>9,598,966,606</u>	<u>38,936,496,266</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2022								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	497,027,041	-	-	-	-	-	-	497,027,041
Deposits and placements with other banks, net	846,602,175	-	-	-	-	-	-	846,602,175
Statutory deposits	-	-	-	-	-	-	482,330,993	482,330,993
Financial investments	-	-	-	-	-	-	556,037,532	556,037,532
Loans and advances, net	15,425,874	2,114,982,513	1,589,735,423	203,748,321	225,021,942	1,383,149,948	847,342,072	6,379,406,093
Derivative financial instruments	9,630,593	-	-	-	-	-	-	9,630,593
Other assets	2,349,842	-	-	-	-	-	42,428,123	44,777,965
	<u>1,371,035,525</u>	<u>2,114,982,513</u>	<u>1,589,735,423</u>	<u>203,748,321</u>	<u>225,021,942</u>	<u>1,383,149,948</u>	<u>1,928,138,720</u>	<u>8,815,812,392</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitments	-	-	-	-	-	-	175,132,489	175,132,489
Bank guarantees	-	-	-	-	-	-	62,873,329	62,873,329
Letters of credit	-	-	-	-	-	-	9,176,130	9,176,130
	-	-	-	-	-	-	247,181,948	247,181,948
Total maximum credit risk exposure	<u>1,371,035,525</u>	<u>2,114,982,513</u>	<u>1,589,735,423</u>	<u>203,748,321</u>	<u>225,021,942</u>	<u>1,383,149,948</u>	<u>2,175,320,668</u>	<u>9,062,994,340</u>
In KHR'000 equivalent (Note 5)	<u>5,644,553,255</u>	<u>8,707,383,006</u>	<u>6,544,940,736</u>	<u>838,831,838</u>	<u>926,415,335</u>	<u>5,694,428,336</u>	<u>8,955,795,190</u>	<u>37,312,347,696</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023								
Credit exposure for on-balance sheet								
financial assets:								
Cash on hand	507,543,715	-	-	-	-	-	-	507,543,715
Deposits and placements with other banks, net	1,036,660,201	-	-	-	-	-	-	1,036,660,201
Statutory deposits	-	-	-	-	-	-	650,535,968	650,535,968
Financial investments	-	-	-	-	-	-	366,255,370	366,255,370
Loans and advances, net	3,809,970	2,057,611,565	1,547,333,775	195,169,748	231,636,365	1,367,197,009	980,233,652	6,382,992,084
Derivative financial instruments	8,751,556	-	-	-	-	-	-	8,751,556
Other assets	2,437,548	-	-	-	-	-	34,777,461	37,215,009
	<u>1,559,202,990</u>	<u>2,057,611,565</u>	<u>1,547,333,775</u>	<u>195,169,748</u>	<u>231,636,365</u>	<u>1,367,197,009</u>	<u>2,031,802,451</u>	<u>8,989,953,903</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitments	-	-	-	-	-	-	207,750,437	207,750,437
Bank guarantees	-	-	-	-	-	-	68,842,819	68,842,819
Letters of credit	-	-	-	-	-	-	6,429,732	6,429,732
Foreign exchange spot transactions	-	-	-	-	-	-	393,258	393,258
	-	-	-	-	-	-	<u>283,416,246</u>	<u>283,416,246</u>
Total maximum credit risk exposure	<u>1,559,202,990</u>	<u>2,057,611,565</u>	<u>1,547,333,775</u>	<u>195,169,748</u>	<u>231,636,365</u>	<u>1,367,197,009</u>	<u>2,315,218,697</u>	<u>9,273,370,149</u>
In KHR'000 equivalent (Note 5)	<u>6,427,034,724</u>	<u>8,481,474,871</u>	<u>6,378,109,821</u>	<u>804,489,701</u>	<u>954,805,097</u>	<u>5,635,586,071</u>	<u>9,543,331,469</u>	<u>38,224,831,754</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2022								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	486,665,483	-	-	-	-	-	-	486,665,483
Deposits and placements with other banks, net	828,396,425	-	-	-	-	-	-	828,396,425
Statutory deposits	-	-	-	-	-	-	479,556,076	479,556,076
Financial investments	-	-	-	-	-	-	556,037,532	556,037,532
Loans and advances, net	15,381,863	2,059,348,968	1,561,608,892	195,640,567	219,940,343	1,355,583,595	838,765,257	6,246,269,485
Derivative financial instruments	9,630,593	-	-	-	-	-	-	9,630,593
Other assets	2,570,844	-	-	-	-	-	42,153,971	44,724,815
	<u>1,342,645,208</u>	<u>2,059,348,968</u>	<u>1,561,608,892</u>	<u>195,640,567</u>	<u>219,940,343</u>	<u>1,355,583,595</u>	<u>1,916,512,836</u>	<u>8,651,280,409</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	174,716,731	174,716,731
Bank guarantees	-	-	-	-	-	-	62,741,984	62,741,984
Letters of credit	-	-	-	-	-	-	9,176,130	9,176,130
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,634,845</u>	<u>246,634,845</u>
Total maximum credit risk exposure	<u>1,342,645,208</u>	<u>2,059,348,968</u>	<u>1,561,608,892</u>	<u>195,640,567</u>	<u>219,940,343</u>	<u>1,355,583,595</u>	<u>2,163,147,681</u>	<u>8,897,915,254</u>
In KHR'000 equivalent (Note 5)	<u>5,527,670,322</u>	<u>8,478,339,701</u>	<u>6,429,143,808</u>	<u>805,452,214</u>	<u>905,494,392</u>	<u>5,580,937,661</u>	<u>8,905,679,003</u>	<u>36,632,717,101</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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 when the Group and the Bank lose control on its contractual rights over that facility or when all or part of the facility is deemed uncollectible; this is particularly the case when there is no realistic prospect of recovery from the counterparty or when the Group and the Bank have lost control over its contractual rights on the facility due to any decision of a court of law. Circumstances where a facility should be written off also include, but are not limited to:

- a) All forms of securities or collateral have been called and realised but proceeds failed to cover the entire outstanding amount of the facility.
- b) The Group and the Bank are unable to collect or there is no longer reasonable assurance that the Group and the Bank will collect all amounts due according to the contractual terms of the facility agreement.
- c) The counterparty has become bankrupt or is undergoing other forms of financial restructuring, and as a consequence, it will unlikely to service the facility.
- d) The facility has been classified under loss category.

(f) Credit quality of financial assets

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 that are measured at amortised cost or through other comprehensive income will be subjected to impairment assessment.

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

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

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

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

ACLEDA Bank Plc.

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

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

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AS AT 30 SEPTEMBER 2023 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	$0 \leq \text{DPD} \leq 29$	Normal	-	Not in Default / Performing
2	$30 \leq \text{DPD} \leq 89$	Special Mention	Hit SICR triggers	
3	$90 \leq \text{DPD} \leq 179$	Substandard	Hit NPL triggers	Default / Non-performing
	$180 \leq \text{DPD} \leq 359$	Doubtful		
	$\text{DPD} \geq 360$	Loss		

ACLEDA MFI Myanmar Co., Ltd.

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

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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)

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 to the contractual terms and the facility does not exhibit any potential weakness in repayment capacity, business, cash flow, and financial position of the counterparty.	Punctual	Punctual

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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 might all affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.</p>	<ul style="list-style-type: none"> - 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 a maximum of 30 days. - When interest payments for a maximum of 30 days have been capitalised, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for a maximum of 30 days, or the current account has been inactive for a maximum of 30 days, or the net inflows on the current account have not been enough to cover capitalised interests for a maximum of 30 days.

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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>3 - SUBSTANDARD</p> <p>A facility in this class exhibits noticeable weakness and is not adequately protected by the current business, financial position, or repayment capacity of the counterparty. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources, such as the realisation of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include:</p> <ul style="list-style-type: none"> ▪ 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 a maximum of 60 days. - When interest payments for a maximum of 60 days have been capitalised, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for a maximum of 60 days, or the current account has been inactive for a maximum of 60 days. - The overdraft that 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 has been capitalised or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for a maximum of 90 days. - When interest payment for a maximum of 90 days have been capitalised or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for a maximum of 90 days, or the current account has been inactive for a maximum of 90 days.
<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 a maximum of 180 days. - When interest payment for a maximum of 180 days have been capitalised or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for a maximum of 180 days, or the current account has been inactive for a maximum of 180 days.

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 2023			31 December 2022	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	6,104,294,807	10,663,293	99,122	6,115,057,222	6,172,570,945
Special mention	2,511,402	81,592,471	-	84,103,873	62,601,379
Substandard	-	-	101,821,116	101,821,116	36,876,095
Doubtful	-	-	101,260,945	101,260,945	33,610,691
Loss	-	-	167,220,874	167,220,874	115,989,645
Total gross carrying amount	6,106,806,209	92,255,764	370,402,057	6,569,464,030	6,421,648,755
ECL allowance	(10,173,327)	(6,683,717)	(36,428,960)	(53,286,004)	(42,242,662)
Carrying amount	6,096,632,882	85,572,047	333,973,097	6,516,178,026	6,379,406,093
In KHR'000 equivalent (Note 5)	25,130,320,739	352,727,978	1,376,637,106	26,859,685,823	26,264,014,885
The Bank					
Normal	5,991,240,928	4,280	99,122	5,991,344,330	6,027,814,120
Special mention	2,511,402	79,664,166	-	82,175,568	61,876,573
Substandard	-	-	100,569,166	100,569,166	36,270,756
Doubtful	-	-	100,122,206	100,122,206	32,525,053
Loss	-	-	145,762,031	145,762,031	115,939,951
Total gross carrying amount	5,993,752,330	79,668,446	346,552,525	6,419,973,301	6,274,426,453
ECL allowance	(8,840,988)	(4,626,079)	(23,514,150)	(36,981,217)	(28,156,968)
Carrying amount	5,984,911,342	75,042,367	323,038,375	6,382,992,084	6,246,269,485
In KHR'000 equivalent (Note 5)	24,669,804,551	309,324,637	1,331,564,182	26,310,693,370	25,715,891,470

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 investments at amortised cost	30 September 2023			31 December 2022	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	366,694,960	-	-	366,694,960	556,464,067
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	366,694,960	-	-	366,694,960	556,464,067
ECL allowance	(629,260)	-	-	(629,260)	(616,205)
Carrying amount	<u>366,065,700</u>	<u>-</u>	<u>-</u>	<u>366,065,700</u>	<u>555,847,862</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,508,922,815</u>	<u>-</u>	<u>-</u>	<u>1,508,922,815</u>	<u>2,288,425,648</u>
The Bank					
Normal	366,694,960	-	-	366,694,960	556,464,067
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	366,694,960	-	-	366,694,960	556,464,067
ECL allowance	(629,260)	-	-	(629,260)	(616,205)
Carrying amount	<u>366,065,700</u>	<u>-</u>	<u>-</u>	<u>366,065,700</u>	<u>555,847,862</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,508,922,815</u>	<u>-</u>	<u>-</u>	<u>1,508,922,815</u>	<u>2,288,425,648</u>

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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 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	1,578,324,416	-	-	1,578,324,416	1,343,937,484
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	1,578,324,416	-	-	1,578,324,416	1,343,937,484
ECL allowance	(62,190)	-	-	(62,190)	(308,268)
Carrying amount	<u>1,578,262,226</u>	<u>-</u>	<u>-</u>	<u>1,578,262,226</u>	<u>1,343,629,216</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>6,505,596,896</u>	<u>-</u>	<u>-</u>	<u>6,505,596,896</u>	<u>5,531,721,482</u>
The Bank					
Normal	1,544,217,144	-	-	1,544,217,144	1,315,285,153
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	1,544,217,144	-	-	1,544,217,144	1,315,285,153
ECL allowance	(13,228)	-	-	(13,228)	(223,245)
Carrying amount	<u>1,544,203,916</u>	<u>-</u>	<u>-</u>	<u>1,544,203,916</u>	<u>1,315,061,908</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>6,365,208,542</u>	<u>-</u>	<u>-</u>	<u>6,365,208,542</u>	<u>5,414,109,875</u>

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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)

Statutory deposits	30 September 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	655,611,414	-	-	655,611,414	482,330,993
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	655,611,414	-	-	655,611,414	482,330,993
ECL allowance	-	-	-	-	-
Carrying amount	655,611,414	-	-	655,611,414	482,330,993
<i>In KHR'000 equivalent (Note 5)</i>	2,702,430,249	-	-	2,702,430,249	1,985,756,698
The Bank					
Normal	650,535,968	-	-	650,535,968	479,556,076
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	650,535,968	-	-	650,535,968	479,556,076
ECL allowance	-	-	-	-	-
Carrying amount	650,535,968	-	-	650,535,968	479,556,076
<i>In KHR'000 equivalent (Note 5)</i>	2,681,509,260	-	-	2,681,509,260	1,974,332,365

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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)

Other assets	30 September 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	37,135,706	-	-	37,135,706	44,829,562
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	37,135,706	-	-	37,135,706	44,829,562
ECL allowance	(13,089)	-	-	(13,089)	(51,597)
Carrying amount	<u>37,122,617</u>	<u>-</u>	<u>-</u>	<u>37,122,617</u>	<u>44,777,965</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>153,019,427</u>	<u>-</u>	<u>-</u>	<u>153,019,427</u>	<u>184,350,882</u>
The Bank					
Normal	37,224,952	-	-	37,224,952	44,761,717
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	37,224,952	-	-	37,224,952	44,761,717
ECL allowance	(9,943)	-	-	(9,943)	(36,902)
Carrying amount	<u>37,215,009</u>	<u>-</u>	<u>-</u>	<u>37,215,009</u>	<u>44,724,815</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>153,400,267</u>	<u>-</u>	<u>-</u>	<u>153,400,267</u>	<u>184,132,063</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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 2023			31 December 2022	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
The Group					
Normal	68,971,550	-	-	68,971,550	62,873,329
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	68,971,550	-	-	68,971,550	62,873,329
ELC allowance	(14,236)	-	-	(14,236)	(12,629)
Carrying amount	68,957,314	-	-	68,957,314	62,860,700
<i>In KHR'000 equivalent (Note 5)</i>	284,242,048	-	-	284,242,048	258,797,502
The Bank					
Normal	81,842,819	-	-	81,842,819	75,741,984
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	81,842,819	-	-	81,842,819	75,741,984
ECL allowance	(65,719)	-	-	(65,719)	(77,815)
Carrying amount	81,777,100	-	-	81,777,100	75,664,169
<i>In KHR'000 equivalent (Note 5)</i>	337,085,206	-	-	337,085,206	311,509,384

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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

Significant increase in credit risk

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

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

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

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

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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)

(g) Amounts arising from ECL (continued)

Definition of default

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

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

ACLEDA Bank Plc.

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

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

ACLEDA Bank Lao Ltd.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default (continued)

ACLEDA MFI Myanmar Co., Ltd.

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

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

Incorporation of forward-looking information

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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)

Incorporation of forward-looking information (continued)

The economic scenarios of the Bank's portfolio used included the following key indicators for Cambodia from years 2023 to 2027:

Exposure	2023	2024	2025	2026	2027
1 - Small Loan					
- Domestic credit to private sector (% of GDP)					
Base	160.15%	164.47%	165.92%	70.88%	70.88%
Upside	108.85%	113.17%	114.63%	19.58%	19.58%
Downside	211.44%	215.76%	217.22%	122.17%	122.17%
- Cambodia Consumer Price Index ("CPI") All Items 2006=100					
Base	198.49	198.88	198.78	163.58	163.58
Upside	174.98	175.37	175.27	140.07	140.07
Downside	222.00	222.39	222.29	187.09	187.09
2 - Public Housing Loan					
- GDP at Current Price, Industry (Year-on-Year, %)					
Base	9.00%	9.00%	10.00%	14.00%	14.00%
Upside	21.00%	21.00%	22.00%	26.00%	26.00%
Downside	-3.00%	-3.00%	-3.00%	2.00%	2.00%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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)

Incorporation of forward-looking information (continued)

Exposure	2023	2024	2025	2026	2027
- US 1-year Treasury Yield Curve Rates					
Base	20.00%	22.00%	24.00%	77.00%	77.00%
Upside	-147.00%	-145.00%	-143.00%	-90.00%	-90.00%
Downside	188.00%	190.00%	191.00%	245.00%	245.00%
3 - Overdraft					
- Domestic credit to private sector (% of GDP)					
Base	160.15%	164.47%	165.92%	90.99%	90.99%
Upside	88.18%	92.50%	93.95%	19.03%	19.03%
Downside	232.11%	236.43%	237.89%	162.96%	162.96%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing available historical data over the past 7 years.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention, and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 2(e)(iv).

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 the interim statement of profit or loss and other comprehensive income are as follows:

Type	The Group				The Bank			
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	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	(228,908)	(157,751)	(940,125)	(644,728)	(198,545)	1,937	(815,425)	7,917
Loans and advances	30,301,148	20,045,313	124,446,815	81,925,194	27,076,861	12,763,402	111,204,668	52,164,024
Investments in debt securities	13,054	616,205	53,613	2,518,430	13,054	616,205	53,613	2,518,430
Other assets	(38,625)	77,440	(158,633)	316,497	(27,076)	31,409	(111,201)	128,369
	30,046,669	20,581,207	123,401,670	84,115,393	26,864,294	13,412,953	110,331,655	54,818,740
Financial guarantee contracts	1,680	(2,588)	6,900	(10,577)	(12,061)	(66,794)	(49,535)	(272,987)
Total	30,048,349	20,578,619	123,408,570	84,104,816	26,852,233	13,346,159	110,282,120	54,545,753

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 2023				31 December 2022			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Group								
Beginning of the period	20,472,766	3,980,711	17,789,185	42,242,662	17,344,703	2,195,419	15,080,952	34,621,074
Transfers to/(deduction from):								
Stage 1	(11,982,306)	775,538	11,206,768	-	(349,461)	124,555	224,906	-
Stage 2	1,187,118	(2,907,188)	1,720,070	-	606,845	(1,412,526)	805,681	-
Stage 3	107,927	107,285	(215,212)	-	183,996	144,744	(328,740)	-
Net remeasurement of loss allowance	(1,036,812)	3,024,670	24,875,484	26,863,342	2,285,660	3,066,682	12,421,703	17,774,045
New financial assets originated	3,604,049	2,232,901	998,237	6,835,187	6,151,753	647,925	1,045,874	7,845,552
Derecognition of financial assets	(1,937,368)	(508,899)	(951,114)	(3,397,381)	(3,106,042)	(368,216)	(2,100,026)	(5,574,284)
Write-offs	(3,366)	-	(18,939,414)	(18,942,780)	-	(243,658)	(8,550,812)	(8,794,470)
Currency translation differences	(238,681)	(21,301)	(55,044)	(315,026)	(2,644,688)	(174,214)	(810,353)	(3,629,255)
As at the end of the period	<u>10,173,327</u>	<u>6,683,717</u>	<u>36,428,960</u>	<u>53,286,004</u>	<u>20,472,766</u>	<u>3,980,711</u>	<u>17,789,185</u>	<u>42,242,662</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>41,934,454</u>	<u>27,550,281</u>	<u>150,160,174</u>	<u>219,644,909</u>	<u>84,286,378</u>	<u>16,388,587</u>	<u>73,238,074</u>	<u>173,913,039</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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)

Loans and advances at amortised cost	30 September 2023				31 December 2022			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Bank								
Beginning of the period	6,861,363	3,832,274	17,463,331	28,156,968	6,781,999	1,696,685	14,109,821	22,588,505
Transfers to/(deduction from):								
Stage 1	(596,442)	89,462	506,980	-	(287,959)	100,266	187,693	-
Stage 2	1,169,230	(2,779,148)	1,609,918	-	395,756	(1,103,254)	707,498	-
Stage 3	73,269	101,074	(174,343)	-	34,154	132,164	(166,318)	-
Net remeasurement of loss allowance	(831,062)	3,301,222	22,234,439	24,704,599	(2,252,411)	2,722,616	10,599,013	11,069,218
New financial assets originated	3,133,725	503,848	959,601	4,597,174	3,749,825	618,472	1,000,553	5,368,850
Derecognition of financial assets	(959,311)	(422,576)	(843,025)	(2,224,912)	(1,546,827)	(284,998)	(1,842,841)	(3,674,666)
Write-offs	(3,366)	-	(18,247,895)	(18,251,261)	-	-	(6,957,636)	(6,957,636)
Currency translation differences	(6,418)	(77)	5,144	(1,351)	(13,174)	(49,677)	(174,452)	(237,303)
As at the end of the period	<u>8,840,988</u>	<u>4,626,079</u>	<u>23,514,150</u>	<u>36,981,217</u>	<u>6,861,363</u>	<u>3,832,274</u>	<u>17,463,331</u>	<u>28,156,968</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>36,442,553</u>	<u>19,068,698</u>	<u>96,925,326</u>	<u>152,436,577</u>	<u>28,248,231</u>	<u>15,777,472</u>	<u>71,896,534</u>	<u>115,922,237</u>

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AS AT 30 SEPTEMBER 2023 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)

	30 September 2023				31 December 2022
	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					
Beginning of the period	308,269	-	-	308,269	479,163
Reversal of impairment losses during the period	(228,908)	-	-	(228,908)	(157,751)
Currency translation differences	(17,171)	-	-	(17,171)	(13,144)
As at the end of the period	<u>62,190</u>	<u>-</u>	<u>-</u>	<u>62,190</u>	<u>308,268</u>
In KHR'000 equivalent (Note 5)	<u>256,347</u>	<u>-</u>	<u>-</u>	<u>256,347</u>	<u>1,269,140</u>
The Bank					
Beginning of the period	223,245	-	-	223,245	220,282
(Reversal of)/allowance for impairment losses during the period	(198,545)	-	-	(198,545)	1,937
Currency translation differences	(11,472)	-	-	(11,472)	1,026
As at the end of the period	<u>13,228</u>	<u>-</u>	<u>-</u>	<u>13,228</u>	<u>223,245</u>
In KHR'000 equivalent (Note 5)	<u>54,525</u>	<u>-</u>	<u>-</u>	<u>54,525</u>	<u>919,100</u>
	30 September 2023				31 December 2022
Other assets	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
The Group					
Beginning of the period	51,597	-	-	51,597	7,889
(Reversal of)/allowance for impairment losses during the period	(38,625)	-	-	(38,625)	77,440
Currency translation differences	117	-	-	117	(33,732)
As at the end of the period	<u>13,089</u>	<u>-</u>	<u>-</u>	<u>13,089</u>	<u>51,597</u>
In KHR'000 equivalent (Note 5)	<u>53,953</u>	<u>-</u>	<u>-</u>	<u>53,953</u>	<u>212,425</u>
The Bank					
Beginning of the period	36,902	-	-	36,902	5,430
(Reversal of)/allowance for impairment losses during the period	(27,076)	-	-	(27,076)	31,409
Currency translation differences	117	-	-	117	63
As at the end of the period	<u>9,943</u>	<u>-</u>	<u>-</u>	<u>9,943</u>	<u>36,902</u>
In KHR'000 equivalent (Note 5)	<u>40,985</u>	<u>-</u>	<u>-</u>	<u>40,985</u>	<u>151,926</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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38. Financial risk management (continued)

38.1 Credit risk (continued)

(h) COVID-19 and continuing impact on ECL

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

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

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

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

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

(i) Sensitivity Analysis on ECL Measurement

Set out in the succeeding page is the Bank's ECL measurement as at 30 September 2023 and 2022 that would result from reasonably possible changes in the parameters from the actual assumptions used by the Bank in its economic variable assumptions.

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38. Financial risk management (continued)

38.1 Credit risk (continued)

(i) Sensitivity Analysis on ECL Measurement (continued)

	Change in MEVs		Impact on ECL			
	Upside Scenario	Downside Scenario	Upside Scenario US\$	Downside Scenario US\$	Downside Scenario KHR'000	Downside Scenario KHR'000
30 September 2023						
1 - Small Loan			(2,424,187)	4,443,040	(9,992,500)	18,314,210
- Domestic credit to private sector (% of GDP)	-51.30%	51.29%				
- Cambodia CPI, All Items 2006=100	-23.51	23.51				
2 - Public Housing Loan			(276,536)	504,384	(1,139,881)	2,079,072
- GDP at Current Price, Industry (Year-on-Year, %)	12.00%	-12.00%				
- US 1-Year Treasury Yield Curve Rates	-167.00%	168.00%				
3 - Overdraft			(192,093)	571,105	(791,807)	2,354,093
- Domestic credit to private sector (% of GDP)	-72.00%	72.00%				

	Change in MEVs		Impact on ECL			
	Upside Scenario	Downside Scenario	Upside Scenario US\$	Downside Scenario US\$	Upside Scenario KHR'000	Downside Scenario KHR'000
30 September 2022						
1 - Small			(3,139,162)	5,682,612	(12,939,625)	23,423,727
- 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	(2,818,047)	2,858,791
- 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	(753,169)	825,776
- Cambodia CPI, All Items 2006=100	-21.21	21.21				

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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 risk, which is the risk of losses in on and off-balance sheet positions arising from movements in the market prices, such as interest rates, equity, foreign currency exchange rates, derivatives, and options, that could adversely affect the Group's and the Bank's future earnings, capital, or ability to meet business objectives.

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

- (i) Interest rate risk: can lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals; and,
- (ii) Foreign exchange risk: can lead to losses when there is an imbalance between assets and liabilities in any particular currency.

Commodity risk and equity risk are not applicable at the moment given that the Group and the Bank do not hold any commodity or equity position.

The BRIC is established by the Board of Directors to assist in the effective discharge of its responsibilities for risk management and to regularly review the Management's ability to assess and manage the Group's and the Bank's risks.

Market risks are managed based on the following principles and internal targets:

Principles of the market risk:

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

Internal targets on the market risk:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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38. Financial risk management (continued)

38.2 Market risk (continued)

Internal targets on the market risk: (continued)

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

(i) *Interest rate risk*

As at 30 September 2023 and 31 December 2022, the Group's and the Bank's derivative financial instruments and financial investments designated as FVOCI are valued at fair value in accordance with the methods as disclosed in Note 39. The Group and the Bank use derivative financial instruments, such as foreign exchange contract and interest rate swaps to hold its risk exposures.

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023							
Financial assets							
Cash on hand	-	-	-	-	-	515,969,414	515,969,414
Deposits and placements with other banks, net	401,434,637	9,704,027	-	-	-	651,154,148	1,062,292,812
Statutory deposits	-	-	43,316,302	-	-	612,295,112	655,611,414
Financial investments	159,706,454	137,965,066	16,154,809	51,256,271	-	1,172,770	366,255,370
Loans and advances, net							
- Performing	160,087,719	262,948,260	1,082,334,085	3,752,033,173	908,248,206	33,410,530	6,199,061,973
- Non-performing	-	-	-	-	-	370,402,057	370,402,057
- Loss allowance	-	-	-	-	-	(53,286,004)	(53,286,004)
Derivative financial instruments	-	-	-	-	-	8,751,556	8,751,556
Other assets	-	-	-	-	-	37,122,617	37,122,617
Total financial assets	721,228,810	410,617,353	1,141,805,196	3,803,289,444	908,248,206	2,176,992,200	9,162,181,209
Financial liabilities							
Deposits and placements of other banks and financial institutions	48,392,186	20,407,514	128,545,625	45,025,247	81,450,000	95,073,384	418,893,956
Deposits from customers	2,722,982,395	605,494,400	1,519,713,714	936,460,890	56,609,299	655,480,504	6,496,741,202
Lease liabilities	1,326,210	2,018,726	8,501,550	18,926,932	1,015,805	(67,200)	31,722,023
Borrowings	925,469	135,604,422	432,615,699	220,107,959	6,283,277	9,470,842	805,007,668
Subordinated debts	-	10,949,478	14,844,316	58,728,666	43,096,762	2,451,267	130,070,489
Other liabilities	-	-	-	-	-	92,943,257	92,943,257
Total financial liabilities	2,773,626,260	774,474,540	2,104,220,904	1,279,249,694	188,455,143	855,352,054	7,975,378,595
Net interest sensitivity gap	(2,052,397,450)	(363,857,187)	(962,415,708)	2,524,039,750	719,793,063	1,321,640,146	1,186,802,614
In KHR'000 equivalent (Note 5)	(8,459,982,290)	(1,499,819,325)	(3,967,077,548)	10,404,091,850	2,966,987,006	5,447,800,682	4,892,000,375
Unused portion of overdrafts	-	-	-	-	-	208,044,694	208,044,694
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	75,401,282	75,401,282
Foreign exchange spot transactions	-	-	-	-	-	393,258	393,258
Net interest sensitivity gap	-	-	-	-	-	283,839,234	283,839,234
In KHR'000 equivalent (Note 5)	-	-	-	-	-	1,169,985,322	1,169,985,322

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2022							
Financial assets							
Cash on hand	-	-	-	-	-	497,027,041	497,027,041
Deposits and placements with other banks, net	228,789,351	95,000,000	-	-	-	522,812,824	846,602,175
Statutory deposits	43,316,302	-	-	-	-	439,014,691	482,330,993
Financial investments	404,316,250	64,073,452	55,148,351	30,000,000	-	2,499,479	556,037,532
Loans and advances, net							
- Performing	169,382,025	281,948,019	1,060,271,450	3,798,586,676	884,239,642	40,744,512	6,235,172,324
- Non-performing	-	-	-	-	-	186,476,431	186,476,431
- Loss allowance	-	-	-	-	-	(42,242,662)	(42,242,662)
Derivative financial instruments	-	-	-	-	-	9,630,593	9,630,593
Other assets	-	-	-	-	-	44,777,965	44,777,965
Total financial assets	845,803,928	441,021,471	1,115,419,801	3,828,586,676	884,239,642	1,700,740,874	8,815,812,392
Financial liabilities							
Deposits and placements of other banks and financial institutions	101,345,161	51,935,956	56,205,170	50,666,763	77,650,000	80,023,349	417,826,399
Deposits from customers	2,658,800,994	477,912,227	1,459,502,853	771,800,536	40,321,091	562,826,601	5,971,164,302
Lease liabilities	1,277,407	1,744,792	7,755,399	16,531,505	1,139,667	-	28,448,770
Borrowings	99,917,359	314,532,759	330,654,865	189,998,011	8,825,273	13,407,601	957,335,868
Subordinated debts	-	-	25,810,243	73,573,069	28,096,458	282,558	127,762,328
Other liabilities	-	-	-	-	-	95,830,215	95,830,215
Total financial liabilities	2,861,340,921	846,125,734	1,879,928,530	1,102,569,884	156,032,489	752,370,324	7,598,367,882
Net interest sensitivity gap	(2,015,536,993)	(405,104,263)	(764,508,729)	2,726,016,792	728,207,153	948,370,550	1,217,444,510
<i>In KHR'000 equivalent (Note 5)</i>	(8,297,965,800)	(1,667,814,251)	(3,147,482,437)	11,223,011,133	2,998,028,849	3,904,441,553	5,012,219,047
Unused portion of overdrafts	-	-	-	-	-	175,132,489	175,132,489
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	72,049,459	72,049,459
Net interest sensitivity gap	-	-	-	-	-	247,181,948	247,181,948
<i>In KHR'000 equivalent (Note 5)</i>	-	-	-	-	-	1,017,648,079	1,017,648,079

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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						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 2023							
Financial assets							
Cash on hand	-	-	-	-	-	507,543,715	507,543,715
Deposits and placements with other banks, net	400,934,637	9,704,027	-	-	-	626,021,537	1,036,660,201
Statutory deposits	-	-	43,316,302	-	-	607,219,666	650,535,968
Financial investments	159,706,454	137,965,066	16,154,809	51,256,271	-	1,172,770	366,255,370
Loans and advances, net							
- Performing	156,610,734	255,696,048	1,050,088,868	3,677,037,598	901,912,479	32,075,049	6,073,420,776
- Non-performing	-	-	-	-	-	346,552,525	346,552,525
- Loss allowance	-	-	-	-	-	(36,981,217)	(36,981,217)
Derivative financial instruments	-	-	-	-	-	8,751,556	8,751,556
Other assets	-	-	-	-	-	37,215,009	37,215,009
Total financial assets	717,251,825	403,365,141	1,109,559,979	3,728,293,869	901,912,479	2,129,570,610	8,989,953,903
Financial liabilities							
Deposits and placements of other banks and financial institutions	43,708,893	8,847,356	112,823,923	44,532,150	81,450,000	96,676,794	388,039,116
Deposits from customers	2,698,669,520	600,741,927	1,496,182,585	920,598,769	53,245,121	643,253,607	6,412,691,529
Lease liabilities	1,260,713	1,977,687	8,165,069	18,095,308	192,861	-	29,691,638
Borrowings	925,469	134,140,422	426,771,762	213,306,725	5,790,180	9,199,421	790,133,979
Subordinated debts	-	10,949,478	14,844,316	58,728,666	43,096,762	2,451,267	130,070,489
Other liabilities	-	-	-	-	-	92,458,219	92,458,219
Total financial liabilities	2,744,564,595	756,656,870	2,058,787,655	1,255,261,618	183,774,924	844,039,308	7,843,084,970
Net interest sensitivity gap	(2,027,312,770)	(353,291,729)	(949,227,676)	2,473,032,251	718,137,555	1,285,531,302	1,146,868,933
In KHR'000 equivalent (Note 5)	(8,356,583,240)	(1,456,268,507)	(3,912,716,480)	10,193,838,939	2,960,163,002	5,298,960,027	4,727,393,741
Unused portion of overdrafts	-	-	-	-	-	207,750,437	207,750,437
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	75,272,551	75,272,551
Foreign exchange spot transactions	-	-	-	-	-	393,258	393,258
Net interest sensitivity gap	-	-	-	-	-	283,416,246	283,416,246
In KHR'000 equivalent (Note 5)	-	-	-	-	-	1,168,241,765	1,168,241,765

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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						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 2022							
Financial assets							
Cash on hand	-	-	-	-	-	486,665,483	486,665,483
Deposits and placements with other banks, net	228,489,351	95,000,000	-	-	-	504,907,074	828,396,425
Statutory deposits	43,316,302	-	-	-	-	436,239,774	479,556,076
Financial investments	404,316,250	64,073,452	55,148,351	30,000,000	-	2,499,479	556,037,532
Loans and advances, net							
- Performing	165,054,126	273,277,147	1,027,180,394	3,714,519,963	876,990,047	32,669,016	6,089,690,693
- Non-performing	-	-	-	-	-	184,735,760	184,735,760
- Loss allowance	-	-	-	-	-	(28,156,968)	(28,156,968)
Derivative financial instruments	-	-	-	-	-	9,630,593	9,630,593
Other assets	-	-	-	-	-	44,724,815	44,724,815
Total financial assets	841,176,029	432,350,599	1,082,328,745	3,744,519,963	876,990,047	1,673,915,026	8,651,280,409
Financial liabilities							
Deposits and placements of other banks and financial institutions	100,063,670	47,807,089	32,709,334	49,649,084	77,650,000	82,732,467	390,611,644
Deposits from customers	2,633,726,898	472,900,248	1,443,222,711	753,815,101	36,115,884	549,652,568	5,889,433,410
Lease liabilities	1,214,525	1,724,891	7,490,537	15,778,746	248,936	-	26,457,635
Borrowings	99,917,360	311,446,441	328,268,612	182,903,434	8,389,125	13,350,885	944,275,857
Subordinated debts	-	-	25,810,243	73,573,069	28,096,458	282,558	127,762,328
Other liabilities	-	-	-	-	-	95,593,093	95,593,093
Total financial liabilities	2,834,922,453	833,878,669	1,837,501,437	1,075,719,434	150,500,403	741,611,571	7,474,133,967
Net interest sensitivity gap	(1,993,746,424)	(401,528,070)	(755,172,692)	2,668,800,529	726,489,644	932,303,455	1,177,146,442
In KHR'000 equivalent (Note 5)	(8,208,254,028)	(1,653,091,062)	(3,109,045,973)	10,987,451,778	2,990,957,864	3,838,293,324	4,846,311,903
Unused portion of overdrafts	-	-	-	-	-	174,716,731	174,716,731
Guarantees, acceptances, and other financial facilities	-	-	-	-	-	719,181,114	71,918,114
Net interest sensitivity gap	-	-	-	-	-	246,634,845	246,634,845
In KHR'000 equivalent (Note 5)	-	-	-	-	-	1,015,395,657	1,015,395,657

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND MONTH-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 statement of profit or loss and other comprehensive income.

Cash flow sensitivity analysis for variable-rate instruments

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

The Group’s and the Bank’s exposure to interest rate risk relates to borrowing of funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating-rate borrowings and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the interim statement of financial position or protecting interest expense through different interest rate cycles.

(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 (“EUR”), THB, LAK, Japanese Yen, Australian Dollar (“AUD”), Vietnamese Dong, Canadian Dollar, MMK, and others.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is neither the Group’s nor the Bank’s functional currency.

The Management measures, closely monitors, and manages foreign exchange risk on a daily basis and takes action on time as necessary. Enough net open currency position is maintained which follows the regulatory requirements and internal risk policies.

The tables in the next pages summarise the Group’s and the Bank’s exposure to foreign currency exchange rate risk. Included in the tables are the financial instruments at carrying amount by currency.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023								
Financial assets								
Cash on hand	130,911,317	346,817,606	26,786,911	3,440,905	887,804	4,803,278	2,321,593	515,969,414
Deposits and placements with other banks, net	268,548,341	766,573,347	6,234,560	1,186,522	526,965	18,006,003	1,217,074	1,062,292,812
Statutory deposits	92,115,479	559,532,711	779,357	-	-	3,183,867	-	655,611,414
Financial investments	327,478,660	38,776,710	-	-	-	-	-	366,255,370
Loans and advances, net	999,949,132	5,357,703,120	25,361,023	-	-	115,559,755	17,604,996	6,516,178,026
Derivative financial instruments	-	8,751,556	-	-	-	-	-	8,751,556
Other assets	287,505	36,565,096	5	-	-	266,011	4,000	37,122,617
Total financial assets	1,819,290,434	7,114,720,146	59,161,856	4,627,427	1,414,769	141,818,914	21,147,663	9,162,181,209
Financial liabilities								
Deposits and placements of other banks and financial institutions	36,830,062	348,993,662	220,922	-	-	32,849,310	-	418,893,956
Deposits from customers	1,647,523,241	4,716,213,529	59,681,301	1,778,732	101	68,955,180	2,589,118	6,496,741,202
Lease liabilities	22,218	31,512,864	1,313	-	-	153,452	32,176	31,722,023
Borrowings	56,782,553	739,058,194	-	-	-	8,234,012	932,909	805,007,668
Subordinated debts	-	130,070,489	-	-	-	-	-	130,070,489
Other liabilities	25,382,246	66,570,292	167,213	119,549	44,717	354,625	304,615	92,943,257
Total financial liabilities	1,766,540,320	6,032,419,030	60,070,749	1,898,281	44,818	110,546,579	3,858,818	7,975,378,595
Net on-balance sheet position	52,750,114	1,082,301,116	(908,893)	2,729,146	1,369,951	31,272,335	17,288,845	1,186,802,614
In KHR'000 equivalent (Note 5)	217,435,970	4,461,245,200	(3,746,457)	11,249,540	5,646,938	128,904,565	71,264,619	4,892,000,375
Unused portion of overdrafts	7,274,250	198,744,066	1,732,121	-	-	294,257	-	208,044,694
Guarantees, acceptances, and other financial facilities	11,640,584	60,996,636	2,279,613	133,205	-	128,731	222,513	75,401,282
Foreign exchange spot transactions	-	393,258	-	-	-	-	-	393,258
Credit commitment	18,914,834	260,133,960	4,011,734	133,205	-	422,988	222,513	283,839,234
In KHR'000 equivalent (Note 5)	77,966,944	1,072,272,183	16,536,368	549,071	-	1,743,557	917,199	1,169,985,322

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 31 December 2022								
Financial assets								
Cash on hand	113,035,257	347,641,854	25,283,928	1,819,435	607,406	6,593,777	2,045,384	497,027,041
Deposits and placements with other banks, net	199,768,469	624,980,935	7,807,489	1,034,782	575,248	10,593,878	1,841,374	846,602,175
Statutory deposits	71,532,670	408,612,602	453,587	-	-	1,732,134	-	482,330,993
Financial investments	212,125,224	343,912,308	-	-	-	-	-	556,037,532
Loans and advances, net	879,910,438	5,342,418,159	23,974,618	-	-	117,366,001	15,736,877	6,379,406,093
Derivative financial instruments	-	9,630,593	-	-	-	-	-	9,630,593
Other assets	237,433	44,383,700	101	-	-	156,731	-	44,777,965
Total financial assets	1,476,609,491	7,121,580,151	57,519,723	2,854,217	1,182,654	136,442,521	19,623,635	8,815,812,392
Financial liabilities								
Deposits and placements of other banks and financial institutions	44,659,678	341,537,650	232,267	-	-	31,396,804	-	417,826,399
Deposits from customers	1,307,157,120	4,536,026,742	57,505,564	2,452,356	106	65,568,597	2,453,817	5,971,164,302
Lease liabilities	-	28,187,029	41,796	-	-	140,608	79,337	28,448,770
Borrowings	53,299,500	897,488,017	-	-	-	6,548,351	-	957,335,868
Subordinated debts	-	127,762,328	-	-	-	-	-	127,762,328
Other liabilities	17,651,834	77,793,381	6,174	63,131	-	143,159	172,536	95,830,215
Total financial liabilities	1,422,768,132	6,008,795,147	57,785,801	2,515,487	106	103,797,519	2,705,690	7,598,367,882
Net on-balance sheet position	53,841,359	1,112,785,004	(266,078)	338,730	1,182,548	32,645,002	16,917,945	1,217,444,510
In KHR'000 equivalent (Note 5)	221,664,875	4,581,335,861	(1,095,443)	1,394,551	4,868,550	134,399,473	69,651,180	5,012,219,047
Unused portion of overdrafts	4,149,372	170,505,962	61,397	-	-	415,758	-	175,132,489
Guarantees, acceptances, and other financial facilities	8,119,799	61,108,303	2,462,641	-	-	131,345	227,371	72,049,459
Credit commitment	12,269,171	231,614,265	2,524,038	-	-	547,103	227,371	247,181,948
In KHR'000 equivalent (Note 5)	50,512,177	953,555,929	10,391,464	-	-	2,252,423	936,086	1,017,648,079

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023								
Financial assets								
Cash on hand	130,898,480	345,394,268	25,347,790	3,432,805	884,734	2,685	1,582,953	507,543,715
Deposits and placements with other banks, net	268,548,339	762,406,004	2,776,496	1,186,522	526,965	11,648	1,204,227	1,036,660,201
Statutory deposits	91,872,877	558,663,091	-	-	-	-	-	650,535,968
Financial investments	327,478,660	38,776,710	-	-	-	-	-	366,255,370
Loans and advances, net	999,949,132	5,357,681,929	25,361,023	-	-	-	-	6,382,992,084
Derivative financial instruments	-	8,751,556	-	-	-	-	-	8,751,556
Other assets	287,505	36,927,499	5	-	-	-	-	37,215,009
Total financial assets	1,819,034,993	7,108,601,057	53,485,314	4,619,327	1,411,699	14,333	2,787,180	8,989,953,903
Financial liabilities								
Deposits and placements of other banks and financial institutions	36,830,063	349,678,779	1,530,274	-	-	-	-	388,039,116
Deposits from customers	1,648,258,894	4,710,064,744	52,589,058	1,778,732	101	-	-	6,412,691,529
Lease liabilities	22,218	29,669,420	-	-	-	-	-	29,691,638
Borrowings	56,782,554	733,351,425	-	-	-	-	-	790,133,979
Subordinated debts	-	130,070,489	-	-	-	-	-	130,070,489
Other liabilities	25,376,779	66,453,358	167,213	119,549	44,717	13	296,590	92,458,219
Total financial liabilities	1,767,270,508	6,019,288,215	54,286,545	1,898,281	44,818	13	296,590	7,843,084,970
Net on-balance sheet position	51,764,485	1,089,312,842	(801,231)	2,721,046	1,366,881	14,320	2,490,590	1,146,868,933
In KHR'000 equivalent (Note 5)	213,373,206	4,490,147,535	(3,302,674)	11,216,152	5,634,283	59,027	10,266,212	4,727,393,741
Unused portion of overdrafts	7,274,250	198,744,066	1,732,121	-	-	-	-	207,750,437
Guarantees, acceptances, and other financial facilities	11,640,584	60,996,636	2,279,613	133,205	-	-	222,513	75,272,551
Foreign exchange spot transactions	-	393,258	-	-	-	-	-	393,258
Credit commitment	18,914,834	260,133,960	4,011,734	133,205	-	-	222,513	283,416,246
In KHR'000 equivalent (Note 5)	77,966,944	1,072,272,183	16,536,368	549,071	-	-	917,199	1,168,241,765

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 31 December 2022								
Financial assets								
Cash on hand	113,025,660	346,175,903	23,581,457	1,813,640	606,641	460	1,461,722	486,665,483
Deposits and placements with other banks, net	199,768,467	622,629,442	2,552,967	1,034,782	575,248	-	1,835,519	828,396,425
Statutory deposits	71,289,774	408,266,302	-	-	-	-	-	479,556,076
Financial investments	212,125,224	343,912,308	-	-	-	-	-	556,037,532
Loans and advances, net	879,910,437	5,342,384,430	23,974,618	-	-	-	-	6,246,269,485
Derivative financial instruments	-	9,630,593	-	-	-	-	-	9,630,593
Other assets	234,095	44,490,619	101	-	-	-	-	44,724,815
Total financial assets	1,476,353,657	7,117,489,597	50,109,143	2,848,422	1,181,889	460	3,297,241	8,651,280,409
Financial liabilities								
Deposits and placements of other banks and financial institutions	44,659,678	343,372,365	2,579,601	-	-	-	-	390,611,644
Deposits from customers	1,307,960,023	4,531,228,587	47,792,338	2,452,356	106	-	-	5,889,433,410
Lease liabilities	-	26,457,635	-	-	-	-	-	26,457,635
Borrowings	53,299,501	890,976,356	-	-	-	-	-	944,275,857
Subordinated debts	-	127,762,328	-	-	-	-	-	127,762,328
Other liabilities	17,648,431	77,713,741	6,174	63,131	-	-	161,616	95,593,093
Total financial liabilities	1,423,567,633	5,997,511,012	50,378,113	2,515,487	106	-	161,616	7,474,133,967
Net on-balance sheet position	52,786,024	1,119,978,585	(268,970)	332,935	1,181,783	460	3,135,625	1,177,146,442
In KHR'000 equivalent (Note 5)	217,320,062	4,610,951,834	(1,107,349)	1,370,693	4,865,401	1,894	12,909,368	4,846,311,903
Unused portion of overdrafts	4,149,372	170,505,962	61,397	-	-	-	-	174,716,731
Guarantees, acceptances, and other financial facilities	8,119,799	61,108,303	2,462,641	-	-	-	227,371	71,918,114
Credit commitment	12,269,171	231,614,265	2,524,038	-	-	-	227,371	246,634,845
In KHR'000 equivalent (Note 5)	50,512,178	953,555,929	10,391,464	-	-	-	936,086	1,015,395,657

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
AS AT 30 SEPTEMBER 2023 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 rates. Due to a reasonably possible strengthening or 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 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. Up 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 payments and settlement obligations on a timely basis.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2023 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, and that the 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 2023 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 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 Management 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 the 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 the NBC's Prakas No. B7-017-301 dated 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 the 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 2023 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 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 in the succeeding pages present the cash flows payable under non-derivative financial liabilities and the assets held for managing liquidity risk grouped using their remaining contractual maturities as at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows, wherein 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 2023 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 2023							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	138,556,340	23,119,861	102,647,262	38,887,971	71,558,159	107,021,258	481,790,851
Deposits from customers	3,305,738,271	649,033,726	765,457,036	888,474,600	1,060,778,704	76,676,243	6,746,158,580
Lease liabilities	1,288,516	1,964,145	2,829,174	6,065,642	21,696,118	3,153,761	36,997,356
Borrowings*	991,145	15,905,174	59,658,940	133,291,367	710,503,308	31,865,558	952,215,492
Subordinated debts*	-	16,087,487	1,242,269	20,694,883	82,523,987	49,778,421	170,327,047
Other liabilities	92,440,129	34,500	61,973	396,749	9,906	-	92,943,257
Total financial liabilities (contractual maturity dates)	<u>3,539,014,401</u>	<u>706,144,893</u>	<u>931,896,654</u>	<u>1,087,811,212</u>	<u>1,947,070,182</u>	<u>268,495,241</u>	<u>8,480,432,583</u>
In KHR'000 equivalent (Note 5)	<u>14,587,817,361</u>	<u>2,910,729,249</u>	<u>3,841,278,008</u>	<u>4,483,957,816</u>	<u>8,025,823,290</u>	<u>1,106,737,383</u>	<u>34,956,343,107</u>
Assets held for managing liquidity risk (contractual maturity dates)	<u>2,186,982,511</u>	<u>379,392,654</u>	<u>529,102,115</u>	<u>988,946,318</u>	<u>4,817,080,390</u>	<u>2,041,324,260</u>	<u>10,942,828,248</u>
In KHR'000 equivalent (Note 5)	<u>9,014,741,912</u>	<u>1,563,856,520</u>	<u>2,180,958,918</u>	<u>4,076,436,723</u>	<u>19,856,005,368</u>	<u>8,414,338,600</u>	<u>45,106,338,041</u>
As at 31 December 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	178,689,014	53,987,759	35,798,504	29,135,831	78,030,382	104,427,655	480,069,145
Deposits from customers	3,170,853,327	505,475,223	520,068,844	1,049,994,038	858,389,457	46,335,293	6,151,116,182
Lease liabilities	1,238,480	1,724,647	2,811,640	5,357,283	19,227,169	3,401,022	33,760,241
Borrowings*	7,313,701	64,701,614	62,899,384	164,022,554	789,718,644	14,471,688	1,103,127,585
Subordinated debts*	-	-	20,150,242	16,589,919	96,396,242	34,361,227	167,497,630
Other liabilities	95,442,589	117,810	-	-	269,816	-	95,830,215
Total financial liabilities (contractual maturity dates)	<u>3,453,537,111</u>	<u>626,007,053</u>	<u>641,728,614</u>	<u>1,265,099,625</u>	<u>1,842,031,710</u>	<u>202,996,885</u>	<u>8,031,400,998</u>
In KHR'000 equivalent (Note 5)	<u>14,218,212,286</u>	<u>2,577,271,037</u>	<u>2,641,996,704</u>	<u>5,208,415,156</u>	<u>7,583,644,550</u>	<u>835,738,176</u>	<u>33,065,277,909</u>
Assets held for managing liquidity risk (contractual maturity dates)	<u>2,075,363,672</u>	<u>498,430,788</u>	<u>497,068,237</u>	<u>974,411,132</u>	<u>4,828,621,283</u>	<u>1,669,778,078</u>	<u>10,543,673,190</u>
in KHR'000 equivalent (Note 5)	<u>8,544,272,238</u>	<u>2,052,039,554</u>	<u>2,046,429,932</u>	<u>4,011,650,630</u>	<u>19,879,433,822</u>	<u>6,874,476,347</u>	<u>43,408,302,523</u>

* The amounts for variable interest rate instruments are subject to change depending on the variable 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 2023 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 2023							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	136,121,296	11,053,423	95,371,233	29,570,507	70,958,359	107,021,258	450,096,076
Deposits from customers	3,270,746,253	643,779,198	756,556,944	871,405,343	1,040,468,916	71,949,760	6,654,906,414
Lease liabilities	1,224,820	1,926,414	2,742,074	5,809,116	20,730,516	285,800	32,718,740
Borrowings*	991,145	13,918,513	55,694,278	130,690,007	702,760,814	31,339,738	935,394,495
Subordinated debts*	-	16,087,487	1,242,269	20,694,883	82,523,987	49,778,421	170,327,047
Other liabilities	92,367,416	34,500	56,303	-	-	-	92,458,219
Total financial liabilities (contractual maturity dates)	<u>3,501,450,930</u>	<u>686,799,535</u>	<u>911,663,101</u>	<u>1,058,169,856</u>	<u>1,917,442,592</u>	<u>260,374,977</u>	<u>8,335,900,991</u>
In KHR'000 equivalent (Note 5)	<u>14,432,980,733</u>	<u>2,830,987,683</u>	<u>3,757,875,302</u>	<u>4,361,776,146</u>	<u>7,903,698,364</u>	<u>1,073,265,655</u>	<u>34,360,583,883</u>
Assets held for managing liquidity risk (contractual maturity dates)	<u>2,137,471,808</u>	<u>368,712,033</u>	<u>511,817,047</u>	<u>961,515,429</u>	<u>4,717,982,171</u>	<u>2,029,616,178</u>	<u>10,727,114,666</u>
In KHR'000 equivalent (Note 5)	<u>8,810,658,793</u>	<u>1,519,831,000</u>	<u>2,109,709,868</u>	<u>3,963,366,598</u>	<u>19,447,522,509</u>	<u>8,366,077,886</u>	<u>44,217,166,654</u>
As at 31 December 2022							
Financial liabilities							
Deposits and placements of other banks and financial institutions, net	180,824,669	49,782,655	27,817,273	12,024,268	76,853,970	104,427,655	451,730,490
Deposits from customers	3,133,849,439	500,011,902	514,137,828	1,037,674,911	837,032,756	40,259,639	6,062,966,475
Lease liabilities	1,175,556	1,684,643	2,766,862	5,141,980	18,323,677	374,011	29,466,729
Borrowings*	7,313,702	61,504,279	61,444,450	162,435,417	781,534,920	13,983,988	1,088,216,756
Subordinated debts*	-	-	20,150,242	16,589,919	96,396,242	34,361,227	167,497,630
Other liabilities	95,512,593	80,500	-	-	-	-	95,593,093
Total financial liabilities (contractual maturity dates)	<u>3,418,675,959</u>	<u>613,063,979</u>	<u>626,316,655</u>	<u>1,233,866,495</u>	<u>1,810,141,565</u>	<u>193,406,520</u>	<u>7,895,471,173</u>
In KHR'000 equivalent (Note 5)	<u>14,074,688,923</u>	<u>2,523,984,402</u>	<u>2,578,545,669</u>	<u>5,079,828,360</u>	<u>7,452,352,823</u>	<u>796,254,643</u>	<u>32,505,654,820</u>
Assets held for managing liquidity risk (contractual maturity dates)	<u>2,032,471,213</u>	<u>486,529,098</u>	<u>479,980,556</u>	<u>946,277,458</u>	<u>4,721,436,741</u>	<u>1,670,695,823</u>	<u>10,337,390,889</u>
In KHR'000 equivalent (Note 5)	<u>8,367,683,984</u>	<u>2,003,040,296</u>	<u>1,976,079,949</u>	<u>3,895,824,295</u>	<u>19,438,155,063</u>	<u>6,878,254,703</u>	<u>42,559,038,290</u>

* The amounts for variable interest rate instruments are subject to change depending on the variable 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 2023 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 or outflows from the derivative financial instruments that settle on a net basis and the undiscounted gross inflows or outflows from those derivatives that require gross settlement. The amount payable or receivable is not fixed; the amount disclosed has been determined with reference to the projected interest rates as illustrated by the yield curves existing as at the end of each reporting period.

	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 2023						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,258,410)	(3,127,605)	(5,754,589)	-	(10,140,604)
- outflow	-	128,372	369,564	581,965	-	1,079,901
Net	-	(1,130,038)	(2,758,041)	(5,172,624)	-	(9,060,703)
<i>In KHR'000 equivalent (Note 5)</i>	-	(4,658,017)	(11,368,645)	(21,321,556)	-	(37,348,218)

	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 2022						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,294,637)	(6,310,466)	(8,097,296)	-	(15,702,399)
- outflow	-	517,597	1,205,802	951,529	-	2,674,928
Net	-	(777,040)	(5,104,664)	(7,145,767)	-	(13,027,471)
<i>In KHR'000 equivalent (Note 5)</i>	-	(3,199,074)	(21,015,902)	(29,419,123)	-	(53,634,098)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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					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 2023						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,258,410)	(3,127,605)	(5,754,589)	-	(10,140,604)
- outflow	-	128,372	369,564	581,965	-	1,079,901
Net	-	(1,130,038)	(2,758,041)	(5,172,624)	-	(9,060,703)
<i>In KHR'000 equivalent (Note 5)</i>	-	(4,658,017)	(11,368,645)	(21,321,556)	-	(37,348,218)

	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 2022						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(1,294,637)	(6,310,466)	(8,097,296)	-	(15,702,399)
- outflow	-	517,597	1,205,802	951,529	-	2,674,928
Net	-	(777,040)	(5,104,664)	(7,145,767)	-	(13,027,471)
<i>In KHR'000 equivalent (Note 5)</i>	-	(3,199,074)	(21,015,902)	(29,419,123)	-	(53,634,098)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 are 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 2023						
Unused portion of overdrafts	208,044,694	-	-	-	-	208,044,694
Bank guarantees	7,949,214	12,071,592	29,715,566	18,808,214	426,964	68,971,550
Letters of credit	1,828,563	2,355,583	2,245,586	-	-	6,429,732
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(392,868)	-	-	-	-	(392,868)
- outflow	393,258	-	-	-	-	393,258
Net	390	-	-	-	-	390
Total	217,822,861	14,427,175	31,961,152	18,808,214	426,964	283,446,366
<i>In KHR'000 equivalent (Note 5)</i>	<i>897,865,833</i>	<i>59,468,815</i>	<i>131,743,869</i>	<i>77,527,458</i>	<i>1,759,946</i>	<i>1,168,365,921</i>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2022						
Unused portion of overdrafts	175,132,489	-	-	-	-	175,132,489
Bank guarantees	4,423,981	8,705,389	35,169,294	14,147,701	426,964	62,873,329
Letters of credit	1,277,593	4,951,987	2,946,550	-	-	9,176,130
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
Total	180,834,063	13,657,376	38,115,844	14,147,701	426,964	247,181,948
<i>In KHR'000 equivalent (Note 5)</i>	<u>744,493,837</u>	<u>56,227,417</u>	<u>156,922,930</u>	<u>58,246,085</u>	<u>1,757,811</u>	<u>1,017,648,080</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2023						
Unused portion of overdrafts	207,750,437	-	-	-	-	207,750,437
Bank guarantees	7,949,214	12,071,592	29,586,835	18,808,214	426,964	68,842,819
Letters of credit	1,828,563	2,355,583	2,245,586	-	-	6,429,732
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(392,868)	-	-	-	-	(392,868)
- outflow	393,258	-	-	-	-	393,258
Net	390	-	-	-	-	390
Total	217,528,604	14,427,175	31,832,421	18,808,214	426,964	283,023,378
<i>In KHR'000 equivalent (Note 5)</i>	<u>896,652,906</u>	<u>59,468,815</u>	<u>131,213,239</u>	<u>77,527,458</u>	<u>1,759,946</u>	<u>1,166,622,364</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT 30 SEPTEMBER 2023 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 2022						
Unused portion of overdrafts	174,716,731	-	-	-	-	174,716,731
Bank guarantees	4,423,981	8,574,044	35,169,294	14,147,701	426,964	62,741,984
Letters of credit	1,277,593	4,951,987	2,946,550	-	-	9,176,130
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
Total	<u>180,418,305</u>	<u>13,526,031</u>	<u>38,115,844</u>	<u>14,147,701</u>	<u>426,964</u>	<u>246,634,845</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>742,782,162</u>	<u>55,686,670</u>	<u>156,922,930</u>	<u>58,246,085</u>	<u>1,757,811</u>	<u>1,015,395,657</u>

ii. *Other financial facilities*

Other financial facilities are also included above based on the earliest contractual date as disclosed in Note 35(c).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

39. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities as 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 is 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 the design, validation methodologies, and processes to ensure reasonable determination of the fair values.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 30 SEPTEMBER 2023 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 the fair value based on 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 STATEMENT (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

39. Fair value of financial instruments (continued)

Determination of fair value (continued)

The following table shows the fair value of financial assets and liabilities analysed by various levels within the fair value hierarchy as at 30 September 2023 and 31 December 2022:

	The Group				The Bank			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
30 September 2023								
Financial assets								
Financial investments	-	-	189,670	189,670	-	-	189,670	189,670
Derivative financial instruments	-	-	8,751,556	8,751,556	-	-	8,751,556	8,751,556
Total financial assets	-	-	8,941,226	8,941,226	-	-	8,941,226	8,941,226
<i>In KHR'000 equivalent (Note 5)</i>	-	-	36,855,734	36,855,734	-	-	36,855,734	36,855,734
	The Group				The Bank			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
31 December 2022								
Financial assets								
Financial investments	-	-	189,670	189,670	-	-	189,670	189,670
Derivative financial instruments	-	-	9,630,593	9,630,593	-	-	9,630,593	9,630,593
Total financial assets	-	-	9,820,263	9,820,263	-	-	9,820,263	9,820,263
<i>In KHR'000 equivalent (Note 5)</i>	-	-	40,430,022	40,430,022	-	-	40,430,022	40,430,022

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurement during the three-month and nine-month periods ended 30 September 2023 (31 December 2022: Nil).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 30 SEPTEMBER 2023 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 the 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 approximates their carrying values as at the reporting date due to the relatively short-term maturity of these instruments.

ii. Financial investments

- *Financial investments at FVOCI*

Financial investments at FVOCI consist of the Bank's investment in CBC with 5% as equity cash investment and 1% through the Association of Banks in Cambodia amounting to US\$153,529 and in SWIFT required by the SWIFT SCRL from all its members amounting to US\$36,141 as at 30 September 2023 (31 December 2022: US\$153,529 and US\$36,141, respectively). The fair values of these equity investment securities cannot be reliably measured as at the reporting date. These investments are neither redeemable nor transferable and there is no market for them. The Group and the Bank do not intend to dispose these investments.

- *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 which were valued at amortised cost, and were purchased for the purpose of holding them until maturity and for earning interest.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 30 SEPTEMBER 2023 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.

Inputs into the models may include data from third party and information obtained from other market participants, which include observed primary and secondary transactions. Its carrying value approximates fair value as 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. While 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 the deposits and placements with no stated maturities, which includes non-interest bearing deposits, and deposits payable on demand is the amount payable as at the reporting date.

v. Statutory deposits

The Bank's capital guarantee and reserve requirement represent the minimum reserves required by the 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.

ABL's capital guarantee and reserve requirement represent the minimum reserve required by the BOL. These deposits are not available for use in ABL's day-to-day operations and are refundable should ABL voluntarily ceases its operations in Lao PDR, but for the capital guarantee balance in excess of LAK5 million is available for use in daily operations. The fair value is the carrying amount as at the reporting date.

In compliance with Prakas No. 009 on the licensing of securities firms and securities representatives issued by the SERC, ACS is required to place a security deposit into SERC's bank account maintained with the NBC for operating as a securities broker in the Kingdom of Cambodia. These deposits are not available for use in the its day-to-day operations and are refundable should ACS voluntarily ceases its operations in Cambodia. The fair value is the carrying amount as at the reporting date.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED) AS AT 30 SEPTEMBER 2023 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)

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 as 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 that 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 as at the reporting date.

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 statement 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, LCRs and other prudential ratios.

The tables in the succeeding page summarise 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 2023 and 31 December 2022.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENT (CONTINUED)

AS AT 30 SEPTEMBER 2023 AND FOR THE THREE-MONTH AND NINE-MONTH PERIODS THEN ENDED

41. Tax contingencies

On 6 March 2020, 6 August 2021, and 26 April 2022, the Department of Enterprise Tax Audit of the GDT issued a letter to the Bank to conduct a tax reassessment sequentially for the financial years 2018, 2019, 2020 and 2021, respectively.

The Bank has provided several requested documents to GDT. As at the date of the report, GDT has not requested additional documents from the Bank and issued the results of the tax reassessments.

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 statement of financial position

	31 December 2022 (Prior to reclassification) US\$	Effects of reclassification US\$	31 December 2022 (As reclassified) US\$	31 December 2022 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	31 December 2022 (As reclassified) KHR'000 (Note 5)
Share capital	-	-	-	1,783,332,149	(50,680,073)	1,732,652,076
Share premium	-	-	-	48,194,487	40,972	48,235,459
Reserves	-	-	-	2,655,913,219	50,639,101	2,706,552,320

Separate interim statement of financial position

	31 December 2022 (Prior to reclassification) US\$	Effects of reclassification US\$	31 December 2022 (As reclassified) US\$	31 December 2022 (Prior to reclassification) KHR'000 (Note 5)	Effects of reclassification KHR'000 (Note 5)	31 December 2022 (As reclassified) KHR'000 (Note 5)
Share capital	-	-	-	1,783,332,149	(50,680,073)	1,732,652,076
Share premium	-	-	-	48,194,487	40,972	48,235,459
Reserves	-	-	-	2,808,180,176	50,639,101	2,858,819,277

43. Events after reporting period

There were no significant events which 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 2023 and for the three-month and nine-month periods then ended were approved and authorised for issue by the Board of Directors on 7 November 2023.