

**ACLEDA BANK PLC.
AND ITS SUBSIDIARIES**

**Consolidated and Separate
Financial Statements
As at 31 December 2021 for the year then ended
and
Independent Auditor's Report**

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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Report of the Board of Directors

The Board of Directors (“the Board” or “the Directors”) hereby submits their report together with the consolidated financial statements of ACLEDA Bank Plc. (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) and the separate financial statements of the Bank as at 31 December 2021 and for the year then ended (hereafter collectively referred to as “the financial statements”).

The Group and the Bank

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

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

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

Principal activities

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

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

Principal activities (continued)

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

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

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

Financial performance

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

Share capital and share premium

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

Reserves and provisions

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

Bad and doubtful loans

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

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

Assets

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

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

Valuation methods

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

Contingent and other liabilities

At the date of this report, there is:

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

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

Change of circumstances

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

Items of an unusual nature

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

Items of an unusual nature (continued)

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

Coronavirus and impact on expected credit loss

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

The Board of Directors and the Executive Committee

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

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

The Board of Directors and the Executive Committee (continued)

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

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

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

The Management and those charged with governance are responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2021, and the financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

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

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

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

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



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



Dr. In Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 7 February 2022

Approval of the financial statements

The accompanying financial statements, together with the notes thereto set out on pages 13 to 202, which present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2021, and the financial performance and cash flows of the Group and of the Bank for the year then ended in accordance with CIFRSs, were approved by the Board of Directors.



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

Mr. Chhay Soeun
Chairman

Phnom Penh, Kingdom of Cambodia
Date: 7 February 2022



Independent auditor's report

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

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

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

Basis for opinion

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



Key audit matters

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

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

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



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

Other matter

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

Other information

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

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

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

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

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

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

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

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

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



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

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

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

Grant Thornton
GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants
Registered Auditors



Ronald C. Almera
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
7 February 2022

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Note	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Profit for the year (brought forward from previous page)		<u>166,674,348</u>	<u>141,492,590</u>	<u>678,031,249</u>	<u>576,865,289</u>
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss –</i>					
Remeasurement of employee benefit obligations	25	(4,141,215)	169,447	(16,846,462)	690,835
Remeasurement of the effective portion of derivatives arising from cash flow hedge		(506,158)	-	(2,059,051)	-
<i>Item that are or may be reclassified subsequently to profit or loss –</i>					
Currency translation differences		-	-	5,080,358	(8,160,026)
Other comprehensive (loss)/income for the year		<u>(4,647,373)</u>	<u>169,447</u>	<u>(13,825,155)</u>	<u>(7,469,191)</u>
Total other comprehensive income for the year		<u>162,026,975</u>	<u>141,662,037</u>	<u>664,206,094</u>	<u>569,396,098</u>
Profit for the year attributable to:					
Owners of the Bank		166,913,038	141,492,590	679,002,240	576,865,289
Non-controlling interests		<u>(238,690)</u>	<u>-</u>	<u>(970,991)</u>	<u>-</u>
		<u>166,674,348</u>	<u>141,492,590</u>	<u>678,031,249</u>	<u>576,865,289</u>
Total other comprehensive income attributable to:					
Owners of the Bank		162,282,771	141,662,037	665,248,207	569,396,098
Non-controlling interests		<u>(255,796)</u>	<u>-</u>	<u>(1,042,113)</u>	<u>-</u>
		<u>162,026,975</u>	<u>141,662,037</u>	<u>664,206,094</u>	<u>569,396,098</u>
The earnings per share attributable to shareholders of Bank during the year are as follows:					
Basic earnings per share	33	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>
Diluted earnings per share	33	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

	Attributable to equity holders of the Parent												Non-controlling interest		Total equity	
	Share capital		Share premium		Reserves		Retained earnings		Total							
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000		
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		
As at 1 January 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	503,094,236	2,048,708,997	141,662,037	559,330,127	1,089,625,507	4,407,535,176	-	-	1,089,625,507	4,407,535,176		
Profit for the year	-	-	-	-	-	-	166,913,038	679,002,240	166,913,038	679,002,240	(238,690)	(970,991)	166,674,348	678,031,249		
<i>Other comprehensive income:</i>																
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(4,124,109)	(16,776,875)	(4,124,109)	(16,776,875)	(17,106)	(69,587)	(4,141,215)	(16,846,462)		
Remeasurement of the effective portion of derivatives arising from cash flow hedge	-	-	-	-	-	-	(506,158)	(2,059,051)	(506,158)	(2,059,051)	-	-	(506,158)	(2,059,051)		
Currency translation differences	-	-	-	-	-	5,081,893	-	-	-	5,081,893	-	(1,535)	-	5,080,358		
Total other comprehensive income for the year	-	-	-	-	-	5,081,893	162,282,771	660,166,314	162,282,771	665,248,207	(255,796)	(1,042,113)	162,026,975	664,206,094		
Transaction with owners:																
Investments made by holders of non-controlling interest	-	-	-	-	-	-	-	-	-	-	6,971,681	28,360,798	6,971,681	28,360,798		
Dividend paid	-	-	-	-	-	-	(42,493,293)	(172,862,716)	(42,493,293)	(172,862,716)	-	-	(42,493,293)	(172,862,716)		
Transfers from retained earnings to general reserves	-	-	-	-	-	-	(423,863)	(1,724,275)	(423,863)	(1,724,275)	-	-	(423,863)	(1,724,275)		
Transfer from retained earnings to regulatory reserves	-	-	-	-	100,484,437	408,770,690	(100,484,437)	(408,770,690)	-	-	-	-	-	-		
Transfers from retained earnings to NCI	-	-	-	-	-	-	720,092	2,929,334	720,092	2,929,334	(720,092)	(2,929,334)	-	-		
Reserves from changes in ownership interests in AIB	-	-	-	-	3,028,319	12,319,202	-	-	3,028,319	12,319,202	-	-	3,028,319	12,319,202		
Currency translation differences - foreign subsidiaries	-	-	-	-	(13,697,248)	(55,720,405)	-	-	(13,697,248)	(55,720,405)	(3,036)	(12,350)	(13,700,284)	(55,732,755)		
Currency translation differences	-	12,561,727	-	339,480	-	14,272,538	-	-	-	27,173,745	-	37,491	-	27,211,236		
Total transactions with owners:	-	12,561,727	-	339,480	89,815,508	379,642,025	(142,681,501)	(580,428,347)	(52,865,993)	(187,885,115)	6,248,553	25,456,605	(46,617,440)	(162,428,510)		
As at 31 December 2021	433,163,019	1,764,706,139	11,706,215	47,691,120	592,909,744	2,433,432,915	161,263,307	639,068,094	1,199,042,285	4,884,898,268	5,992,757	24,414,492	1,205,035,042	4,909,312,760		

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

	Attributable to equity holders of the Parent										Non-controlling interest		Total equity	
	Share capital		Share premium		Reserves		Retained earnings		Total					
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
As at 1 January 2020	428,818,154	1,747,433,978	-	-	414,748,726	1,708,085,266	120,894,720	474,661,776	964,461,600	3,930,181,020	-	-	964,461,600	3,930,181,020
Profit for the year	-	-	-	-	-	-	141,492,590	576,865,289	141,492,590	576,865,289	-	-	141,492,590	576,865,289
<i>Other comprehensive income:</i>														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	169,447	690,835	169,447	690,835	-	-	169,447	690,835
Currency translation differences	-	-	-	-	-	(8,160,026)	-	-	-	(8,160,026)	-	-	-	(8,160,026)
Total other comprehensive income for the year	-	-	-	-	-	(8,160,026)	141,662,037	577,556,124	141,662,037	569,396,098	-	-	141,662,037	569,396,098
Transaction with owners:														
Conversion of retained earnings to share capital	-	-	-	-	(4,451,864)	(18,150,250)	4,451,864	18,150,250	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(32,718,825)	(133,394,650)	(32,718,825)	(133,394,650)	-	-	(32,718,825)	(133,394,650)
Transfers from retained earnings to general reserves	-	-	-	-	66,285,795	270,247,186	(66,730,585)	(272,060,595)	(444,790)	(1,813,409)	-	-	(444,790)	(1,813,409)
Share issued	4,344,865	17,714,015	11,706,215	47,726,239	-	-	-	-	16,051,080	65,440,254	-	-	16,051,080	65,440,254
Transfer from retained earnings to regulatory reserves	-	-	-	-	25,897,174	105,582,778	(25,897,174)	(105,582,778)	-	-	-	-	-	-
Currency translation differences - foreign subsidiaries	-	-	-	-	614,405	2,504,929	-	-	614,405	2,504,929	-	-	614,405	2,504,929
Currency translation differences	-	(13,003,581)	-	(374,599)	-	(11,400,886)	-	-	-	(24,779,066)	-	-	-	(24,779,066)
Total transactions with owners:	4,344,865	4,710,434	11,706,215	47,351,640	88,345,510	348,783,757	(120,894,720)	(492,887,773)	(16,498,130)	(92,041,942)	-	-	(16,498,130)	(92,041,942)
As at 31 December 2020	433,163,019	1,752,144,412	11,706,215	47,351,640	503,094,236	2,048,708,997	141,662,037	559,330,127	1,089,625,507	4,407,535,176	-	-	1,089,625,507	4,407,535,176

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

SEPARATE STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2020	428,818,154	1,747,433,978	-	-	425,709,612	1,752,368,656	117,750,767	462,232,389	972,278,533	3,962,035,023
Profit for the year	-	-	-	-	-	-	138,342,176	564,021,052	138,342,176	564,021,052
<i>Other comprehensive income:</i>										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	72,593	295,962	72,593	295,962
Currency translation difference	-	-	-	-	-	(7,961,797)	-	-	-	(7,961,797)
Total other comprehensive income for the year	-	-	-	-	-	(7,961,797)	138,414,769	564,317,014	138,414,769	556,355,217
Transaction with owners:										
Dividend paid	-	-	-	-	-	-	(32,718,825)	(133,394,650)	(32,718,825)	(133,394,650)
Transfer from retained earnings to general reserves	-	-	-	-	66,949,305	272,952,316	(66,949,305)	(272,952,316)	-	-
Shares issued	4,344,865	17,714,015	11,706,215	47,726,239	-	-	-	-	16,051,080	65,440,254
Transfer from retained earnings to regulatory reserves	-	-	-	-	18,082,637	73,722,911	(18,082,637)	(73,722,911)	-	-
Currency translation difference	-	(13,003,581)	-	(374,599)	-	(11,724,284)	-	-	-	(25,102,464)
Total transactions with owners:	4,344,865	4,710,434	11,706,215	47,351,640	85,031,942	334,950,943	(117,750,767)	(480,069,877)	(16,667,745)	(93,056,860)
As at 31 December 2020	433,163,019	1,752,144,412	11,706,215	47,351,640	510,741,554	2,079,357,802	138,414,769	546,479,526	1,094,025,557	4,425,333,380

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

1. Background information

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

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

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

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

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

2. Summary of significant accounting policies

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

(a) Basis of preparation and presentation

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(a) Basis of preparation and presentation (continued)

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

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

(b) Adoption of new and revised accounting standards

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

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

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

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

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

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

(c) Consolidation

(i) *Subsidiaries*

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(iii) *Disposal of subsidiaries*

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

(iv) *Investments in subsidiaries*

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

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

(d) Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

(iii) *Group's companies*

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group's companies (continued)

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

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

(e) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

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

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

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

All other financial assets are classified as FVTPL.

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

Business model assessment

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

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

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

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

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

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

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

Non-recourse loans

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

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group and the Bank's risk of loss on the asset relative to a full-recourse loan;

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Non-recourse loans (continued)

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

Reclassifications

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

Financial liabilities

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

(iii) Derecognition

Financial assets

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

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

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

Financial liabilities

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

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

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

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

Financial liabilities (continued)

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

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

(v) *Offsetting*

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

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

(vi) *Fair value measurement*

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

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

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

(vii) *Impairment*

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

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

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

No impairment loss is recognised on equity investments.

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

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

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

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

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

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

Measurement of ECL

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

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Measurement of ECL (continued)

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

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

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

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

Restructured financial assets

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

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

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

Credit-impaired financial assets

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

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

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) *Impairment (continued)*

Non-integral financial guarantee contracts

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

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

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

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

(viii) *Derivative financial instruments*

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

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) *Derivative financial instruments (continued)*

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

(ix) *Hedge accounting*

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ix) *Hedge accounting (continued)*

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

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

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

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

(f) Cash and cash equivalents

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

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

(g) Loans and advances

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(h) Financial investments

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

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

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

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

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

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

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

(i) Share capital

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

(j) Earnings per share

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

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

2. Summary of significant accounting policies (continued)

(j) Earnings per share (continued)

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

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

(k) Property and equipment

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

The cost of an item of property and equipment comprises:

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(k) Property and equipment (continued)

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

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

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

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

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

(l) Intangible asset

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

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

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

(m) Impairment of non-financial assets

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

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

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

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

(n) Reserves

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

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

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

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

(o) Current and deferred income tax

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Post-employment benefits

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

Seniority benefits

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

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

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

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

Retirement benefits

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

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

Retirement benefits (continued)

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

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

The liability is recognised in the statement of financial position at the present value of defined obligation at the reporting period using the projected unit credit method to estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods.

The Group and the Bank attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expect to pay in future reporting periods.

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

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

Career development benefits

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

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

Career development benefits (continued)

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

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

(q) Provisions

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

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

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

(r) Interest

Effective interest rate

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(r) Interest (continued)

financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

Amortised cost and gross carrying amount

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

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

Calculation of interest income and interest expense

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

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

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

Presentation

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(r) Interest (continued)

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

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

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

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

(s) Fee and commission

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

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

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

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

(t) Recognition of fee and other income

(i) Dividends

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

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

(ii) *Training and consultancy services*

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

(u) Leases

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

As a lessee

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(u) Leases (continued)

As a lessee (continued)

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(v) Contingent assets and contingent liabilities

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

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group and the Bank; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

(w) Events after the reporting period

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

(x) Segment reporting

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

2. Summary of significant accounting policies (continued)

(x) Segment reporting (continued)

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

Financial information on segment reporting is presented in Note 6.

3. Composition of the Group

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

3. Composition of the Group (continued)

ACLEDA Institute of Business

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

4. Critical accounting estimates and judgements in applying accounting policies

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

(a) Judgements

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

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

Functional currency

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

Leases

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

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

Retirement benefits

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

(b) Assumptions and estimation uncertainties

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

Impairment of financial and non-financial assets

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

(b) Assumptions and estimation uncertainties (continued)

Impairment of financial and non-financial assets (continued)

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

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

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

Coronavirus and impact on ECL

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

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

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, this estimate may move materially as events unfold. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Group and the Bank.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

(b) Assumptions and estimation uncertainties (continued)

Impairment of financial and non-financial assets (continued)

Retirement benefits

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

Taxes

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

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

Estimating cost of right-of-use assets

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

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

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

Estimating useful lives of assets

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

5. Translation of United States Dollars into Khmer Riel

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

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

The Group and the Bank have used the exchange rates:

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

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

6. Segment information

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

(a) Business segments

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

6. Segment information (continued)

(a) Business segments (continued)

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

(b) Analysis of primary segment information

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

6. Segment information (continued)

(c) Analysis of secondary segment information

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

6. Segment information (continued)

(d) Reconciliation

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

7. Cash on hand

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
By currency:								
In US\$	313,847,464	284,892,098	1,278,614,568	1,152,388,536	312,306,524	283,028,828	1,272,336,779	1,144,851,609
In KHR	104,996,359	103,488,247	427,755,167	418,609,959	104,994,430	103,480,325	427,747,308	418,577,915
In Thai Baht	19,019,091	12,247,160	77,483,777	49,539,762	17,152,508	9,927,044	69,879,318	40,154,893
In Euro	2,521,480	2,967,502	10,272,510	12,003,546	2,518,765	2,965,106	10,261,449	11,993,854
In other currencies	9,990,755	9,164,044	40,702,335	37,068,558	2,493,753	1,414,823	10,159,549	5,722,959
	<u>450,375,149</u>	<u>412,759,051</u>	<u>1,834,828,357</u>	<u>1,669,610,361</u>	<u>439,465,980</u>	<u>400,816,126</u>	<u>1,790,384,403</u>	<u>1,621,301,230</u>

8. Deposits and placements with other banks, net

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Balances with local banks:								
National Bank of Cambodia	290,477,441	264,197,563	1,183,405,095	1,068,679,142	290,477,440	264,197,563	1,183,405,091	1,068,679,142
Other banks	41,940,777	3,318,751	170,866,725	13,424,348	41,940,777	3,318,751	170,866,725	13,424,348
	<u>332,418,218</u>	<u>267,516,314</u>	<u>1,354,271,820</u>	<u>1,082,103,490</u>	<u>332,418,217</u>	<u>267,516,314</u>	<u>1,354,271,816</u>	<u>1,082,103,490</u>
Balances with overseas banks:								
Bank of Laos	30,631,426	19,771,444	124,792,430	79,975,491	-	-	-	-
Other banks	214,546,817	247,947,832	874,063,732	1,002,948,980	211,228,985	240,254,636	860,546,885	971,830,003
	<u>245,178,243</u>	<u>267,719,276</u>	<u>998,856,162</u>	<u>1,082,924,471</u>	<u>211,228,985</u>	<u>240,254,636</u>	<u>860,546,885</u>	<u>971,830,003</u>
Total balances with local and overseas banks	577,596,461	535,235,590	2,353,127,982	2,165,027,961	543,647,202	507,770,950	2,214,818,701	2,053,933,493
Allowance for impairment losses	(479,163)	(582,444)	(1,952,110)	(2,355,985)	(220,282)	(141,543)	(897,429)	(572,542)
	<u>577,117,298</u>	<u>534,653,146</u>	<u>2,351,175,872</u>	<u>2,162,671,976</u>	<u>543,426,920</u>	<u>507,629,407</u>	<u>2,213,921,272</u>	<u>2,053,360,951</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current	577,117,298	534,653,146	2,351,175,872	2,162,671,976	543,426,920	507,629,407	2,213,921,272	2,053,360,951
Non-current	-	-	-	-	-	-	-	-
	<u>577,117,298</u>	<u>534,653,146</u>	<u>2,351,175,872</u>	<u>2,162,671,976</u>	<u>543,426,920</u>	<u>507,629,407</u>	<u>2,213,921,272</u>	<u>2,053,360,951</u>

a) By account types

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

b) By interest rate (per annum)

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

c) By maturity

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

9. Financial investments

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

- (a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly owned at 5% and indirectly owned at 1% through the Association of Banks in Cambodia ("ABC"). As at 31 December 2021, the Bank's investment in CBC is valued at cost amounting to US\$153,529 (2020: US\$153,529) and the Bank's investment in Swift is valued at cost amounting to US\$36,141 as the Management believes the cost of investment approximates its fair value. Dividend income received from CBC during 2021 amounted to US\$116,614 and (2020: US\$174,479).
- (b) The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$15,793,882 (2020: US\$14,374,871) with the NBC as collateral for settlement clearing facility. The other NCD amounting to US\$785,100,840 (2020: US\$552,146,123) with NBC is for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to six months. As at 31 December 2021 and 31 December 2020, the Bank had yet to utilise the overdraft on settlement clearing facility.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

9. Financial investments (continued)

Analysis of maturity of negotiable certificate of deposits with NBC

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

10. Loans and advances, net

	The Group											
	2021			2020			2021			2020		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
						(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	
Small Loan	2,454,306,155	19,970,587	2,434,335,568	2,211,197,272	17,353,773	2,193,843,499	9,998,843,275	81,360,170	9,917,483,105	8,944,292,965	70,196,012	8,874,096,953
Staff Housing Loan	24,562,089	10,206	24,551,883	25,239,763	17,009	25,222,754	100,065,951	41,579	100,024,372	102,094,841	68,801	102,026,040
Public Housing Loan	135,971,808	892,526	135,079,282	135,555,361	1,032,605	134,522,756	553,949,146	3,636,151	550,312,995	548,321,435	4,176,887	544,144,548
Staff Loan	255,658,399	154,781	255,503,618	221,923,761	225,841	221,697,920	1,041,552,318	630,578	1,040,921,740	897,681,613	913,527	896,768,086
Overdraft Loan	95,974,116	298,253	95,675,863	58,036,302	352,950	57,683,352	390,998,549	1,215,083	389,783,466	234,756,842	1,427,683	233,329,159
Home Improvement Loan	31,451,028	575,005	30,876,023	47,780,295	334,644	47,445,651	128,131,488	2,342,570	125,788,918	193,271,293	1,353,635	191,917,658
Personal & Others Loan	202,542,041	1,674,566	200,867,475	158,300,284	1,061,972	157,238,312	825,156,274	6,822,182	818,334,092	640,324,649	4,295,676	636,028,973
Credit Card Loan	40,281,078	734,956	39,546,122	25,641,962	667,345	24,974,617	164,105,112	2,994,211	161,110,901	103,721,736	2,699,411	101,022,325
Trade Loan	11,208,237	13,591	11,194,646	9,632,656	21,578	9,611,078	45,662,358	55,370	45,606,988	38,964,094	87,283	38,876,811
Revolving Loan	49,650,393	83,174	49,567,219	33,296,272	23,512	33,272,760	202,275,701	338,851	201,936,850	134,683,420	95,106	134,588,314
Medium Loan	2,126,969,233	10,213,429	2,116,755,804	1,580,039,237	14,251,318	1,565,787,919	8,665,272,655	41,609,511	8,623,663,144	6,391,258,714	57,646,581	6,333,612,133
	<u>5,428,574,577</u>	<u>34,621,074</u>	<u>5,393,953,503</u>	<u>4,506,643,165</u>	<u>35,342,547</u>	<u>4,471,300,618</u>	<u>22,116,012,827</u>	<u>141,046,256</u>	<u>21,974,966,571</u>	<u>18,229,371,602</u>	<u>142,960,602</u>	<u>18,086,411,000</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

10. Loans and advances, net (continued)

	The Bank											
	2021			2020			2021			2020		
	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount US\$	ECL allowance US\$	Carrying amount US\$	Gross carrying amount KHR'000 (Note 5)	ECL allowance KHR'000 (Note 5)	Carrying amount KHR'000 (Note 5)	Gross carrying amount KHR'000 (Note 5)	ECL allowance KHR'000 (Note 5)	Carrying amount KHR'000 (Note 5)
Small Loan	2,310,778,323	8,630,325	2,302,147,998	2,048,936,412	13,343,552	2,035,592,860	9,414,110,888	35,159,944	9,378,950,944	8,287,947,787	53,974,668	8,233,973,119
Staff Housing Loan	24,490,527	10,188	24,480,339	25,108,879	16,907	25,091,972	99,774,407	41,506	99,732,901	101,565,416	68,389	101,497,027
Public Housing Loan	134,359,341	891,230	133,468,111	135,084,056	1,016,789	134,067,267	547,379,955	3,630,871	543,749,084	546,415,007	4,112,912	542,302,095
Staff Loan	248,772,294	117,594	248,654,700	214,389,121	209,906	214,179,215	1,013,498,326	479,078	1,013,019,248	867,203,994	849,070	866,354,924
Overdraft Loan	94,550,853	295,564	94,255,289	57,948,236	351,432	57,596,804	385,200,175	1,204,128	383,996,047	234,400,615	1,421,542	232,979,073
Home Improvement Loan	25,303,035	160,488	25,142,547	44,261,421	294,401	43,967,020	103,084,565	653,828	102,430,737	179,037,448	1,190,852	177,846,596
Personal & Others Loan	196,387,702	1,479,914	194,907,788	157,228,541	1,083,793	156,144,748	800,083,498	6,029,170	794,054,328	635,989,448	4,383,941	631,605,507
Credit Card Loan	40,281,078	734,956	39,546,122	25,641,962	667,345	24,974,617	164,105,112	2,994,211	161,110,901	103,721,736	2,699,411	101,022,325
Trade Loan	11,208,237	13,591	11,194,646	9,632,656	21,578	9,611,078	45,662,358	55,370	45,606,988	38,964,094	87,283	38,876,811
Revolving Loan	49,650,393	83,174	49,567,219	33,296,272	23,512	33,272,760	202,275,701	338,851	201,936,850	134,683,420	95,106	134,588,314
Medium Loan	2,118,865,642	10,171,481	2,108,694,161	1,572,330,992	14,180,174	1,558,150,818	8,632,258,626	41,438,614	8,590,820,012	6,360,078,861	57,358,804	6,302,720,057
	<u>5,254,647,425</u>	<u>22,588,505</u>	<u>5,232,058,920</u>	<u>4,323,858,548</u>	<u>31,209,389</u>	<u>4,292,649,159</u>	<u>21,407,433,611</u>	<u>92,025,571</u>	<u>21,315,408,040</u>	<u>17,490,007,826</u>	<u>126,241,978</u>	<u>17,363,765,848</u>

(a) Loans and advances in gross amount by maturity

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

10. Loans and advances, net (continued)

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Allowance for/(reversal of) impairments on:								
Loans and advances	13,797,947	20,852,357	56,130,048	85,015,059	429,538	16,204,462	1,747,360	66,065,592
Deposit and placement with other banks	(81,385)	(7,786)	(331,074)	(31,744)	78,820	96,083	320,640	391,730
Other receivables	(174,588)	(50,540)	(710,224)	(206,051)	(191,604)	(52,869)	(779,445)	(215,547)
	13,541,974	20,794,031	55,088,750	84,777,264	316,754	16,247,676	1,288,555	66,241,775
Off-balance sheet commitments	(139,449)	(54,156)	(567,279)	(220,794)	(380,569)	(132,082)	(1,548,155)	(538,498)
	<u>13,402,525</u>	<u>20,739,875</u>	<u>54,521,471</u>	<u>84,556,470</u>	<u>(63,815)</u>	<u>16,115,594</u>	<u>(259,600)</u>	<u>65,703,277</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

10. Loans and advances, net (continued)

Movements of impairment losses during the year were as follows:

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	35,342,547	33,443,055	142,960,602	136,280,449	31,209,389	32,845,402	126,241,978	133,845,012
ECL on off-balance sheet commitment	-	(207,479)	-	(839,253)	-	(655,822)	-	(2,652,800)
Allowance for/(reversal of) impairment loss during the year	13,797,947	20,852,357	56,130,048	85,015,059	429,538	16,204,462	1,747,360	66,065,592
Written off during the year	(11,393,716)	(18,676,459)	(46,349,637)	(76,143,923)	(8,281,746)	(17,158,054)	(33,690,143)	(69,953,386)
Currency translation difference	(3,125,704)	(68,927)	(12,715,364)	(281,015)	(768,676)	(26,599)	(3,126,974)	(108,444)
Exchange differences	-	-	1,020,607	(1,070,715)	-	-	853,350	(953,996)
At the end of the year	34,621,074	35,342,547	141,046,256	142,960,602	22,588,505	31,209,389	92,025,571	126,241,978

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

11. Other assets

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Prepayments and advances	17,854,484	12,866,459	72,739,168	52,044,827	16,138,351	10,782,460	65,747,642	43,615,051
Stationery supplies	2,820,381	2,423,780	11,490,232	9,804,190	2,673,828	2,248,392	10,893,175	9,094,746
Receivable from Western Union	2,172,327	3,755,064	8,850,060	15,189,234	2,079,286	3,666,021	8,471,011	14,829,055
Income tax receivable	2,778,369	1,960,918	11,319,075	7,931,913	2,707,597	1,901,964	11,030,750	7,693,444
Others	2,515,629	1,760,692	10,248,673	7,121,999	2,450,451	1,657,273	9,983,139	6,703,669
	<u>28,141,190</u>	<u>22,766,913</u>	<u>114,647,208</u>	<u>92,092,163</u>	<u>26,049,513</u>	<u>20,256,110</u>	<u>106,125,717</u>	<u>81,935,965</u>

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current	17,995,402	17,170,584	73,313,268	69,455,012	16,269,441	15,353,807	66,281,705	62,106,149
Non-current	10,145,788	5,596,329	41,333,940	22,637,151	9,780,072	4,902,303	39,844,012	19,829,816
	<u>28,141,190</u>	<u>22,766,913</u>	<u>114,647,208</u>	<u>92,092,163</u>	<u>26,049,513</u>	<u>20,256,110</u>	<u>106,125,717</u>	<u>81,935,965</u>

12. Statutory deposits

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

12. Statutory deposits (continued)

(a) With the Central Bank

(i) Reserve requirement

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

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

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

(ii) Capital guarantee

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

(b) With other central bank

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

(c) Others

In compliance with Securities and Exchange Commission of Cambodia ("SECC")'s Prakas No. 009 on the licensing of securities firms and securities representatives, ACLEDA Securities Plc. is required to place a security deposit into SECC's bank account maintained with the NBC amounting to KHR1,000,000,000 (equivalent to US\$245,459) for operating as a securities broker in the Kingdom of Cambodia. This statutory deposits do not bear interest.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

13. Investments in subsidiaries

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

Details of the Bank's subsidiaries are as follows:

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

(a) ACLEDA Bank Lao Ltd.

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

13. Investments in subsidiaries (continued)

(b) ACLEDA Securities Plc.

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

ACS is wholly owned by the Bank.

(c) ACLEDA Institute of Business

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

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

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

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

(d) ACLEDA MFI Myanmar Co., Ltd.

ACLEDA MFI Myanmar Co., Ltd. ("AMM") was incorporated in the Republic of Union of Myanmar under the Republic of the Union of Myanmar Companies Law on 6 September 2012 to provide services per the Registration No. 143715094 and started its operations on 18 February 2013. The financial year of the statutory financial statements of AMM is from 1 October to 30 September.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

13. Investments in subsidiaries (continued)

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

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

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

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

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

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

Status of operations

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

13. Investments in subsidiaries (continued)

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

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

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

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

(e) ACLEDA Bank Plc. (Representative Office)

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

The representation office is permit on the following activities:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

14. Property and equipment, net

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

14. Property and equipment, net (continued)

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

14. Property and equipment, net (continued)

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

14. Property and equipment, net (continued)

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

15. Intangible assets, net

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
Cost						
As at 1 January 2021	39,269,078	1,832,905	41,101,983	35,837,920	1,741,123	37,579,043
Additions	1,522,959	273,768	1,796,727	921,312	336,317	1,257,629
Disposals	(1,002,068)	-	(1,002,068)	(965,000)	-	(965,000)
Reclassifications	670,712	(670,712)	-	670,712	(670,712)	-
Currency translation difference	(536,503)	-	(536,503)	-	-	-
Adjustments	-	230,698	230,698	-	230,698	230,698
As at 31 December 2021	<u>39,924,178</u>	<u>1,666,659</u>	<u>41,590,837</u>	<u>36,464,944</u>	<u>1,637,426</u>	<u>38,102,370</u>
Less: Accumulated amortisation						
As at 1 January 2021	26,411,308	-	26,411,308	23,694,485	-	23,694,485
Charge for the year	3,889,960	-	3,889,960	3,477,382	-	3,477,382
Disposals	(496,288)	-	(496,288)	(459,220)	-	(459,220)
Currency translation difference	(474,110)	-	(474,110)	-	-	-
Adjustments	(26,131)	-	(26,131)	(26,130)	-	(26,130)
As at 31 December 2021	<u>29,304,739</u>	<u>-</u>	<u>29,304,739</u>	<u>26,686,517</u>	<u>-</u>	<u>26,686,517</u>
Carrying value	<u>10,619,439</u>	<u>1,666,659</u>	<u>12,286,098</u>	<u>9,778,427</u>	<u>1,637,426</u>	<u>11,415,853</u>
In KHR' 000 equivalent (Note 5)	<u>43,263,594</u>	<u>6,789,969</u>	<u>50,053,563</u>	<u>39,837,312</u>	<u>6,670,874</u>	<u>46,508,185</u>

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

15. Intangible assets, net (continued)

	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
Cost						
As at 1 January 2020	31,080,505	1,659,641	32,740,146	27,573,361	1,572,896	29,146,257
Additions	8,948,687	740,544	9,689,231	8,885,500	717,797	9,603,297
Disposals	(880,227)	-	(880,227)	(880,227)	-	(880,227)
Transfers	276,996	(276,996)	-	259,286	(259,286)	-
Currency translation difference	(156,883)	-	(156,883)	-	-	-
Adjustments	-	(290,284)	(290,284)	-	(290,284)	(290,284)
As at 31 December 2020	<u>39,269,078</u>	<u>1,832,905</u>	<u>41,101,983</u>	<u>35,837,920</u>	<u>1,741,123</u>	<u>37,579,043</u>
Less: Accumulated amortisation						
As at 1 January 2020	23,741,153	-	23,741,153	21,230,895	-	21,230,895
Charge for the year	3,667,583	-	3,667,583	3,339,510	-	3,339,510
Disposals	(865,291)	-	(865,291)	(865,291)	-	(865,291)
Currency translation difference	(132,137)	-	(132,137)	(10,629)	-	(10,629)
As at 31 December 2020	<u>26,411,308</u>	<u>-</u>	<u>26,411,308</u>	<u>23,694,485</u>	<u>-</u>	<u>23,694,485</u>
Carrying value	<u>12,857,770</u>	<u>1,832,905</u>	<u>14,690,675</u>	<u>12,143,435</u>	<u>1,741,123</u>	<u>13,884,558</u>
<i>In KHR' 000 equivalent (Note 5)</i>	<u>52,009,680</u>	<u>7,414,101</u>	<u>59,423,780</u>	<u>49,120,195</u>	<u>7,042,843</u>	<u>56,163,037</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

16. Right-of-use assets, net

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Right-of-use assets	28,337,884	29,529,768	115,448,539	119,447,912	25,596,727	26,182,172	104,281,066	105,906,886

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	29,529,768	32,569,457	119,447,912	132,720,537	26,182,172	28,847,850	105,906,886	117,554,989
Additions during the year	10,918,814	7,966,867	44,417,735	32,480,917	10,571,905	7,404,513	43,006,510	30,188,200
Depreciation for the year	(11,192,219)	(10,627,120)	(45,529,947)	(43,326,768)	(10,387,679)	(9,770,638)	(42,257,078)	(39,834,891)
Lease termination during the year	(846,280)	(426,655)	(3,442,667)	(1,739,472)	(846,280)	(311,776)	(3,442,667)	(1,271,111)
Exchange differences	(72,199)	47,219	(293,706)	192,512	76,609	12,223	311,645	49,833
Currency translation difference	-	-	849,212	(879,814)	-	-	755,770	(780,134)
At the end of the year	28,337,884	29,529,768	115,448,539	119,447,912	25,596,727	26,182,172	104,281,066	105,906,886

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Depreciation expense	11,192,219	10,627,120	45,529,947	43,326,768	10,387,679	9,770,638	42,257,078	39,834,891
Interest on lease liabilities	1,950,159	2,109,253	7,933,247	8,599,425	1,761,254	1,875,776	7,164,781	7,647,538
Loss/(gain) on pre-termination of leases	11,882	(6,680)	48,336	(27,234)	11,728	19,369	47,710	78,967
	<u>13,154,260</u>	<u>12,729,693</u>	<u>53,511,530</u>	<u>51,898,959</u>	<u>12,160,661</u>	<u>11,665,783</u>	<u>49,469,569</u>	<u>47,561,396</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

17. Deferred tax assets, net

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Deferred tax assets	37,444,766	32,324,548	152,549,977	130,752,797	34,320,094	31,015,663	139,820,064	125,458,357
Deferred tax liabilities	(28,376,160)	(21,128,703)	(115,604,476)	(85,465,604)	(26,796,377)	(18,329,716)	(109,168,441)	(74,143,701)
	<u>9,068,606</u>	<u>11,195,845</u>	<u>36,945,501</u>	<u>45,287,193</u>	<u>7,523,717</u>	<u>12,685,947</u>	<u>30,651,623</u>	<u>51,314,656</u>

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	11,195,845	14,814,354	45,287,193	60,368,494	12,685,947	14,007,743	51,314,656	57,081,553
Charged to profit or loss	(1,907,302)	(3,645,153)	(7,758,905)	(14,861,291)	(5,162,230)	(1,321,796)	(20,999,952)	(5,388,963)
Currency translation difference	(219,937)	26,644	(894,704)	108,628	-	-	-	-
Exchange differences	-	-	311,917	(328,638)	-	-	336,919	(377,934)
At the end of the year	<u>9,068,606</u>	<u>11,195,845</u>	<u>36,945,501</u>	<u>45,287,193</u>	<u>7,523,717</u>	<u>12,685,947</u>	<u>30,651,623</u>	<u>51,314,656</u>

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

17. Deferred tax assets, net (continued)

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

Deferred tax assets of the Group:

	Unamortised loan fees US\$	Unearned revenue US\$	Provision for loan loss US\$	Other provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Accelerated depreciation US\$	Lease US\$	Others US\$	Total US\$
As at 1 January 2021	7,560,663	50,295	9,426,856	7,335,254	261,434	814,363	1,602,584	317,209	4,955,890	32,324,548
Charged/(credited) to profit or loss	701,774	(20,834)	1,869,887	453,465	1,540,856	271,992	(765,643)	56,977	1,011,744	5,120,218
As at 31 December 2021	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
<i>In KHR'000 equivalent (Note 5)</i>	<u>33,661,168</u>	<u>120,024</u>	<u>46,022,931</u>	<u>31,731,241</u>	<u>7,342,529</u>	<u>4,425,810</u>	<u>3,409,698</u>	<u>1,524,436</u>	<u>24,312,140</u>	<u>152,549,977</u>
As at 1 January 2020	6,641,624	-	7,866,254	6,754,038	426,528	656,882	1,188,937	190,389	4,976,821	28,701,473
Charged/(credited) to profit or loss	919,039	50,295	1,560,602	581,216	(165,094)	157,481	413,647	126,820	(20,931)	3,623,075
As at 31 December 2020	7,560,663	50,295	9,426,856	7,335,254	261,434	814,363	1,602,584	317,209	4,955,890	32,324,548
<i>In KHR'000 equivalent (Note 5)</i>	<u>30,582,882</u>	<u>203,444</u>	<u>38,131,633</u>	<u>29,671,102</u>	<u>1,057,501</u>	<u>3,294,098</u>	<u>6,482,452</u>	<u>1,283,111</u>	<u>20,046,574</u>	<u>130,752,797</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

17. Deferred tax assets, net (continued)

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

Deferred tax assets of the Bank:

	Unamortised loan fees US\$	Provision for loan loss US\$	Other provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Accelerated depreciation US\$	Lease US\$	Others US\$	Total US\$
As at 1 January 2021	7,560,663	9,426,856	7,220,243	261,434	814,286	1,600,742	270,169	3,861,270	31,015,663
Charged/(credited) to profit or loss	701,774	1,869,887	422,759	1,540,856	271,789	(765,961)	57,551	(794,224)	3,304,431
As at 31 December 2021	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
<i>In KHR'000 equivalent (Note 5)</i>	<u>33,661,168</u>	<u>46,022,931</u>	<u>31,137,590</u>	<u>7,342,529</u>	<u>4,424,670</u>	<u>3,400,898</u>	<u>1,335,131</u>	<u>12,495,147</u>	<u>139,820,064</u>
As at 1 January 2020	6,641,624	7,866,254	6,646,409	416,745	609,664	1,182,635	161,750	4,013,084	27,538,165
Charged/(credited) to profit or loss	919,039	1,560,602	573,834	(155,311)	204,622	418,107	108,419	(151,814)	3,477,498
As at 31 December 2020	7,560,663	9,426,856	7,220,243	261,434	814,286	1,600,742	270,169	3,861,270	31,015,663
<i>In KHR'000 equivalent (Note 5)</i>	<u>30,582,882</u>	<u>38,131,633</u>	<u>29,205,883</u>	<u>1,057,501</u>	<u>3,293,787</u>	<u>6,475,001</u>	<u>1,092,834</u>	<u>15,618,836</u>	<u>125,458,357</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

17. Deferred tax assets, net (continued)

Deferred tax liabilities of the Group:

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

Deferred tax liabilities of the Bank:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

18. Deposits and placements of other banks and financial institutions

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current accounts	152,742,439	106,606,626	622,272,696	431,223,802	155,174,040	108,155,568	632,179,040	437,489,273
Savings deposits	34,450,553	47,551,861	140,351,553	192,347,278	33,348,124	46,816,912	135,860,257	189,374,409
Fixed deposits	296,548,000	162,850,972	1,208,136,552	658,732,182	267,084,671	141,792,074	1,088,102,949	573,548,939
	<u>483,740,992</u>	<u>317,009,459</u>	<u>1,970,760,801</u>	<u>1,282,303,262</u>	<u>455,606,835</u>	<u>296,764,554</u>	<u>1,856,142,246</u>	<u>1,200,412,621</u>

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

a) By maturity

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Within six months	320,395,747	195,717,857	1,305,292,273	791,678,732	310,548,578	183,717,176	1,265,174,907	743,135,977
Later than six months but not later than one year	39,897,016	30,105,199	162,540,443	121,775,530	25,118,831	21,860,975	102,334,117	88,427,644
Later than one year but not later than three years	16,779,432	5,648,815	68,359,406	22,849,457	13,270,629	5,648,815	54,064,543	22,849,457
Later than three years	106,668,797	85,537,588	434,568,679	345,999,543	106,668,797	85,537,588	434,568,679	345,999,543
	<u>483,740,992</u>	<u>317,009,459</u>	<u>1,970,760,801</u>	<u>1,282,303,262</u>	<u>455,606,835</u>	<u>296,764,554</u>	<u>1,856,142,246</u>	<u>1,200,412,621</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

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

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

b) By relationship

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Related parties	42,469	72,774	173,019	294,371	2,565,025	1,670,695	10,449,912	6,757,961
Non-related parties	483,698,523	316,936,685	1,970,587,782	1,282,008,891	453,041,810	295,093,859	1,845,692,334	1,193,654,660
	<u>483,740,992</u>	<u>317,009,459</u>	<u>1,970,760,801</u>	<u>1,282,303,262</u>	<u>455,606,835</u>	<u>296,764,554</u>	<u>1,856,142,246</u>	<u>1,200,412,621</u>

c) By interest (per annum)

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

19. Deposits from customers

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current accounts	751,165,630	525,179,976	3,060,248,777	2,124,353,003	740,903,142	515,353,012	3,018,439,401	2,084,602,934
Savings deposits	2,047,118,594	1,866,624,777	8,339,961,152	7,550,497,223	2,017,014,668	1,824,684,515	8,217,317,757	7,380,848,863
Margin deposits	12,516,025	13,134,176	50,990,285	53,127,742	12,499,328	13,134,176	50,922,262	53,127,741
Fixed deposits	2,421,478,444	1,889,347,119	9,865,103,181	7,642,409,096	2,356,509,852	1,827,097,034	9,600,421,137	7,390,607,503
	<u>5,232,278,693</u>	<u>4,294,286,048</u>	<u>21,316,303,395</u>	<u>17,370,387,064</u>	<u>5,126,926,990</u>	<u>4,180,268,737</u>	<u>20,887,100,557</u>	<u>16,909,187,041</u>

The deposits from customers are analysed as follows:

a) By maturity

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Within six months	3,804,350,927	3,120,269,849	15,498,925,677	12,621,491,539	3,743,132,839	3,048,458,637	15,249,523,186	12,331,015,187
Later than six months but not later than one year	738,312,993	618,538,572	3,007,887,133	2,501,988,524	721,218,135	601,304,341	2,938,242,682	2,432,276,059
Later than one year but not later than three years	514,492,863	405,355,305	2,096,043,924	1,639,662,209	497,857,979	387,858,729	2,028,273,406	1,568,888,559
Later than three years	175,121,910	150,122,322	713,446,661	607,244,792	164,718,037	142,647,030	671,061,283	577,007,236
	<u>5,232,278,693</u>	<u>4,294,286,048</u>	<u>21,316,303,395</u>	<u>17,370,387,064</u>	<u>5,126,926,990</u>	<u>4,180,268,737</u>	<u>20,887,100,557</u>	<u>16,909,187,041</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

19. Deposits from customers (continued)

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

b) By relationship

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Related parties	18,769,211	18,251,604	76,465,766	73,827,738	21,973,665	19,478,074	89,520,711	78,788,809
Non-related parties	5,213,509,482	4,276,034,444	21,239,837,629	17,296,559,326	5,104,953,325	4,160,790,663	20,797,579,846	16,830,398,232
	<u>5,232,278,693</u>	<u>4,294,286,048</u>	<u>21,316,303,395</u>	<u>17,370,387,064</u>	<u>5,126,926,990</u>	<u>4,180,268,737</u>	<u>20,887,100,557</u>	<u>16,909,187,041</u>

c) By interest rate

	The Group		The Bank	
	2021	2020	2021	2020
Current accounts	0.00% - 0.90%	Nil	0.00% - 0.20%	Nil
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	0.50% - 11.65%	0.50% - 12.00%	0.50% - 8.25%	0.50% - 8.25%

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

20. Other liabilities

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

21. Borrowings

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

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

The borrowings are analysed as follows:

a) By relationship

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

b) By interest rate

	The Group		The Bank	
	2021	2020	2021	2020
Annual interest rates	<u>2.00% - 14.50%</u>	<u>2.00% - 14.50%</u>	<u>2.00% - 7.69%</u>	<u>2.00% - 8.00%</u>

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

22. Subordinated debts

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

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

The subordinated debts are analysed as follows:

a) By relationship

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

b) By interest rate

	The Group		The Bank	
	2021	2020	2021	2020
Annual interest rates	<u>5.76% - 8.48%</u>	<u>5.38% - 8.48%</u>	<u>5.76% - 8.48%</u>	<u>5.38% - 8.48%</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

23. Derivative financial instruments

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

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

Cash flow hedges

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

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

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

23. Derivative financial instruments (continued)

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

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

24. Lease liabilities

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Undiscounted lease liabilities								
Less than one year	11,294,628	10,261,902	46,014,314	41,509,394	10,537,340	9,655,602	42,929,123	39,056,910
One to five years	18,225,873	20,581,294	74,252,207	83,251,334	17,176,362	18,888,896	69,976,499	76,405,584
More than five years	3,894,237	3,816,462	15,865,122	15,437,589	746,529	655,929	3,041,359	2,653,233
Total undiscounted lease liabilities	33,414,738	34,659,658	136,131,643	140,198,317	28,460,231	29,200,427	115,946,981	118,115,727
Present value of lease liabilities								
Current	10,937,883	10,309,865	44,560,935	41,703,404	10,212,696	9,711,879	41,606,524	39,284,551
Non-current	16,937,057	18,308,037	69,001,571	74,056,010	15,159,040	16,060,506	61,757,928	64,964,746
Total present value of lease liabilities	27,874,940	28,617,902	113,562,506	115,759,414	25,371,736	25,772,385	103,364,452	104,249,297

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

24. Lease liabilities (continued)

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	28,617,902	30,915,939	115,759,414	125,982,451	25,772,385	27,789,168	104,249,297	113,240,860
Additions during the year	10,723,881	7,819,070	43,624,748	31,878,349	10,534,260	7,321,992	42,853,370	29,851,762
Payments for the year	(12,427,651)	(11,833,274)	(50,555,684)	(48,244,258)	(11,834,735)	(10,883,406)	(48,143,702)	(44,371,646)
Lease terminations during the year	(861,582)	(419,975)	(3,504,916)	(1,712,238)	(861,428)	(331,145)	(3,504,289)	(1,350,078)
Interest charged during the year	1,950,159	2,109,253	7,933,247	8,599,425	1,761,254	1,875,776	7,164,781	7,647,538
Exchange differences	(127,769)	26,889	(519,764)	109,626	-	-	-	-
Currency translation differences	-	-	825,461	(853,940)	-	-	744,995	(769,138)
At the end of the year	<u>27,874,940</u>	<u>28,617,902</u>	<u>113,562,506</u>	<u>115,759,415</u>	<u>25,371,736</u>	<u>25,772,385</u>	<u>103,364,452</u>	<u>104,249,298</u>

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

24. Lease liabilities (continued)

Amounts recognised in the statement of cash flows follow:

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Total cash outflow for leases payments	12,427,651	11,833,274	50,555,684	48,244,258	11,834,735	10,883,406	48,143,702	44,371,646

25. Employee benefits

	Note	The Group				The Bank			
		2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Retirement benefits	(a)	16,974,073	11,010,471	69,152,373	44,537,355	16,320,353	10,498,190	66,489,117	42,465,178
Career development benefits	(b)	2,864,399	1,307,172	11,669,562	5,287,511	2,851,527	1,307,172	11,617,121	5,287,511
Seniority indemnity benefits	(c)	6,258,345	6,036,412	25,496,497	24,417,286	6,159,927	5,976,401	25,095,544	24,174,542
		<u>26,096,817</u>	<u>18,354,055</u>	<u>106,318,432</u>	<u>74,242,152</u>	<u>25,331,807</u>	<u>17,781,763</u>	<u>103,201,782</u>	<u>71,927,231</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

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

(a) Retirement benefits

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

Interest risk

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

Longevity risk

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

Salary risk

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	11,010,471	9,723,367	44,537,355	39,622,721	10,498,190	9,143,295	42,465,178	37,258,926
Current service cost	1,262,479	827,768	5,135,765	3,374,810	1,227,784	799,408	4,994,625	3,259,186
Interest cost	781,164	662,553	3,177,775	2,701,229	744,743	637,591	3,029,615	2,599,459
Benefits paid	(110,370)	(216,840)	(448,985)	(884,057)	(110,370)	(143,004)	(448,985)	(583,027)
Settlement (gain)/loss	(13,812)	207,020	(56,187)	844,021	(13,812)	140,678	(56,187)	573,544
Remeasurement (gain)/loss arising during the year	4,141,215	(169,447)	16,846,462	(690,835)	4,018,615	(72,593)	16,347,726	(295,962)
Currency translation difference	(97,074)	(23,950)	(394,897)	(97,644)	(44,797)	(7,185)	(182,234)	(29,293)
Exchange differences	-	-	355,085	(332,890)	-	-	339,379	(317,655)
At the end of the year	16,974,073	11,010,471	69,152,373	44,537,355	16,320,353	10,498,190	66,489,117	42,465,178

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

	<u>2021</u>	<u>2020</u>
Salary growth rate	3.50%	3.46%
Inflation rate	2.50%	1.20%
Discount rates	7.00%	7.00%

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

(*) Mortality rate table is as follows:

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

(a) Retirement benefits (continued)

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

(b) Career development benefits

Movements in career development benefits follow:

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	1,307,172	2,083,726	5,287,511	8,491,183	1,307,172	2,083,726	5,287,511	8,491,183
Additions (Note 31)	1,574,658	1,312,641	6,405,709	5,351,637	1,561,783	1,312,641	6,353,333	5,351,637
Benefits paid	(5,279)	(2,085,315)	(21,475)	(8,501,829)	(5,279)	(2,085,315)	(21,475)	(8,501,829)
Currency translation difference	(12,152)	(3,880)	(49,434)	(15,819)	(12,149)	(3,880)	(49,422)	(15,819)
Exchange differences	-	-	47,251	(37,661)	-	-	47,174	(37,661)
At the end of the year	2,864,399	1,307,172	11,669,562	5,287,511	2,851,527	1,307,172	11,617,121	5,287,511

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

25. Employee benefits (continued)

(c) Seniority indemnity benefits

Movements in Seniority indemnity benefits follow:

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	6,036,412	6,498,800	24,417,286	26,482,610	5,976,401	6,440,456	24,174,542	26,244,858
Additions (Note 31)	8,080,729	6,563,719	32,872,406	26,760,282	7,896,158	6,378,738	32,121,571	26,006,115
Benefits paid	(7,780,075)	(6,998,257)	(31,649,345)	(28,531,894)	(7,643,571)	(6,815,248)	(31,094,047)	(27,785,766)
Currency translation difference	(78,721)	(27,850)	(320,237)	(113,544)	(69,061)	(27,545)	(280,940)	(112,301)
Exchange differences	-	-	176,387	(180,168)	-	-	174,418	(178,364)
At the end of the year	6,258,345	6,036,412	25,496,497	24,417,286	6,159,927	5,976,401	25,095,544	24,174,542

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

26. Share capital and share premium

As at 31 December 2021, the authorised share capital comprised 433,163,019 ordinary shares (2020: 433,163,019) at par value of US\$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank are:

Share capital

	2021			2020		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	111,492,719	111,492,719	25.7392%	111,492,719	111,492,719	25.7392%
ASA Plc.	89,878,026	89,878,026	20.7492%	107,204,547	107,204,547	24.7492%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.0669%
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%
Triodos Microfinance Fund	10,938,339	10,938,339	2.5252%	10,938,339	10,938,339	2.5252%
Triodos Fair Share Fund	9,354,157	9,354,157	2.1595%	9,354,157	9,354,157	2.1595%
Triodos Sustainable Finance Foundation	6,508,636	6,508,636	1.5026%	6,508,636	6,508,636	1.5026%
Public Shareholders	21,671,386	21,671,386	5.0031%	4,344,865	4,344,865	1.0031%
	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>	<u>433,163,019</u>	<u>433,163,019</u>	<u>100%</u>
<i>In KHR'000 equivalent (Note 5)</i>		<u>1,764,706,139</u>			<u>1,752,144,412</u>	

Share premium

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

26. Share capital and share premium (continued)

On 25 May 2020, the Bank was successfully listed on the CSX. The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US\$0.98) per share, at an offering price of KHR16,200 (US\$3.97) per share. The Bank received the proceeds from the IPO amounting to US\$17,082,105 and incurred IPO costs of US\$1,031,025, resulting in share premium of US\$11,706,215 (KHR47,749,651 thousand). On 23 November 2020, the shareholders approved the amendment to the Memorandum of Association (“MAA”) relating capital increase from IPO. The MAA was subsequently approved by the NBC and MOC on 29 March 2021 and on 12 May 2021, respectively.

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

27. Interest income

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Loans and advances	570,983,956	512,683,813	2,322,762,733	2,090,211,906	534,584,012	476,367,776	2,174,687,761	1,942,151,423
Financial investments	936,577	1,464,244	3,809,995	5,969,723	936,577	1,464,244	3,809,995	5,969,723
Deposits and placements with other banks:								
- National Bank of Cambodia	115,472	-	469,740	-	110,248	-	448,489	-
- Banks outside Cambodia	185,788	527,686	755,786	2,151,376	225,091	534,098	915,671	2,177,519
- Banks inside Cambodia	1,577,960	418,733	6,419,141	1,707,174	1,564,652	373,223	6,365,003	1,521,628
	<u>573,799,753</u>	<u>515,094,476</u>	<u>2,334,217,395</u>	<u>2,100,040,179</u>	<u>537,420,580</u>	<u>478,739,341</u>	<u>2,186,226,919</u>	<u>1,951,820,293</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

28. Interest expense

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	11,770,286	8,190,938	47,881,523	33,394,454	10,291,316	7,147,400	41,865,073	29,139,950
Savings deposits	51,776	38,667	210,625	157,645	27,064	23,553	110,096	96,026
Current accounts	624	-	2,538	-	624	-	2,538	-
Deposits from customers:								
Fixed deposits	109,065,875	87,880,604	443,679,980	358,289,223	105,064,465	83,847,163	427,402,244	341,844,884
Savings deposits	6,813,160	6,003,502	27,715,935	24,476,278	5,920,655	4,700,755	24,085,225	19,164,978
Current accounts	183,630	47,316	747,007	192,907	183,544	47,316	746,657	192,907
Subordinated debts	11,639,736	12,058,447	47,350,446	49,162,288	11,639,736	12,058,447	47,350,447	49,162,288
Borrowings	30,895,566	34,448,590	125,683,162	140,446,901	28,275,232	30,155,737	115,023,644	122,944,940
Interest expenses on lease	1,950,159	2,109,253	7,933,247	8,599,425	1,761,254	1,875,776	7,164,781	7,647,538
	<u>172,370,812</u>	<u>150,777,317</u>	<u>701,204,463</u>	<u>614,719,121</u>	<u>163,163,890</u>	<u>139,856,147</u>	<u>663,750,705</u>	<u>570,193,511</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

29. Fee and commission income

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Commission fees	15,174,445	16,297,957	61,729,642	66,446,771	14,668,998	15,848,285	59,673,484	64,613,458
ATM Fee	8,906,289	7,260,221	36,230,784	29,599,921	8,813,098	7,178,009	35,851,683	29,264,743
Early loan redemption fees	7,277,983	6,762,569	29,606,835	27,570,994	5,442,670	5,382,843	22,140,782	21,945,851
Commission fee collected for assurance agency	3,690,039	4,367,568	15,011,079	17,806,575	3,513,034	4,155,100	14,291,022	16,940,343
Deposit fee charged	1,964,031	1,462,641	7,989,678	5,963,187	1,820,090	1,341,315	7,404,126	5,468,541
Training fees	1,250,323	1,101,889	5,086,314	4,492,401	25,709	26,417	104,584	107,702
Fee income from guarantee	639,330	1,059,745	2,600,794	4,320,580	638,162	1,057,581	2,596,043	4,311,758
Others	4,033,921	7,462,575	16,409,991	30,424,919	3,903,959	7,364,544	15,881,305	30,025,245
	<u>42,936,361</u>	<u>45,775,165</u>	<u>174,665,117</u>	<u>186,625,348</u>	<u>38,825,720</u>	<u>42,354,094</u>	<u>157,943,029</u>	<u>172,677,641</u>

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

30. Other income, net

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

31. General and administrative expenses

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Salaries and wages	111,169,213	104,491,311	452,236,358	426,011,075	102,884,051	95,451,391	418,532,319	389,155,321
Other employee expense	42,248,544	35,479,412	171,867,077	144,649,563	42,150,869	34,870,101	171,469,735	142,165,402
Depreciation charges	20,413,591	21,249,218	83,042,488	86,633,062	18,155,229	19,181,151	73,855,472	78,201,553
Repair and maintenance	11,921,630	11,581,510	48,497,191	47,217,816	11,376,145	11,053,765	46,278,158	45,066,200
Depreciation of right-of-use assets	11,525,175	10,627,120	46,884,412	43,326,768	10,716,809	9,770,638	43,595,979	39,834,891
Seniority indemnity (Note 25(c))	8,080,729	6,563,719	32,872,406	26,760,282	7,896,158	6,378,738	32,121,571	26,006,115
Utilities	5,337,469	5,203,989	21,712,824	21,216,663	4,996,194	4,812,487	20,324,517	19,620,509
Office supplies	4,901,755	5,280,235	19,940,339	21,527,518	4,423,139	4,677,362	17,993,329	19,069,605
Communication	4,029,252	3,717,757	16,390,997	15,157,295	3,013,076	2,755,106	12,257,193	11,232,567
Amortisation charges	3,889,960	3,667,583	15,824,357	14,952,736	3,477,382	3,339,510	14,145,990	13,615,182
Retirement benefit (Note 25(a))	2,029,831	1,697,381	8,257,353	6,920,222	1,958,715	1,577,677	7,968,053	6,432,189
Travelling expenses	1,762,137	2,011,396	7,168,373	8,200,461	1,578,850	1,733,487	6,422,762	7,067,426
Career development expense (Note 25(b))	1,574,658	1,312,641	6,405,709	5,351,637	1,561,783	1,312,641	6,353,333	5,351,637
License fees	1,107,614	1,175,271	4,505,774	4,791,580	1,077,753	1,135,316	4,384,299	4,628,683
Others	13,513,413	11,867,677	54,972,564	48,384,521	12,203,074	10,054,387	49,642,105	40,991,737
	<u>243,504,971</u>	<u>225,926,220</u>	<u>990,578,222</u>	<u>921,101,199</u>	<u>227,469,227</u>	<u>208,103,757</u>	<u>925,344,815</u>	<u>848,439,017</u>

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

As of 31 December 2021, above expenses include costs incurred for operation of cash settlement agent, consisting of office supplies amounting to US\$271, furniture and fixtures amounting to US\$730 and membership fees amounting to US\$12,682 (KHR51,666,667) (2020: repairs and maintenance amounting to US\$8,101, office supplies amounting to US\$630, furniture and fixtures amounting to US\$512 and membership fees amounting to US\$12,773 (KHR51,666,667)).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

32. Taxation

(a) Current income tax liabilities

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current income tax liabilities	36,315,767	30,292,370	147,950,435	122,532,637	35,491,329	27,950,334	144,591,674	113,059,101

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
At the beginning of the year	30,292,370	30,459,303	122,532,637	124,121,660	27,950,334	29,175,560	113,059,101	118,890,407
Income tax expense	36,171,767	34,897,719	147,146,748	142,278,000	34,415,103	32,490,343	140,000,639	132,463,128
Income tax paid	(30,148,370)	(35,064,652)	(122,643,569)	(142,958,586)	(26,874,108)	(33,715,569)	(109,323,871)	(137,458,375)
Exchange differences	-	-	914,619	(908,437)	-	-	855,805	(836,059)
At the end of the year	36,315,767	30,292,370	147,950,435	122,532,637	35,491,329	27,950,334	144,591,674	113,059,101

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

32. Taxation (continued)

(b) Income tax expense

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Current income tax	36,171,767	34,897,719	147,146,748	142,278,000	34,415,103	32,490,343	140,000,639	132,463,128
Deferred tax expense	1,907,302	3,645,153	7,758,905	14,861,291	5,162,230	1,321,796	20,999,952	5,388,963
	<u>38,079,069</u>	<u>38,542,872</u>	<u>154,905,653</u>	<u>157,139,291</u>	<u>39,577,333</u>	<u>33,812,139</u>	<u>161,000,591</u>	<u>137,852,091</u>

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Profit before income tax	204,753,417	180,035,462	832,936,902	734,004,580	201,662,184	172,154,315	820,361,765	701,873,143
Tax calculated at domestic tax rates applicable to profits in the respective countries	40,780,879	36,455,146	165,896,616	148,627,630	40,332,437	34,430,863	164,072,354	140,374,628
Effect of non-deductible expense	(2,701,810)	2,087,726	(10,990,963)	8,511,661	(755,104)	(618,724)	(3,071,763)	(2,522,537)
	<u>38,079,069</u>	<u>38,542,872</u>	<u>154,905,653</u>	<u>157,139,291</u>	<u>39,577,333</u>	<u>33,812,139</u>	<u>161,000,591</u>	<u>137,852,091</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

32. Taxation (continued)

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

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

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

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

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

d) Other tax matters

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

33. Earnings per share

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

	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Profit attributable to shareholders	166,913,038	141,492,590	679,002,240	576,865,289
Weighted average numbers of shares	433,163,019	431,441,693	433,163,019	431,441,693
Basic earnings per share	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>
Diluted earnings per share	<u>0.39</u>	<u>0.33</u>	<u>1.57</u>	<u>1.34</u>

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

34. Cash and cash equivalents

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Cash on hand (Note 7)	450,375,149	412,759,051	1,834,828,357	1,669,610,361	439,465,980	400,816,126	1,790,384,403	1,621,301,230
Deposits and placements with other banks:								
<i>Balances with the National Bank of Cambodia:</i>								
- Current accounts	321,108,866	284,119,485	1,308,197,520	1,149,263,317	290,477,440	264,197,563	1,183,405,091	1,068,679,142
- Negotiable certificate of deposits, maturities of three months or less	785,100,840	552,146,123	3,198,500,822	2,233,431,068	785,100,840	552,146,123	3,198,500,822	2,233,431,068
<i>Balances with other banks:</i>								
- Current accounts	215,243,320	246,463,022	876,901,286	996,942,924	210,920,130	240,035,449	859,288,610	970,943,391
- Fixed deposits, maturities of three months or less	31,411,122	1,617,823	127,968,911	6,544,094	32,416,478	502,678	132,064,730	2,033,332
	<u>1,803,239,297</u>	<u>1,497,105,504</u>	<u>7,346,396,896</u>	<u>6,055,791,764</u>	<u>1,758,380,868</u>	<u>1,457,697,939</u>	<u>7,163,643,656</u>	<u>5,896,388,163</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

35. Commitment and contingencies

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

(a) Loan commitment, guarantee and other financial liabilities

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Unused portion of overdrafts	146,104,629	120,937,607	595,230,259	489,192,620	145,914,488	120,108,962	594,455,624	485,840,751
Bank guarantees	49,271,411	47,038,166	200,731,728	190,269,381	49,074,212	46,831,662	199,928,340	189,434,073
Letters of credit	9,713,537	7,862,818	39,572,950	31,805,099	9,713,537	7,862,818	39,572,950	31,805,099
Forward foreign exchange	300,030	-	1,222,322	-	300,030	-	1,222,322	-
	<u>205,389,607</u>	<u>175,838,591</u>	<u>836,757,259</u>	<u>711,267,100</u>	<u>205,002,267</u>	<u>174,803,442</u>	<u>835,179,236</u>	<u>707,079,923</u>

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

35. Commitments and contingencies (continued)

(b) Capital expenditure commitments

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Not later than 1 year	9,727,971	4,601,832	39,631,754	18,614,410	9,339,591	4,589,155	38,049,494	18,563,132
Later than 1 but not later than 5 years	54,019	146,498	220,073	592,584	-	-	-	-
	<u>9,781,990</u>	<u>4,748,330</u>	<u>39,851,827</u>	<u>19,206,994</u>	<u>9,339,591</u>	<u>4,589,155</u>	<u>38,049,494</u>	<u>18,563,132</u>

The balances of these commitments are related to the purchases of property and equipment and intangible assets of the Bank amounting to US\$9,339,591, the construction contract to build AIB's building and purchases of other equipment amounting to US\$4,254, the purchases of computer software of ABL amounting to US\$54,019 and data backup system dell for DC and DR, upgrade IBM and QR/Laos ATM pool project phase 2 (Us-On-Them) amounting to US\$384,126.

(c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026. As at 31 December 2021, it was remained US\$8,443,468 due to repayment.

The Bank has made allowance for impairment loss of US\$129,331 (2020: US\$370,448) with respect to this guarantee.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

36. Reserves

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2021	460,207,698	1,861,540,136	64,527,752	261,014,758	(21,641,214)	(87,538,711)	-	-	13,692,814	503,094,236	2,048,708,997
Other comprehensive income:											
Other comprehensive income - currency translation difference	-	-	-	-	-	-	-	-	5,081,893	-	5,081,893
Total other comprehensive income for the year	-	-	-	-	-	-	-	-	5,081,893	-	5,081,893
Transactions with owners:											
Transfers from retained earnings to general reserves	64,103,889	260,774,620	(64,103,889)	(260,774,620)	-	-	-	-	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	100,484,437	408,770,690	-	-	-	-	-	100,484,437	408,770,690
Reserve NCI	-	-	-	-	-	-	3,028,319	12,319,202	-	3,028,319	12,319,202
Currency translation difference - foreign subsidiaries	-	-	-	-	(13,697,248)	(55,720,405)	-	-	-	(13,697,248)	(55,720,405)
Currency translation differences	-	13,730,650	-	2,089,585	-	(709,778)	-	18,169	(856,088)	-	14,272,538
Total transactions with owners:	64,103,889	274,505,270	36,380,548	150,085,655	(13,697,248)	(56,430,183)	3,028,319	12,337,371	(856,088)	89,815,508	379,642,025
As at 31 December 2021	524,311,587	2,136,045,406	100,908,300	411,100,413	(35,338,462)	(143,968,894)	3,028,319	12,337,371	17,918,619	592,909,744	2,433,432,915

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

36. Reserves (continued)

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January 2020	398,373,767	1,623,373,099	38,630,578	157,419,606	(22,255,619)	(90,691,647)	-	-	17,984,208	414,748,726	1,708,085,266
Other comprehensive income:											
Other comprehensive income - currency translation difference	-	-	-	-	-	-	-	-	(8,160,026)	-	(8,160,026)
Total other comprehensive income for the year	-	-	-	-	-	-	-	-	(8,160,026)	-	(8,160,026)
Transactions with owners:											
Conversion of retained earnings to share capital	(4,451,864)	(18,150,250)	-	-	-	-	-	-	-	(4,451,864)	(18,150,250)
Transfers from retained earnings to general reserves	66,285,795	270,247,186	-	-	-	-	-	-	-	66,285,795	270,247,186
Transfer from retained earnings to regulatory reserves	-	-	25,897,174	105,582,778	-	-	-	-	-	25,897,174	105,582,778
Currency translation difference - foreign subsidiaries	-	-	-	-	614,405	2,504,929	-	-	-	614,405	2,504,929
Currency translation differences	-	(13,929,899)	-	(1,987,626)	-	648,007	-	-	3,868,632	-	(11,400,886)
Total transactions with owners:	61,833,931	238,167,037	25,897,174	103,595,152	614,405	3,152,936	-	-	3,868,632	88,345,510	348,783,757
As at 31 December 2020	460,207,698	1,861,540,136	64,527,752	261,014,758	(21,641,214)	(87,538,711)	-	-	13,692,814	503,094,236	2,048,708,997

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

36. Reserves (continued)

	The Bank						
	General reserves		Regulatory reserves		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Balance at 1 January 2021	455,413,631	1,842,148,137	55,327,925	223,801,459	13,408,214	510,741,556	2,079,357,810
Other comprehensive income:							
Other comprehensive income -currency translation difference	-	-	-	-	4,959,390	-	4,959,390
Total other comprehensive income for the year	-	-	-	-	4,959,390	-	4,959,390
Transactions with owners:							
Transfers from retained earnings to general reserves	55,327,925	225,073,999	(55,327,925)	(225,073,999)	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	97,140,004	395,165,536	-	97,140,004	395,165,536
Currency translation differences	-	13,538,963	-	1,855,383	(837,800)	-	14,556,546
Total transactions with owners:	55,327,925	238,612,962	41,812,079	171,946,920	(837,800)	97,140,004	409,722,082
As at 31 December 2021	<u>510,741,556</u>	<u>2,080,761,099</u>	<u>97,140,004</u>	<u>395,748,379</u>	<u>17,529,804</u>	<u>607,881,560</u>	<u>2,494,039,282</u>
Balance at 1 January 2020	388,464,324	1,582,992,120	37,245,288	151,774,549	17,601,987	425,709,612	1,752,368,656
Other comprehensive income:							
Other comprehensive income -currency translation difference	-	-	-	-	(7,961,797)	-	(7,961,797)
Total other comprehensive income for the year	-	-	-	-	(7,961,797)	-	(7,961,797)
Transactions with owners:							
Transfers from retained earnings to general reserves	66,949,305	272,952,316	-	-	-	66,949,305	272,952,316
Transfer from retained earnings to regulatory reserves	-	-	18,082,637	73,722,911	-	18,082,637	73,722,911
Currency translation differences	-	(13,796,307)	-	(1,696,001)	3,768,024	-	(11,724,284)
Total transactions with owners:	66,949,305	259,156,009	18,082,637	72,026,910	3,768,024	85,031,942	334,950,943
As at 31 December 2020	<u>455,413,629</u>	<u>1,842,148,129</u>	<u>55,327,925</u>	<u>223,801,459</u>	<u>13,408,214</u>	<u>510,741,554</u>	<u>2,079,357,802</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

37. Related party transactions and balances

(a) Related parties and relationships

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

37. Related party transactions and balances (continued)

(b) Related parties balances

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
i). Loans and advances								
Key managements	14,570,028	13,988,651	59,358,294	56,584,093	13,904,162	12,996,169	56,645,556	52,569,504
Subsidiaries	-	-	-	-	-	6,440,590	-	26,052,187
	<u>14,570,028</u>	<u>13,988,651</u>	<u>59,358,294</u>	<u>56,584,093</u>	<u>13,904,162</u>	<u>19,436,759</u>	<u>56,645,556</u>	<u>78,621,691</u>
ii). Balances with related parties								
Shareholder	639,918	412,162	2,607,026	1,667,195	639,918	412,162	2,607,026	1,667,195
Subsidiaries	-	-	-	-	1,005,356	502,678	4,095,820	2,033,333
	<u>639,918</u>	<u>412,162</u>	<u>2,607,026</u>	<u>1,667,195</u>	<u>1,645,274</u>	<u>914,840</u>	<u>6,702,846</u>	<u>3,700,528</u>
iii). Receivables from/(payables to) related parties								
Key managements deposit								
Other payables	(60,218)	(28,375)	(245,328)	(114,777)	(26,973)	(28,375)	(109,888)	(114,777)
Shareholders								
Other payables	(26,106)	(500)	(106,356)	(2,023)	(26,106)	(500)	(106,356)	(2,023)
Subsidiaries								
Other receivables	-	-	-	-	46,319	169,544	188,703	685,806
Other payables	-	-	-	-	(37,318)	(2,187)	(152,033)	(8,846)
	<u>(86,324)</u>	<u>(28,875)</u>	<u>(351,684)</u>	<u>(116,800)</u>	<u>(44,078)</u>	<u>138,482</u>	<u>(179,574)</u>	<u>560,160</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

37. Related party transactions and balances (continued)

(b) Related parties balances (continued)

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
iv). Deposits from related parties								
Key managements	5,548,116	5,206,782	22,603,025	21,061,433	4,912,471	4,513,852	20,013,407	18,258,531
Shareholders								
Current accounts	11,095,171	12,867,384	45,201,727	52,048,568	11,095,171	12,867,384	45,201,727	52,048,568
Saving accounts	22,287	99,712	90,797	403,335	22,287	99,712	90,797	403,335
Fixed deposits	2,146,106	150,500	8,743,236	608,773	2,146,106	150,500	8,743,236	608,773
Subsidiaries								
Current accounts	-	-	-	-	2,555,788	1,637,224	10,412,280	6,622,571
Saving accounts	-	-	-	-	164,269	180,135	669,232	728,646
Fixed deposits	-	-	-	-	3,642,598	1,699,962	14,839,944	6,876,346
	<u>18,811,680</u>	<u>18,324,378</u>	<u>76,638,785</u>	<u>74,122,109</u>	<u>24,538,690</u>	<u>21,148,769</u>	<u>99,970,623</u>	<u>85,546,770</u>
v). Borrowings from related parties								
Shareholders	-	-	-	-	-	-	-	-

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

37. Related party transactions and balances (continued)

(c) Related parties transactions

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
i). Interest income from related parties								
Loans and advances to key managements	1,131,722	1,118,336	4,602,713	4,559,456	1,064,057	1,074,031	4,327,520	4,378,824
Deposit from shareholder	-	16,989	-	69,264	-	16,989	-	69,264
Deposits with subsidiary	-	-	-	-	39,303	6,720	159,845	27,397
Loan to subsidiary	-	-	-	-	167,205	392,804	680,023	1,601,462
	<u>1,131,722</u>	<u>1,135,325</u>	<u>4,602,713</u>	<u>4,628,720</u>	<u>1,270,565</u>	<u>1,490,544</u>	<u>5,167,388</u>	<u>6,076,947</u>
ii). Fee and commission income from related parties								
Shareholders	28,063	28,063	114,132	114,413	28,063	28,063	114,132	114,413
Subsidiaries	-	-	-	-	8,521	12,288	34,655	50,099
	<u>28,063</u>	<u>28,063</u>	<u>114,132</u>	<u>114,413</u>	<u>36,584</u>	<u>40,351</u>	<u>148,787</u>	<u>164,512</u>
iii). Interest expenses to related parties								
Deposits of key managements	158,999	147,282	646,649	600,469	143,482	135,704	583,541	553,265
Borrowing from shareholders	-	44,373	-	180,909	-	-	-	-
Deposits of shareholders	32,903	201,670	133,816	822,208	32,903	201,670	133,816	822,208
Deposits of subsidiaries	-	-	-	-	197,499	95,393	803,229	388,917
	<u>191,902</u>	<u>393,325</u>	<u>780,465</u>	<u>1,603,586</u>	<u>373,884</u>	<u>432,767</u>	<u>1,520,586</u>	<u>1,764,390</u>
iv). Fee and remuneration expenses to related parties								
Board of Directors	666,357	829,387	2,710,074	3,381,411	407,587	527,704	1,657,656	2,151,449
Key managements	9,016,472	7,682,706	36,669,992	31,322,392	7,418,959	5,990,537	30,172,906	24,423,419
Subsidiary	-	-	-	-	2,541,176	2,200,796	10,334,963	8,972,645
	<u>9,682,829</u>	<u>8,512,093</u>	<u>39,380,066</u>	<u>34,703,803</u>	<u>10,367,722</u>	<u>8,719,037</u>	<u>42,165,525</u>	<u>35,547,513</u>
v). Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(241,116)	(77,895)	(980,619)	(317,578)

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management

(a) Introduction and overview

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

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

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

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

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

Risk management within the Bank and the Group is managed by a three-line model, supported by sufficient numbers of personnel skilled in the management of risks within all areas in the three-line model.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

(b) Objective and principles

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

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

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

(b) Objective and principles (continued)

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

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

a. Financial assets and financial liabilities measured at amortised cost

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Financial assets								
Cash on hand	450,375,149	412,759,051	1,834,828,357	1,669,610,361	439,465,980	400,816,126	1,790,384,403	1,621,301,230
Deposits and placements with other banks	577,117,298	534,653,146	2,351,175,872	2,162,671,976	543,426,920	507,629,407	2,213,921,272	2,053,360,951
Statutory deposits	415,456,960	360,377,008	1,692,571,655	1,457,724,997	412,986,454	356,753,756	1,682,506,814	1,443,068,943
Financial investments	800,894,722	566,520,994	3,262,845,098	2,291,577,421	800,894,722	566,520,994	3,262,845,098	2,291,577,421
Loans and advances, net	5,393,953,503	4,471,300,618	21,974,966,571	18,086,411,000	5,232,058,920	4,292,649,159	21,315,408,040	17,363,765,848
Other assets	7,720,538	6,921,852	31,453,472	27,998,891	6,801,988	6,923,222	27,711,299	28,004,433
Total financial assets	7,645,518,170	6,352,532,669	31,147,841,025	25,695,994,646	7,435,634,984	6,131,292,664	30,292,776,926	24,801,078,826
Financial liabilities								
Deposits and placements of other banks and financial institutions	483,740,992	317,009,459	1,970,760,801	1,282,303,262	455,606,835	296,764,554	1,856,142,246	1,200,412,621
Deposits from customers	5,232,278,693	4,294,286,048	21,316,303,395	17,370,387,064	5,126,926,990	4,180,268,737	20,887,100,557	16,909,187,041
Lease liabilities	27,874,940	28,617,902	113,562,506	115,759,414	25,371,736	25,772,385	103,364,452	104,249,297
Borrowings	608,488,803	542,398,916	2,478,983,383	2,194,003,615	583,641,056	507,352,916	2,377,753,662	2,052,242,545
Subordinated debts	156,492,941	167,158,623	637,552,242	676,156,630	156,492,941	167,158,623	637,552,242	676,156,630
Other liabilities	32,335,775	28,699,228	131,735,947	116,088,377	32,184,457	28,488,959	131,119,478	115,237,839
Total financial liabilities	6,541,212,144	5,378,170,176	26,648,898,274	21,754,698,362	6,380,224,015	5,205,806,174	25,993,032,637	21,057,485,973
Net financial instruments	1,104,306,026	974,362,493	4,498,942,751	3,941,296,284	1,055,410,969	925,486,490	4,299,744,289	3,743,592,853

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

(b) Objective and principles (continued)

b. Financial assets and financial liabilities measured at fair value

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Financial assets								
Financial investments	189,670	153,529	772,715	621,025	189,670	153,529	772,715	621,025
Derivative financial instruments	-	-	-	-	-	-	-	-
Total financial assets	<u>189,670</u>	<u>153,529</u>	<u>772,715</u>	<u>621,025</u>	<u>189,670</u>	<u>153,529</u>	<u>772,715</u>	<u>621,025</u>
Financial liabilities								
Derivative financial instruments	506,158	-	2,062,088	-	506,158	-	2,062,088	-
Total financial liabilities	<u>506,158</u>	<u>-</u>	<u>2,062,088</u>	<u>-</u>	<u>506,158</u>	<u>-</u>	<u>2,062,088</u>	<u>-</u>
Net financial instruments	<u>(316,488)</u>	<u>153,529</u>	<u>(1,289,373)</u>	<u>621,025</u>	<u>(316,488)</u>	<u>153,529</u>	<u>(1,289,373)</u>	<u>621,025</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk

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

Principles of the credit risk:

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

Internal targets of the credit risk:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

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

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

(a) Credit risk management

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

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

The Group and the Bank's total exposure to a single client or group of clients (one obligor principle) acting in concert shall not exceed 5% of the Bank's net worth. "Exposure" includes the aggregate of (i) the face amount of the assets of the Borrower with respect to which such Person is the obligor and (ii) any claim of such

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(a) Credit risk management (continued)

Person against the Borrower comprising any commitment to provide funds or credit to, or on behalf of such Person including, but not limited to, loan guarantees, letters of credit and derivatives.

(b) Internal targets and mitigation policies

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

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

ACLEDA Bank Lao Ltd. is required, based on the letter No: 296 of the Bank of Lao P.D.R, to maintain at all times a maximum ratio of 25% between the Bank's overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 500% of the Bank's net worth. However, for ACLEDA MFI Myanmar Co., Ltd. there is no requirement by Financial Regulatory Department ("FRD").

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Credit exposure for on-balance sheet financial assets:								
Cash on hand	450,375,149	412,759,051	1,834,828,357	1,669,610,361	439,465,980	400,816,126	1,790,384,403	1,621,301,230
Deposits and placements with other banks	577,117,298	534,653,146	2,351,175,872	2,162,671,976	543,426,920	507,629,407	2,213,921,272	2,053,360,951
Statutory deposits	415,456,960	360,377,008	1,692,571,655	1,457,724,997	412,986,454	356,753,756	1,682,506,814	1,443,068,943
Financial investments	801,084,392	566,674,523	3,263,617,813	2,292,198,446	801,084,392	566,674,523	3,263,617,813	2,292,198,446
Loans and advances, net	5,393,953,503	4,471,300,618	21,974,966,571	18,086,411,000	5,232,058,920	4,292,649,159	21,315,408,040	17,363,765,848
Other assets	7,720,538	6,921,852	31,453,472	27,998,891	6,801,988	6,923,222	27,711,299	28,004,433
	<u>7,645,707,840</u>	<u>6,352,686,198</u>	<u>31,148,613,740</u>	<u>25,696,615,671</u>	<u>7,435,824,654</u>	<u>6,131,446,193</u>	<u>30,293,549,641</u>	<u>24,801,699,851</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	146,104,629	120,937,607	595,230,259	489,192,620	145,914,488	120,108,962	594,455,624	485,840,751
Bank guarantees	49,271,411	47,038,166	200,731,728	190,269,381	49,074,212	46,831,662	199,928,340	189,434,073
Letters of credit	9,713,537	7,862,818	39,572,950	31,805,099	9,713,537	7,862,818	39,572,950	31,805,099
Foreign exchange spot transactions	300,030	-	1,222,322	-	300,030	-	1,222,322	-
	<u>205,389,607</u>	<u>175,838,591</u>	<u>836,757,259</u>	<u>711,267,100</u>	<u>205,002,267</u>	<u>174,803,442</u>	<u>835,179,236</u>	<u>707,079,923</u>
Total maximum credit risk exposure	<u>7,851,097,447</u>	<u>6,528,524,789</u>	<u>31,985,370,999</u>	<u>26,407,882,771</u>	<u>7,640,826,921</u>	<u>6,306,249,635</u>	<u>31,128,728,877</u>	<u>25,508,779,774</u>

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank as at 31 December 2021 and 2020, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

As shown above, 68.70% for the Group and 68.48% for the Bank of total maximum exposure is derived from loans and advances to customers (2020: 68.49% and 68.07% for the Group and for the Bank respectively).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loans and advances on the followings. Significant credit risk exposure is arising from loans and advances, net. In order to mitigate the exposure of credit risk arising from loans and advances, net, all loan size limits must not exceed 75% of estimated saleable value of the pledged collateral, except for other loans authorized by Management Credit Committee wherein the loan to collateral value exceed 75%. As at 31 December 2021, approximately 96.45% (2020: 98.59%) of these loans and advances, net, are collateralised.

(d) Concentration of financial assets with credit risk exposure

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(i) *Geographical sector*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2021 and 31 December 2020 are as follows:

	The Group								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$	
As at 31 December 2021									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	439,489,116	-	-	10,234,359	-	-	651,674	-	450,375,149
Deposits and placements with other banks	334,783,968	506,606	147,194	30,048,035	1,497,819	191,249,290	2,100,080	16,784,306	577,117,298
Statutory deposits	413,231,913	-	-	2,225,047	-	-	-	-	415,456,960
Financial investments	801,084,392	-	-	-	-	-	-	-	801,084,392
Loans and advances, net	5,232,061,387	-	-	144,546,013	-	-	17,346,103	-	5,393,953,503
Other assets	6,786,049	-	-	149,917	-	-	784,572	-	7,720,538
	<u>7,227,436,825</u>	<u>506,606</u>	<u>147,194</u>	<u>187,203,371</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>20,882,429</u>	<u>16,784,306</u>	<u>7,645,707,840</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	145,914,488	-	-	190,141	-	-	-	-	146,104,629
Bank guarantees	49,074,212	-	-	197,199	-	-	-	-	49,271,411
Letters of credit	9,713,537	-	-	-	-	-	-	-	9,713,537
Foreign exchange spot transactions	300,030	-	-	-	-	-	-	-	300,030
	<u>205,002,267</u>	<u>-</u>	<u>-</u>	<u>387,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,389,607</u>
Total maximum credit risk exposure	<u>7,432,439,092</u>	<u>506,606</u>	<u>147,194</u>	<u>187,590,711</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>20,882,429</u>	<u>16,784,306</u>	<u>7,851,097,447</u>
In KHR'000 equivalent (Note 5)	<u>30,279,756,861</u>	<u>2,063,913</u>	<u>599,668</u>	<u>764,244,557</u>	<u>6,102,115</u>	<u>779,149,607</u>	<u>85,075,016</u>	<u>68,379,263</u>	<u>31,985,371,000</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$	Total US\$
As at 31 December 2020									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	400,829,300	-	-	11,624,911	-	-	304,840	-	412,759,051
Deposits and placements with other banks	269,022,932	631,569	568,916	20,612,267	263,969	232,975,901	4,823,475	5,754,117	534,653,146
Statutory deposits	357,000,974	-	-	3,376,034	-	-	-	-	360,377,008
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances, net	4,286,426,601	-	-	140,902,367	-	-	43,971,650	-	4,471,300,618
Other assets	6,774,532	-	-	147,320	-	-	-	-	6,921,852
	<u>5,886,728,862</u>	<u>631,569</u>	<u>568,916</u>	<u>176,662,899</u>	<u>263,969</u>	<u>232,975,901</u>	<u>49,099,965</u>	<u>5,754,117</u>	<u>6,352,686,198</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	120,108,962	-	-	828,645	-	-	-	-	120,937,607
Bank guarantees	46,831,662	-	-	206,504	-	-	-	-	47,038,166
Letters of credit	7,862,818	-	-	-	-	-	-	-	7,862,818
	<u>174,803,442</u>	<u>-</u>	<u>-</u>	<u>1,035,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,838,591</u>
Total maximum credit risk exposure	<u>6,061,532,304</u>	<u>631,569</u>	<u>568,916</u>	<u>177,698,048</u>	<u>263,969</u>	<u>232,975,901</u>	<u>49,099,965</u>	<u>5,754,117</u>	<u>6,528,524,789</u>
In KHR'000 equivalent (Note 5)	<u>24,518,898,170</u>	<u>2,554,697</u>	<u>2,301,265</u>	<u>718,788,604</u>	<u>1,067,755</u>	<u>942,387,520</u>	<u>198,609,358</u>	<u>23,275,403</u>	<u>26,407,882,772</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$	
As at 31 December 2021									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	439,465,980	-	-	-	-	-	-	-	439,465,980
Deposits and placements with other banks	332,288,876	506,606	147,194	999,595	1,497,819	191,249,290	46,770	16,690,770	543,426,920
Statutory deposits	412,986,454	-	-	-	-	-	-	-	412,986,454
Financial investments	801,084,392	-	-	-	-	-	-	-	801,084,392
Loans and advances, net	5,232,058,920	-	-	-	-	-	-	-	5,232,058,920
Other assets	6,761,025	-	-	-	-	-	40,963	-	6,801,988
	<u>7,224,645,647</u>	<u>506,606</u>	<u>147,194</u>	<u>999,595</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>87,733</u>	<u>16,690,770</u>	<u>7,435,824,654</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	145,914,488	-	-	-	-	-	-	-	145,914,488
Bank guarantees	49,074,212	-	-	-	-	-	-	-	49,074,212
Letters of credit	9,713,537	-	-	-	-	-	-	-	9,713,537
Foreign exchange spot transactions	300,030	-	-	-	-	-	-	-	300,030
	<u>205,002,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,002,267</u>
Total maximum credit risk exposure	<u>7,429,647,914</u>	<u>506,606</u>	<u>147,194</u>	<u>999,595</u>	<u>1,497,819</u>	<u>191,249,290</u>	<u>87,733</u>	<u>16,690,770</u>	<u>7,640,826,921</u>
In KHR'000 equivalent (Note 5)	<u>30,268,385,602</u>	<u>2,063,913</u>	<u>599,668</u>	<u>4,072,350</u>	<u>6,102,115</u>	<u>779,149,607</u>	<u>357,424</u>	<u>67,998,197</u>	<u>31,128,728,876</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$	
As at 31 December 2020									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	400,816,126	-	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks	267,444,421	631,569	568,916	499,861	263,969	232,975,901	46,873	5,197,897	507,629,407
Statutory deposits	356,753,756	-	-	-	-	-	-	-	356,753,756
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances, net	4,292,649,159	-	-	-	-	-	-	-	4,292,649,159
Other assets	6,756,356	-	-	-	-	-	166,866	-	6,923,222
	<u>5,891,094,341</u>	<u>631,569</u>	<u>568,916</u>	<u>499,861</u>	<u>263,969</u>	<u>232,975,901</u>	<u>213,739</u>	<u>5,197,897</u>	<u>6,131,446,193</u>
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	120,108,962	-	-	-	-	-	-	-	120,108,962
Bank guarantees	46,831,662	-	-	-	-	-	-	-	46,831,662
Letters of credit	7,862,818	-	-	-	-	-	-	-	7,862,818
	<u>174,803,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,803,442</u>
Total maximum credit risk exposure	<u>6,065,897,783</u>	<u>631,569</u>	<u>568,916</u>	<u>499,861</u>	<u>263,969</u>	<u>232,975,901</u>	<u>213,739</u>	<u>5,197,897</u>	<u>6,306,249,635</u>
In KHR'000 equivalent (Note 5)	<u>24,536,556,532</u>	<u>2,554,697</u>	<u>2,301,265</u>	<u>2,021,938</u>	<u>1,067,755</u>	<u>942,387,520</u>	<u>864,574</u>	<u>21,025,493</u>	<u>25,508,779,774</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(ii) *Industry sectors*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) at carrying amount as at 31 December 2021 and 31 December 2020 based on the industry sectors of the counterparty are as follows:

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Other US\$	
As at 31 December 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	450,375,149	-	-	-	-	-	-	450,375,149
Deposits and placements with other banks	577,117,298	-	-	-	-	-	-	577,117,298
Statutory deposits	-	-	-	-	-	-	415,456,960	415,456,960
Financial investments	-	-	-	-	-	-	801,084,392	801,084,392
Loans and advances, net	15,954,365	1,816,075,968	1,364,682,355	190,507,187	179,980,839	1,093,971,162	732,781,627	5,393,953,503
Other assets	2,183,722	-	-	-	-	-	5,536,816	7,720,538
	<u>1,045,630,534</u>	<u>1,816,075,968</u>	<u>1,364,682,355</u>	<u>190,507,187</u>	<u>179,980,839</u>	<u>1,093,971,162</u>	<u>1,954,859,795</u>	<u>7,645,707,840</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	146,104,629	146,104,629
Bank guarantees	-	-	-	-	-	-	49,271,411	49,271,411
Letters of credit	-	-	-	-	-	-	9,713,537	9,713,537
Foreign exchange spot transactions	-	-	-	-	-	-	300,030	300,030
	-	-	-	-	-	-	<u>205,389,607</u>	<u>205,389,607</u>
Total maximum credit risk exposure	<u>1,045,630,534</u>	<u>1,816,075,968</u>	<u>1,364,682,355</u>	<u>190,507,187</u>	<u>179,980,839</u>	<u>1,093,971,162</u>	<u>2,160,249,402</u>	<u>7,851,097,447</u>
In KHR'000 equivalent (Note 5)	<u>4,259,898,796</u>	<u>7,398,693,494</u>	<u>5,559,715,914</u>	<u>776,126,280</u>	<u>733,241,938</u>	<u>4,456,838,514</u>	<u>8,800,856,064</u>	<u>31,985,371,000</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Group							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Other US\$	
As at 31 December 2020								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	412,759,051	-	-	-	-	-	-	412,759,051
Deposits and placements with other banks	534,653,146	-	-	-	-	-	-	534,653,146
Statutory deposits	-	-	-	-	-	-	360,377,008	360,377,008
Financial investments	566,520,994	-	-	-	-	-	153,529	566,674,523
Loans and advances, net	22,672,936	1,511,327,042	1,086,409,481	160,232,558	130,933,136	888,839,788	670,885,677	4,471,300,618
Other assets	3,787,686	-	-	-	-	-	3,134,166	6,921,852
	<u>1,540,393,813</u>	<u>1,511,327,042</u>	<u>1,086,409,481</u>	<u>160,232,558</u>	<u>130,933,136</u>	<u>888,839,788</u>	<u>1,034,550,380</u>	<u>6,352,686,198</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	120,937,607	120,937,607
Bank guarantees	-	-	-	-	-	-	47,038,166	47,038,166
Letters of credit	-	-	-	-	-	-	7,862,818	7,862,818
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,838,591</u>	<u>175,838,591</u>
Total maximum credit risk exposure	<u>1,540,393,813</u>	<u>1,511,327,042</u>	<u>1,086,409,481</u>	<u>160,232,558</u>	<u>130,933,136</u>	<u>888,839,788</u>	<u>1,210,388,971</u>	<u>6,528,524,789</u>
In KHR'000 equivalent (Note 5)	<u>6,230,892,974</u>	<u>6,113,317,885</u>	<u>4,394,526,351</u>	<u>648,140,697</u>	<u>529,624,535</u>	<u>3,595,356,942</u>	<u>4,896,023,388</u>	<u>26,407,882,772</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Other US\$	
As at 31 December 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	439,465,980	-	-	-	-	-	-	439,465,980
Deposits and placements with other banks	543,426,920	-	-	-	-	-	-	543,426,920
Statutory deposits	-	-	-	-	-	-	412,986,454	412,986,454
Financial investments	-	-	-	-	-	-	801,084,392	801,084,392
Loans and advances, net	15,954,365	1,748,609,961	1,327,649,187	183,090,996	173,294,202	1,063,792,710	719,667,499	5,232,058,920
Other assets	2,120,249	-	-	-	-	-	4,681,739	6,801,988
	<u>1,000,967,514</u>	<u>1,748,609,961</u>	<u>1,327,649,187</u>	<u>183,090,996</u>	<u>173,294,202</u>	<u>1,063,792,710</u>	<u>1,938,420,084</u>	<u>7,435,824,654</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	145,914,488	145,914,488
Bank guarantees	-	-	-	-	-	-	49,074,212	49,074,212
Letters of credit	-	-	-	-	-	-	9,713,537	9,713,537
Foreign exchange spot transactions	-	-	-	-	-	-	300,030	300,030
	-	-	-	-	-	-	<u>205,002,267</u>	<u>205,002,267</u>
Total maximum credit risk exposure	<u>1,000,967,514</u>	<u>1,748,609,961</u>	<u>1,327,649,187</u>	<u>183,090,996</u>	<u>173,294,202</u>	<u>1,063,792,710</u>	<u>2,143,422,351</u>	<u>7,640,826,921</u>
In KHR'000 equivalent (Note 5)	<u>4,077,941,652</u>	<u>7,123,836,981</u>	<u>5,408,842,788</u>	<u>745,912,718</u>	<u>706,000,579</u>	<u>4,333,891,501</u>	<u>8,732,302,658</u>	<u>31,128,728,877</u>

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

(ii) *Industry sectors (continued)*

	The Bank							Total US\$
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Other US\$	
As at 31 December 2020								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	400,816,126	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks, net	507,629,407	-	-	-	-	-	-	507,629,407
Statutory deposits	-	-	-	-	-	-	356,753,756	356,753,756
Financial investments	566,520,994	-	-	-	-	-	153,529	566,674,523
Loans and advances, net	22,672,936	1,433,948,336	1,056,238,093	159,289,851	124,058,057	848,241,547	648,200,339	4,292,649,159
Other assets	3,832,887	-	-	-	-	-	3,090,335	6,923,222
	<u>1,501,472,350</u>	<u>1,433,948,336</u>	<u>1,056,238,093</u>	<u>159,289,851</u>	<u>124,058,057</u>	<u>848,241,547</u>	<u>1,008,197,959</u>	<u>6,131,446,193</u>
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	120,108,962	120,108,962
Bank guarantees	-	-	-	-	-	-	46,831,662	46,831,662
Letters of credit	-	-	-	-	-	-	7,862,818	7,862,818
	-	-	-	-	-	-	174,803,442	174,803,442
Total maximum credit risk exposure	<u>1,501,472,350</u>	<u>1,433,948,336</u>	<u>1,056,238,093</u>	<u>159,289,851</u>	<u>124,058,057</u>	<u>848,241,547</u>	<u>1,183,001,401</u>	<u>6,306,249,635</u>
In KHR'000 equivalent (Note 5)	<u>6,073,455,656</u>	<u>5,800,321,019</u>	<u>4,272,483,086</u>	<u>644,327,447</u>	<u>501,814,841</u>	<u>3,431,137,058</u>	<u>4,785,240,667</u>	<u>25,508,779,774</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(e) Write-off policy

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

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

(f) Credit quality of financial assets

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

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

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

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

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL

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

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI
- Financial assets measured at FVPL.

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

The Group and the Bank measured ECL by using the general approach and the simplified approach.

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

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL (continued)

ACLEDA Bank Lao Ltd.

Staging	Day Past Due	BOL's Classification	Indicator	Default Indicator
1	$0 \leq \text{DPD} \leq 30$	Normal	-	Not Default / Performing
2	$30 \leq \text{DPD} \leq 89$	Sub-standard	Hit SICR triggers	
3	$90 \leq \text{DPD} \leq 179$	Watch	Hit NPL triggers	Default / Non-performing
	$180 \leq \text{DPD} \leq 359$	Doubtful		
	$\text{DPD} \geq 360$	Loss		

ACLEDA MFI Myanmar Co., Ltd.

Staging	Day Past Due	Financial Regulatory Department's Classification	Indicator	Default Indicator
1	On time	Normal	-	Not Default / Performing
2	$0 \leq \text{DPD} \leq 30$	Sub-standard	Hit SICR triggers	
3	$31 \leq \text{DPD} \leq 60$	Watch	Hit NPL triggers	Default / Non-performing
	$61 \leq \text{DPD} \leq 90$	Doubtful		
	$\text{DPD} \geq 91$	Loss		

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

- (f) Credit quality of financial assets (continued)

Recognition of ECL (continued)

Credit classification for financial assets

The Bank follows the mandatory loan classification and provisioning as required by the NBC's Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on Credit Risk Grading and Impairment Provisioning. Loans and advances, and other financial assets are classified into five classifications as described below:

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

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/ CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p>2- SPECIAL MENTION</p> <p>A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the counterparty at a future date, and warrant close attention by the Bank. Examples of such weaknesses include, but are not limited to a declining trend in the operations of the counterparty or in its financial position, adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.</p>	<ul style="list-style-type: none"> - When any facility is past due from 30 days to 89 days. - When interest payments for 30 to 89 days have been capitalized, refinanced, or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 30 days. - When interest payments for maximum 30 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 30 days, or the current account has been inactive for maximum 30 days, or the net inflows on the current account have not been enough to cover capitalized interests for maximum 30 days.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p>3- SUB-STANDARD</p> <p>A facility in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position of the counterparty and his repayment capacity. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources such as the realization of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include:</p> <ul style="list-style-type: none"> ▪ 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 capitalized, refinanced, or rolled over into a new facility. 	<ul style="list-style-type: none"> - When any facility is past due for maximum 60 days. - When interest payments for maximum 60 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 60 days, or the current account has been inactive for maximum 60 days. - The overdraft that has had no net inflow for 60 days must be modified into a term loan.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Facilities that are classified Substandard, Doubtful or Loss will be considered as "non-performing" facilities. Other facilities will be considered as "performing".

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans and advances at amortised cost	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	5,275,035,464	-	-	5,275,035,464	4,375,262,025
Special mention	-	27,261,060	-	27,261,060	26,470,310
Substandard	-	-	32,401,734	32,401,734	32,985,705
Doubtful	-	-	36,344,207	36,344,207	50,125,889
Loss	-	-	57,532,112	57,532,112	21,799,236
	<u>5,275,035,464</u>	<u>27,261,060</u>	<u>126,278,053</u>	<u>5,428,574,577</u>	<u>4,506,643,165</u>
ECL allowance	(17,344,702)	(2,195,419)	(15,080,953)	(34,621,074)	(35,342,547)
Carrying amount	<u>5,257,690,762</u>	<u>25,065,641</u>	<u>111,197,100</u>	<u>5,393,953,503</u>	<u>4,471,300,618</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>21,419,832,165</u>	<u>102,117,421</u>	<u>453,016,985</u>	<u>21,974,966,571</u>	<u>18,086,411,000</u>
The Bank					
Normal	5,106,864,657	-	-	5,106,864,657	4,198,757,317
Special mention	-	24,833,478	-	24,833,478	23,945,494
Substandard	-	-	31,201,768	31,201,768	31,773,683
Doubtful	-	-	34,567,497	34,567,497	48,178,299
Loss	-	-	57,180,025	57,180,025	21,203,755
	<u>5,106,864,657</u>	<u>24,833,478</u>	<u>122,949,290</u>	<u>5,254,647,425</u>	<u>4,323,858,548</u>
ECL allowance	(6,781,999)	(1,696,685)	(14,109,821)	(22,588,505)	(31,209,389)
Carrying amount	<u>5,100,082,658</u>	<u>23,136,793</u>	<u>108,839,469</u>	<u>5,232,058,920</u>	<u>4,292,649,159</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>20,777,736,748</u>	<u>94,259,295</u>	<u>443,411,997</u>	<u>21,315,408,040</u>	<u>17,363,765,848</u>

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Financial investments at amortised cost	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	801,084,392	-	-	801,084,392	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	801,084,392	-	-	801,084,392	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	801,084,392	-	-	801,084,392	566,520,994
<i>In KHR'000 equivalent (Note 5)</i>	3,263,617,813	-	-	3,263,617,813	2,291,577,421
The Bank					
Normal	801,084,392	-	-	801,084,392	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	801,084,392	-	-	801,084,392	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	801,084,392	-	-	801,084,392	566,520,994
<i>In KHR'000 equivalent (Note 5)</i>	3,263,617,813	-	-	3,263,617,813	2,291,577,421

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Cash and deposit and placement with other banks	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	1,027,971,610	-	-	1,027,971,610	947,994,641
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,027,971,610</u>	<u>-</u>	<u>-</u>	<u>1,027,971,610</u>	<u>947,994,641</u>
ECL allowance	(479,163)	-	-	(479,163)	(582,444)
Carrying amount	<u>1,027,492,447</u>	<u>-</u>	<u>-</u>	<u>1,027,492,447</u>	<u>947,412,197</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,186,004,229</u>	<u>-</u>	<u>-</u>	<u>4,186,004,229</u>	<u>3,832,282,337</u>
The Bank					
Normal	983,113,182	-	-	983,113,182	908,587,076
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>983,113,182</u>	<u>-</u>	<u>-</u>	<u>983,113,182</u>	<u>908,587,076</u>
ECL allowance	(220,282)	-	-	(220,282)	(141,543)
Carrying amount	<u>982,892,900</u>	<u>-</u>	<u>-</u>	<u>982,892,900</u>	<u>908,445,533</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>4,004,305,675</u>	<u>-</u>	<u>-</u>	<u>4,004,305,675</u>	<u>3,674,662,181</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Statutory deposits	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	415,456,960	-	-	415,456,960	360,377,008
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>415,456,960</u>	<u>-</u>	<u>-</u>	<u>415,456,960</u>	<u>360,377,008</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>415,456,960</u>	<u>-</u>	<u>-</u>	<u>415,456,960</u>	<u>360,377,008</u>
<i>In KHR'000 equivalent (Note4)</i>	<u>1,692,571,655</u>	<u>-</u>	<u>-</u>	<u>1,692,571,655</u>	<u>1,457,724,997</u>
The Bank					
Normal	412,986,454	-	-	412,986,454	356,753,756
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>412,986,454</u>	<u>-</u>	<u>-</u>	<u>412,986,454</u>	<u>356,753,756</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>412,986,454</u>	<u>-</u>	<u>-</u>	<u>412,986,454</u>	<u>356,753,756</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,682,506,814</u>	<u>-</u>	<u>-</u>	<u>1,682,506,814</u>	<u>1,443,068,943</u>

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Other Asset	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	7,728,427	-	-	7,728,427	6,921,852
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>7,728,427</u>	<u>-</u>	<u>-</u>	<u>7,728,427</u>	<u>6,921,852</u>
ECL allowance	(7,889)	-	-	(7,889)	(199,393)
Carrying amount	<u>7,720,538</u>	<u>-</u>	<u>-</u>	<u>7,720,538</u>	<u>6,722,459</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,453,472</u>	<u>-</u>	<u>-</u>	<u>31,453,472</u>	<u>27,192,347</u>
The Bank					
Normal	6,807,418	-	-	6,807,418	6,923,222
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>6,807,418</u>	<u>-</u>	<u>-</u>	<u>6,807,418</u>	<u>6,923,222</u>
ECL allowance	(5,430)	-	-	(5,430)	(197,045)
Carrying amount	<u>6,801,988</u>	<u>-</u>	<u>-</u>	<u>6,801,988</u>	<u>6,726,177</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>27,711,299</u>	<u>-</u>	<u>-</u>	<u>27,711,299</u>	<u>27,207,386</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Financial guarantee contracts	2021			2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
Normal	49,271,411	-	-	49,271,411	47,038,166
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	49,271,411	-	-	49,271,411	47,038,166
ELC allowance	(15,324)	-	-	(15,324)	(154,907)
Carrying amount – fair value	<u>49,256,087</u>	<u>-</u>	<u>-</u>	<u>49,256,087</u>	<u>46,883,259</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>200,669,298</u>	<u>-</u>	<u>-</u>	<u>200,669,298</u>	<u>189,642,783</u>
The Bank					
Normal	57,517,680	-	-	57,517,680	56,978,543
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	57,517,680	-	-	57,517,680	56,978,543
ECL allowance	(144,625)	-	-	(144,625)	(525,324)
Carrying amount – fair value	<u>57,373,055</u>	<u>-</u>	<u>-</u>	<u>57,373,055</u>	<u>56,453,219</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>233,737,826</u>	<u>-</u>	<u>-</u>	<u>233,737,826</u>	<u>228,353,271</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL

Significant increase in credit risk

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default

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

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

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

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

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

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

Incorporation of forward-looking information

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

The Group and the Bank formulate three economic scenarios: a base case, which is the median scenario assigned a 55% probability of occurring, and two less likely scenarios, 20% for one upside and 25% for

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

one downside. The base case is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting.

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

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

The economic scenarios of the Bank's portfolio used as at 31 December 2021 included the following key indicators for Cambodia for the years ending 2022 to 2026:

Exposure	2022	2023	2024	2025	2026
1- Small Loan					
- Domestic credit to private sector (% of GDP)					
Base	118.82%	122.31%	123.98%	70.88%	70.88%
Upside	67.52%	71.01%	72.68%	19.58%	19.58%
Downside	170.11%	173.60%	175.27%	122.17%	122.17%
- Cambodia CPI All Items 2006=100					
Base	183.74	183.98	184.09	161.43	161.43
Upside	162.80	163.04	163.16	140.49	140.49
Downside	204.67	204.92	205.03	182.37	182.37

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Exposure	2022	2023	2024	2025	2026
2- Medium Loan					
- Domestic credit to private sector (% of GDP)					
Base	118.82%	122.31%	123.98%	76.69%	76.69%
Upside	65.36%	68.85%	70.52%	23.24%	23.24%
Downside	172.27%	175.76%	177.43%	130.14%	130.14%
- Credits (Exports) Year-on-Year Change					
Base	24.63%	24.93%	25.09%	15.20%	15.20%
Upside	38.29%	38.58%	38.74%	28.86%	28.86%
Downside	10.98%	11.27%	11.43%	1.55%	1.55%
3- Overdraft					
- Cambodia CPI All Items 2006=100					
Base	187.37	187.64	187.80	164.57	164.57
Upside	166.16	166.43	166.59	143.36	143.36
Downside	208.57	208.85	209.01	185.78	185.78
4- Public Housing Loan					
- GDP at Current Price, Industry (YOY, %)					
Base	8.97%	7.91%	7.09%	14.43%	14.43%
Upside	20.08%	19.01%	18.20%	25.54%	25.54%
Downside	-2.13%	-3.20%	-4.01%	3.32%	3.32%
- US 1 Year Treasury Yield Curve Rates					
Base	1.79%	1.73%	1.72%	0.80%	0.80%
Upside	0.08%	0.03%	0.02%	-0.90%	-0.90%
Downside	3.49%	3.44%	3.43%	2.51%	2.51%

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

- (g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

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

Modified financial assets

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Modified financial assets (continued)

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

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

Loss allowance

During the year, the allowance for/(reversal of) impairment loss recognised in profit or loss are as follows:

Type	The Group				The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Deposit and placements with banks	(81,385)	(7,786)	(331,074)	(31,744)	78,820	96,083	320,640	391,730
Loans and advances to customers	13,797,947	20,852,357	56,130,048	85,015,059	429,538	16,204,462	1,747,360	66,065,592
Other assets	(174,588)	(50,540)	(710,224)	(206,051)	(191,604)	(52,869)	(779,445)	(215,547)
	<u>13,541,974</u>	<u>20,794,031</u>	<u>55,088,750</u>	<u>84,777,264</u>	<u>316,754</u>	<u>16,247,676</u>	<u>1,288,555</u>	<u>66,241,775</u>
Financial guarantee contracts	(139,449)	(54,156)	(567,279)	(220,794)	(380,569)	(132,082)	(1,548,155)	(538,498)
Total	<u>13,402,525</u>	<u>20,739,875</u>	<u>54,521,471</u>	<u>84,556,470</u>	<u>(63,815)</u>	<u>16,115,594</u>	<u>(259,600)</u>	<u>65,703,277</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Loss allowance (continued)

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

Loans and advances at amortised cost	2021				2020			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Group								
As at 1 January	11,905,498	3,303,698	20,133,351	35,342,547	24,627,422	344,453	8,263,701	33,235,576
Allowance for/(reversal of) impairment loss during the year	5,439,205	(1,108,279)	9,467,021	13,797,947	(12,721,922)	2,959,245	30,615,034	20,852,357
Written off during the year	-	-	(11,393,716)	(11,393,716)	-	-	(18,676,459)	(18,676,459)
Currency translation difference	-	-	(3,125,704)	(3,125,704)	-	-	(68,927)	(68,927)
At 31 December	17,344,703	2,195,419	15,080,952	34,621,074	11,905,500	3,303,698	20,133,349	35,342,547
<i>In KHR'000 equivalent (Note 5)</i>	<u>70,662,320</u>	<u>8,944,137</u>	<u>61,439,799</u>	<u>141,046,256</u>	<u>48,157,748</u>	<u>13,363,458</u>	<u>81,439,397</u>	<u>142,960,602</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Loss allowance (continued)

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

Loans and advances at amortised cost	2021				2020			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
The Bank								
As at 1 January	10,839,155	2,906,941	17,463,293	31,209,389	24,066,137	286,202	7,837,241	32,189,580
Allowance for/(reversal of) impairment loss during the year	(4,057,156)	(1,210,256)	5,696,950	429,538	(13,226,982)	2,620,739	26,810,704	16,204,462
Written off during the year	-	-	(8,281,746)	(8,281,746)	-	-	(17,158,054)	(17,158,054)
Currency translation difference	-	-	(768,676)	(768,676)	-	-	(26,599)	(26,599)
At 31 December	<u>6,781,999</u>	<u>1,696,685</u>	<u>14,109,821</u>	<u>22,588,505</u>	<u>10,839,155</u>	<u>2,906,941</u>	<u>17,463,293</u>	<u>31,209,389</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>27,629,865</u>	<u>6,912,295</u>	<u>57,483,411</u>	<u>92,025,571</u>	<u>43,844,382</u>	<u>11,758,576</u>	<u>70,639,020</u>	<u>126,241,978</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

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

Cash and deposit and placement with other banks	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
At 1 January	582,444	-	-	582,444	589,956
Allowance for/(reversal of) impairment loss during the year	(81,385)	-	-	(81,385)	(7,786)
Currency translation difference	(21,896)	-	-	(21,896)	274
At 31 December	<u>479,163</u>	<u>-</u>	<u>-</u>	<u>479,163</u>	<u>582,444</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,952,110</u>	<u>-</u>	<u>-</u>	<u>1,952,110</u>	<u>2,355,985</u>
The Bank					
At 1 January	141,543	-	-	141,543	45,241
Allowance for impairment loss during the year	78,820	-	-	78,820	96,083
Currency translation difference	(81)	-	-	(81)	219
At 31 December	<u>220,282</u>	<u>-</u>	<u>-</u>	<u>220,282</u>	<u>141,543</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>897,429</u>	<u>-</u>	<u>-</u>	<u>897,429</u>	<u>572,542</u>
Other assets	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	US\$	US\$	US\$	US\$	US\$
The Group					
At 1 January	199,393	-	-	199,393	295,027
Allowance for/(reversal of) impairment loss during the year	(174,588)	-	-	(174,588)	(50,540)
Currency translation difference	(16,916)	-	-	(16,916)	(45,094)
At 31 December	<u>7,889</u>	<u>-</u>	<u>-</u>	<u>7,889</u>	<u>199,393</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>32,140</u>	<u>-</u>	<u>-</u>	<u>32,140</u>	<u>806,545</u>
The Bank					
At 1 January	197,045	-	-	197,045	295,009
Allowance for/(reversal of) impairment loss during the year	(191,604)	-	-	(191,604)	(52,869)
Currency translation difference	(11)	-	-	(11)	(45,095)
At 31 December	<u>5,430</u>	<u>-</u>	<u>-</u>	<u>5,430</u>	<u>197,045</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>22,122</u>	<u>-</u>	<u>-</u>	<u>22,122</u>	<u>797,047</u>

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

Financial guarantee contracts	2021			2020	
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
The Group					
At 1 January	154,907	-	-	154,907	207,479
Reversal of allowance for impairment loss during the year	(139,449)	-	-	(139,449)	(54,156)
Currency translation difference	(134)	-	-	(134)	1,584
At 31 December	15,324	-	-	15,324	154,907
<i>In KHR'000 equivalent (Note 5)</i>	62,430	-	-	62,430	626,599
The Bank					
At 1 January	525,324	-	-	525,324	655,822
Reversal of allowance for impairment loss during the year	(380,569)	-	-	(380,569)	(132,082)
Currency translation difference	(130)	-	-	(130)	1,584
At 31 December	144,625	-	-	144,625	525,324
<i>In KHR'000 equivalent (Note 5)</i>	589,202	-	-	589,202	2,124,936

(h) COVID-19 Outbreak and Impact on ECL

The COVID-19 outbreak on the economic growth resulting the economic variables that were used in the models were out of the bounds for which CIFRS 9 models had been built and recalibrated to operate. This resulted CIFRS 9 models not commensurate with the accurate outcomes under the COVID-19 condition. Hence, the post-model overlays based on a sensitive analysis and the Group's and the Bank's senior management's judgment were necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

The Management did not provide post-model overlays or adjustments as at 31 December 2021, since the recalibrated ECL models as the recalibrated models already considered the observed impacts of COVID-19. In addition, the Management assessed the current situation as better than the recent years since the infection and death cases are dropping sharply, coupled with the economic recovery measures taken by the government such as lifting travelling restrictions and lockdown on economic zones.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.1 Credit risk (continued)

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

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

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

The Group and the Bank also generate three economic scenarios to reflect economic conditions, starting with baseline, good, and bad. Each scenario is consistent with a probability of 55%, 20% and 25%, according to the decision of the Group's and the Bank's senior management since COVID-19 outbreak in March 2020. In addition, the management made another review after the government is implementing an economic recovery plan since 1 November 2021, the country's success in rolling out its vaccination program and decrease in coronavirus infections and mortalities, but due to uncertainty of COVID-19 impact and new variants, the management decided to keep the same probabilities.

38.2 Market risk

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

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

- (i) Interest rate risk: can lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals.
- (ii) Foreign exchange rate risk: can lead to losses when there is an imbalance between assets and liabilities in any particular currency.
- (iii) Commodity risk and equity risk are not applicable at the moment given that the Group and the Bank does not hold any commodity or equity position.

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

Principles of the market risk:

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

Internal targets of the market risk:

- The regulatory limits on foreign exchange currency mismatch per currency and cumulative should be observed at all times.
- The Bank will have, at all times, internal targets that are lower than the regulatory limits to allow for a safety margin to ensure permanent full compliance with regulatory limits.
- Setting the level of the internal targets is at the discretion of the Assets and Liabilities Committee ("ALCO") and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.
- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the targets. Any breaches of internal targets should be reported to the ALCO and President & Group Managing Directors.
- Any change in level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all time, the Bank will have a contingency plan to be executed when it is perceived by the President & Group Managing Director that the safety margin may not be sufficient and there is a risk that the regulatory limit on foreign exchange currency mismatch could be reached. Such contingency plan should be sufficient to ensure that the regulatory limits on foreign exchange currency mismatch will not be breached.

As at 31 December 2021, the Group's and the Bank's derivative liabilities, net and financial investments designated as FVOCI are valued at fair value in accordance with the methods disclosed in Note 39 (2020: nil). The Group uses derivative financial instruments such as foreign exchange contract and interest rate swaps to hold its risk exposures.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) *Interest rate risk*

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	450,375,149	450,375,149
Deposits and placements with other banks, net	212,012,830	21,163,967	8,818,360	-	-	335,122,141	577,117,298
Statutory deposits	-	-	43,316,302	-	-	372,140,658	415,456,960
Financial investments	585,002,454	215,489,102	300,000	-	-	292,836	801,084,392
Loans and advances, net							
- Performing	138,605,200	281,871,786	929,583,060	3,224,506,978	727,729,500	-	5,302,296,524
- Non performing	-	-	-	-	-	126,278,053	126,278,053
- Loss allowance	-	-	-	-	-	(34,621,074)	(34,621,074)
Other assets	-	-	-	-	-	7,720,538	7,720,538
Total financial assets	935,620,484	518,524,855	982,017,722	3,224,506,978	727,729,500	1,257,308,301	7,645,707,840
Financial liabilities							
Deposits and placements of other banks and financial institutions	86,450,130	15,737,918	104,106,507	49,230,924	73,150,000	155,065,513	483,740,992
Deposits from customers	2,368,714,691	358,800,690	1,179,246,693	667,754,559	17,814,252	639,947,808	5,232,278,693
Lease liabilities	1,183,384	1,523,390	8,231,108	15,521,584	1,415,474	-	27,874,940
Borrowings	1,562,121	52,719,643	149,595,730	391,611,821	6,007,539	6,991,949	608,488,803
Subordinated debts	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941
Derivative liabilities, net	-	-	-	-	-	506,158	506,158
Other liabilities	-	-	-	-	-	32,335,775	32,335,775
Total financial liabilities	2,457,910,326	428,781,641	1,469,928,500	1,216,414,275	133,465,899	835,217,661	6,541,718,302
Net interest sensitivity gap	(1,522,289,842)	89,743,214	(487,910,778)	2,008,092,703	594,263,601	422,090,640	1,103,989,538
In KHR'000 equivalent (Note 5)	(6,201,808,814)	365,613,854	(1,987,748,510)	8,180,969,672	2,421,029,910	1,719,597,266	4,497,653,378
Unused portion of overdrafts	-	-	-	-	-	146,104,629	146,104,629
Guarantees, acceptances and other financial facilities	-	-	-	-	-	58,984,948	58,984,948
Foreign exchange spot transactions	-	-	-	-	-	300,030	300,030
Net interest sensitivity gap	-	-	-	-	-	205,389,607	205,389,607
In KHR'000 equivalent (Note 5)	-	-	-	-	-	836,757,259	836,757,259

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	412,759,051	412,759,051
Deposits and placements with other banks, net	234,738,355	4,076,310	-	-	-	295,838,481	534,653,146
Statutory deposits	-	-	43,316,302	-	-	317,060,706	360,377,008
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances, net							
- Performing	114,672,830	239,865,582	845,044,589	2,744,589,864	454,249,545	-	4,398,422,410
- Non performing	-	-	-	-	-	108,220,753	108,220,753
- Loss allowance	-	-	-	-	-	(35,342,545)	(35,342,545)
Other assets	-	-	-	-	-	6,921,852	6,921,852
Total financial assets	915,549,627	243,941,892	888,733,388	2,744,589,864	454,249,545	1,105,621,882	6,352,686,198
Financial liabilities							
Deposits and placements of other banks and financial institutions	68,526,232	8,347,174	40,716,070	18,855,000	71,556,029	109,008,954	317,009,459
Deposits from customers	1,998,279,203	254,562,597	923,043,532	532,634,286	21,296,683	564,469,747	4,294,286,048
Lease liabilities	1,722,414	1,483,344	7,104,107	16,334,766	1,973,271	-	28,617,902
Borrowings	1,784,756	74,857,377	121,085,450	332,042,951	5,860,858	6,767,524	542,398,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
Other liabilities	-	-	-	-	-	28,699,228	28,699,228
Total financial liabilities	2,070,312,605	339,250,492	1,102,922,750	998,620,003	157,684,051	709,380,275	5,378,170,176
Net interest sensitivity gap	(1,154,762,978)	(95,308,600)	(214,189,362)	1,745,969,861	296,565,494	396,241,607	974,516,022
<i>In KHR'000 equivalent (Note 5)</i>	(4,671,016,246)	(385,523,287)	(866,395,969)	7,062,448,088	1,199,607,423	1,602,797,300	3,941,917,309
Unused portion of overdrafts	-	-	-	-	-	120,937,607	120,937,607
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,900,984	54,900,984
Net interest sensitivity gap	-	-	-	-	-	175,838,591	175,838,591
<i>In KHR'000 equivalent (Note 5)</i>	-	-	-	-	-	711,267,100	711,267,100

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	439,465,980	439,465,980
Deposits and placements with other banks, net	212,012,830	21,163,967	9,818,360	-	-	300,431,763	543,426,920
Statutory deposits	-	-	43,316,302	-	-	369,670,152	412,986,454
Financial investments	585,002,454	215,489,102	300,000	-	-	292,836	801,084,392
Loans and advances, net							
- Performing	130,886,839	269,263,205	882,736,880	3,130,584,424	718,226,787	-	5,131,698,135
- Non performing	-	-	-	-	-	122,949,290	122,949,290
- Loss allowance	-	-	-	-	-	(22,588,505)	(22,588,505)
Other assets	-	-	-	-	-	6,801,988	6,801,988
Total financial assets	927,902,123	505,916,274	936,171,542	3,130,584,424	718,226,787	1,217,023,504	7,435,824,654
Financial liabilities							
Deposits and placements of other banks and financial institutions	83,080,276	14,742,082	82,011,341	45,836,029	73,150,000	156,787,107	455,606,835
Deposits from customers	2,336,167,776	351,205,089	1,152,519,915	646,854,746	12,133,279	628,046,185	5,126,926,990
Lease liabilities	1,109,168	1,487,403	7,616,125	14,655,057	503,983	-	25,371,736
Borrowings	359,984	45,166,483	144,684,423	381,338,926	5,328,561	6,762,679	583,641,056
Subordinated debts	-	-	28,748,462	92,295,387	35,078,634	370,458	156,492,941
Derivative liabilities, net	-	-	-	-	-	506,158	506,158
Other liabilities	-	-	-	-	-	32,184,457	32,184,457
Total financial liabilities	2,420,717,204	412,601,057	1,415,580,266	1,180,980,145	126,194,457	824,657,044	6,380,730,173
Net interest sensitivity gap	(1,492,815,081)	93,315,217	(479,408,724)	1,949,604,279	592,032,330	392,366,460	1,055,094,481
<i>In KHR'000 equivalent (Note 5)</i>	(6,081,728,639)	380,166,194	(1,953,111,142)	7,942,687,834	2,411,939,712	1,598,500,957	4,298,454,916
Unused portion of overdrafts	-	-	-	-	-	145,914,488	145,914,488
Guarantees, acceptances and other financial facilities	-	-	-	-	-	58,787,749	58,787,749
Foreign exchange spot transactions	-	-	-	-	-	300,030	300,030
Net interest sensitivity gap	-	-	-	-	-	205,002,267	205,002,267
<i>In KHR'000 equivalent (Note 5)</i>	-	-	-	-	-	835,179,236	835,179,236

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank					Non-interest bearing US\$	Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$		
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	400,816,126	400,816,126
Deposits and placements with other banks, net	234,700,199	3,000,000	-	-	-	269,929,208	507,629,407
Statutory deposits	-	-	43,316,302	-	-	313,437,454	356,753,756
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances, net							
- Performing	105,939,266	220,918,625	787,952,910	2,656,562,739	451,329,271	-	4,222,702,811
- Non performing	-	-	-	-	-	101,155,737	101,155,737
- Loss allowance	-	-	-	-	-	(31,209,389)	(31,209,389)
Other assets	-	-	-	-	-	6,923,222	6,923,222
Total financial assets	906,777,907	223,918,625	831,641,709	2,656,562,739	451,329,271	1,061,215,942	6,131,446,193
Financial liabilities							
Deposits and placements of other banks and financial institutions	67,683,651	6,356,000	22,429,557	18,855,000	71,556,029	109,884,317	296,764,554
Deposits from customers	1,955,317,026	246,232,704	896,537,310	511,760,130	17,564,763	552,856,804	4,180,268,737
Lease liabilities	1,620,943	1,443,572	6,647,364	15,123,119	937,387	-	25,772,385
Borrowings	193,560	71,157,818	107,238,207	318,846,331	3,753,850	6,163,150	507,352,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
Other liabilities	-	-	-	-	-	28,488,959	28,488,959
Total financial liabilities	2,024,815,180	325,190,094	1,043,826,029	963,337,580	150,809,239	697,828,052	5,205,806,174
Net interest sensitivity gap	(1,118,037,273)	(101,271,469)	(212,184,320)	1,693,225,159	300,520,032	363,387,890	925,640,019
<i>In KHR'000 equivalent (Note 5)</i>	<u>(4,522,460,769)</u>	<u>(409,643,092)</u>	<u>(858,285,574)</u>	<u>6,849,095,768</u>	<u>1,215,603,529</u>	<u>1,469,904,016</u>	<u>3,744,213,878</u>
Unused portion of overdrafts	-	-	-	-	-	120,108,962	120,108,962
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,694,480	54,694,480
Net interest sensitivity gap	-	-	-	-	-	174,803,442	174,803,442
<i>In KHR'000 equivalent (Note 5)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>707,079,923</u>	<u>707,079,923</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(i) *Interest rate risk (continued)*

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

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

The Group's and the Bank's sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps to swap floating rate debt to fixed.

(ii) *Foreign exchange risk*

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

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

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

The table below summarises the Group's and the Bank's exposure to foreign currency exchange rate risk as at 31 December 2021 and 31 December 2020. Included in the table are the financial instruments at carrying amount by currency in US\$ equivalent.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
As at 31 December 2021								
Financial assets								
Cash on hand	104,996,360	313,847,464	19,019,091	2,521,480	468,711	6,886,884	2,635,159	450,375,149
Deposits and placements with other banks, net	123,088,971	418,633,199	8,852,280	653,868	204,778	22,249,895	3,434,307	577,117,298
Statutory deposits	58,615,611	354,853,002	487,405	-	-	1,500,942	-	415,456,960
Financial investments	135,674,903	665,409,489	-	-	-	-	-	801,084,392
Loans and advances, net	745,538,515	4,463,834,854	22,716,994	-	-	144,517,036	17,346,104	5,393,953,503
Other assets	259,477	6,531,131	45,284	-	-	100,075	784,571	7,720,538
Total financial assets	1,168,173,837	6,223,109,139	51,121,054	3,175,348	673,489	175,254,832	24,200,141	7,645,707,840
Financial liabilities								
Deposits and placements of other banks and financial institutions	30,712,864	422,594,095	39,235	-	-	30,394,798	-	483,740,992
Deposits from customers	1,062,782,876	4,025,376,336	47,919,130	3,673,210	-	90,755,162	1,771,979	5,232,278,693
Lease liabilities	-	27,300,127	85,027	-	-	284,429	205,357	27,874,940
Borrowings	41,579,492	550,414,881	-	-	-	12,626,264	3,868,166	608,488,803
Subordinated debts	-	156,492,941	-	-	-	-	-	156,492,941
Derivative liabilities, net	-	506,158	-	-	-	-	-	506,158
Other liabilities	4,475,095	27,576,400	44,762	70,327	8,413	56,104	104,674	32,335,775
Total financial liabilities	1,139,550,327	5,210,260,938	48,088,154	3,743,537	8,413	134,116,757	5,950,176	6,541,718,302
Net on-balance sheet position	28,623,510	1,012,848,201	3,032,900	(568,189)	665,076	41,138,075	18,249,965	1,103,989,538
<i>In KHR'000 equivalent (Note 5)</i>	116,612,180	4,126,343,570	12,356,035	(2,314,802)	2,709,520	167,596,518	74,350,357	4,497,653,378
Unused portion of overdrafts	3,566,395	142,242,343	105,750	-	-	190,141	-	146,104,629
Guarantees, acceptances and other financial facilities	6,173,865	49,588,423	2,511,491	69,027	-	195,836	446,306	58,984,948
Foreign exchange spot transactions	-	300,030	-	-	-	-	-	300,030
Credit commitment	9,740,260	192,130,796	2,617,241	69,027	-	385,977	446,306	205,389,607
<i>In KHR'000 equivalent (Note 5)</i>	39,681,819	782,740,863	10,662,640	281,216	-	1,572,470	1,818,251	836,757,259

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
As at 31 December 2020								
Financial assets								
Cash on hand	103,488,247	284,892,098	12,247,160	2,967,502	226,620	7,446,734	1,490,690	412,759,051
Deposits and placements with other banks, net	78,882,898	431,103,914	4,323,331	1,200,340	78,488	15,945,738	3,118,437	534,653,146
Statutory deposits	43,584,672	313,941,072	662,559	-	-	2,188,705	-	360,377,008
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances net	605,355,296	3,653,522,729	27,594,434	-	-	140,856,509	43,971,650	4,471,300,618
Other assets	112,607	6,661,885	23,341	-	-	124,019	-	6,921,852
Total financial assets	863,786,339	5,224,433,602	44,850,825	4,167,842	305,108	166,561,705	48,580,777	6,352,686,198
Financial liabilities								
Deposits and placements of other banks and financial institutions	34,696,856	260,231,181	272,131	-	-	21,809,291	-	317,009,459
Deposits from customers	731,620,195	3,415,853,729	39,841,991	3,824,001	-	94,515,122	8,631,010	4,294,286,048
Lease liabilities	-	27,913,335	141,356	-	-	410,237	152,974	28,617,902
Borrowings	40,101,721	477,440,120	-	-	-	10,910,412	13,946,663	542,398,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
Other liabilities	1,156,153	27,287,797	34,800	112,286	-	96,196	11,996	28,699,228
Total financial liabilities	807,574,925	4,375,884,785	40,290,278	3,936,287	-	127,741,258	22,742,643	5,378,170,176
Net on-balance sheet position	56,211,414	848,548,817	4,560,547	231,555	305,108	38,820,447	25,838,134	974,516,022
<i>In KHR'000 equivalent (Note 5)</i>	<u>227,375,170</u>	<u>3,432,379,965</u>	<u>18,447,413</u>	<u>936,640</u>	<u>1,234,162</u>	<u>157,028,708</u>	<u>104,515,251</u>	<u>3,941,917,309</u>
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	828,645	-	120,937,607
Guarantees, acceptances and other financial facilities	5,551,196	45,784,145	2,810,817	349,515	-	205,141	200,170	54,900,984
Credit commitment	7,882,943	162,489,420	3,882,757	349,515	-	1,033,786	200,170	175,838,591
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,886,504</u>	<u>657,269,704</u>	<u>15,705,752</u>	<u>1,413,788</u>	<u>-</u>	<u>4,181,664</u>	<u>809,688</u>	<u>711,267,100</u>

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 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 2021								
Financial assets								
Cash on hand	104,994,430	312,306,524	17,152,508	2,518,765	468,423	3,184	2,022,146	439,465,980
Deposits and placements with other banks, net	123,088,969	416,379,056	1,709,907	653,868	204,778	-	1,390,342	543,426,920
Statutory deposits	58,370,152	354,616,302	-	-	-	-	-	412,986,454
Financial investments	135,674,903	665,409,489	-	-	-	-	-	801,084,392
Loans and advances net	745,538,515	4,463,803,411	22,716,994	-	-	-	-	5,232,058,920
Other assets	254,977	6,547,005	6	-	-	-	-	6,801,988
Total financial assets	1,167,921,946	6,219,061,787	41,579,415	3,172,633	673,201	3,184	3,412,488	7,435,824,654
Financial liabilities								
Deposits and placements of other banks and financial institutions	30,712,864	423,731,401	1,162,570	-	-	-	-	455,606,835
Deposits from customers	1,063,261,483	4,022,664,585	37,327,712	3,673,210	-	-	-	5,126,926,990
Lease liabilities	-	25,371,736	-	-	-	-	-	25,371,736
Borrowings	41,579,492	542,061,564	-	-	-	-	-	583,641,056
Subordinated debts	-	156,492,941	-	-	-	-	-	156,492,941
Derivative liabilities, net	-	506,158	-	-	-	-	-	506,158
Other liabilities	4,473,925	27,499,541	44,762	70,327	8,413	-	87,489	32,184,457
Total financial liabilities	1,140,027,764	5,198,327,926	38,535,044	3,743,537	8,413	-	87,489	6,380,730,173
Net on-balance sheet position	27,894,182	1,020,733,861	3,044,371	(570,904)	664,788	3,184	3,324,999	1,055,094,481
<i>In KHR'000 equivalent (Note 5)</i>	113,640,897	4,158,469,751	12,402,767	(2,325,863)	2,708,346	12,972	13,546,046	4,298,454,916
Unused portion of overdrafts	3,566,395	142,242,343	105,750	-	-	-	-	145,914,488
Guarantees, acceptances and other financial facilities	6,173,865	49,587,060	2,511,491	69,027	-	-	446,306	58,787,749
Foreign exchange spot transactions	-	300,030	-	-	-	-	-	300,030
Credit commitment	9,740,260	192,129,433	2,617,241	69,027	-	-	446,306	205,002,267
<i>In KHR'000 equivalent (Note 5)</i>	39,681,819	782,735,310	10,662,640	281,216	-	-	1,818,251	835,179,236

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
As at 31 December 2020								
Financial assets								
Cash on hand	103,480,325	283,028,828	9,927,044	2,965,106	226,023	3,227	1,185,573	400,816,126
Deposits and placements with other banks, net	78,882,898	426,153,616	613,723	1,200,340	78,488	-	700,342	507,629,407
Statutory deposits	43,337,454	313,416,302	-	-	-	-	-	356,753,756
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances net	605,355,297	3,659,699,428	27,594,434	-	-	-	-	4,292,649,159
Other assets	111,994	6,811,221	7	-	-	-	-	6,923,222
Total financial assets	863,530,587	5,223,421,299	38,135,208	4,165,446	304,511	3,227	1,885,915	6,131,446,193
Financial liabilities								
Deposits and placements of other banks and financial institutions	34,696,856	261,794,286	273,412	-	-	-	-	296,764,554
Deposits from customers	731,889,478	3,411,404,278	33,150,980	3,824,001	-	-	-	4,180,268,737
Lease liabilities	-	25,772,385	-	-	-	-	-	25,772,385
Borrowings	40,101,721	467,251,195	-	-	-	-	-	507,352,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
Other liabilities	1,150,276	27,196,955	29,335	112,286	-	-	107	28,488,959
Total financial liabilities	807,838,331	4,360,577,722	33,453,727	3,936,287	-	-	107	5,205,806,174
Net on-balance sheet position	55,692,256	862,843,577	4,681,481	229,159	304,511	3,227	1,885,808	925,640,019
<i>In KHR'000 equivalent (Note 5)</i>	225,275,176	3,490,202,269	18,936,591	926,948	1,231,747	13,053	7,628,094	3,744,213,878
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	-	-	120,108,962
Guarantees, acceptances and other financial facilities	5,551,196	45,782,782	2,810,817	349,515	-	-	200,170	54,694,480
Credit commitment	7,882,943	162,488,057	3,882,757	349,515	-	-	200,170	174,803,442
<i>In KHR'000 equivalent (Note 5)</i>	31,886,504	657,264,191	15,705,752	1,413,788	-	-	809,688	707,079,923

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

(ii) *Foreign exchange risk (continued)*

Sensitivity analysis

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

38.3 Liquidity risk

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

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

(a) Liquidity risk management process

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Principles of the liquidity risk:

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

Internal targets of the liquidity risk:

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Internal targets of the liquidity risk: (continued)

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

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

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

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

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Liquidity Coverage Ratio (LCR).

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

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

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

(b) Funding approach

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

(c) Non-derivative cash flows

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group						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 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions	238,883,378	17,035,757	68,100,968	44,653,019	77,109,999	102,019,369	547,802,490
Deposits from customers	2,965,874,002	381,917,125	482,724,667	778,874,470	735,598,466	23,202,988	5,368,191,718
Lease liabilities	1,150,095	1,482,259	3,022,972	5,639,302	18,225,873	3,894,237	33,414,738
Borrowings*	7,194,887	64,440,962	46,798,894	68,950,284	471,177,564	6,068,464	664,631,055
Subordinated debts*	-	-	19,239,375	18,516,339	114,689,065	43,707,138	196,151,917
Other liabilities	32,235,898	55,623	44,254	-	-	-	32,335,775
Total financial liabilities (contractual maturity dates)	3,245,338,260	464,931,726	619,931,130	916,633,414	1,416,800,967	178,892,196	6,842,527,693
<i>In KHR'000 equivalent (Note 5)</i>	<u>13,221,508,071</u>	<u>1,894,131,852</u>	<u>2,525,599,424</u>	<u>3,734,364,529</u>	<u>5,772,047,140</u>	<u>728,806,807</u>	<u>27,876,457,823</u>
Assets held for managing liquidity risk (contractual maturity dates)	1,968,771,765	400,717,892	472,608,558	798,717,463	4,005,355,596	1,356,446,240	9,002,617,514
<i>In KHR'000 equivalent (Note 5)</i>	<u>8,020,776,171</u>	<u>1,632,524,692</u>	<u>1,925,407,265</u>	<u>3,253,974,944</u>	<u>16,317,818,698</u>	<u>5,526,161,982</u>	<u>36,676,663,752</u>
As at 31 December 2020							
Financial liabilities							
Deposits and placements of other banks and financial institutions	175,970,349	9,215,069	13,017,546	33,584,422	40,747,725	103,351,755	375,886,866
Deposits from customers	2,531,089,539	272,332,376	336,468,086	653,630,934	592,339,778	25,243,282	4,411,103,995
Lease liabilities	1,170,306	1,535,260	2,503,107	5,053,229	20,581,294	3,816,462	34,659,658
Borrowings	3,385,091	64,831,199	10,292,464	67,477,276	445,672,141	5,985,745	597,643,916
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
Other liabilities	28,620,226	63,785	12,677	2,540	-	-	28,699,228
Total financial liabilities (contractual maturity dates)	2,740,235,511	348,023,523	366,852,476	776,525,323	1,227,308,516	207,953,623	5,666,898,972
<i>In KHR'000 equivalent (Note 5)</i>	<u>11,084,252,642</u>	<u>1,407,755,151</u>	<u>1,483,918,265</u>	<u>3,141,044,932</u>	<u>4,964,462,947</u>	<u>841,172,405</u>	<u>22,922,606,342</u>
Assets held for managing liquidity risk (contractual maturity dates)	1,669,790,702	317,803,320	423,641,084	718,599,200	3,405,850,353	980,859,187	7,516,543,846
<i>in KHR'000 equivalent (Note 5)</i>	<u>6,754,303,390</u>	<u>1,285,514,429</u>	<u>1,713,628,185</u>	<u>2,906,733,764</u>	<u>13,776,664,678</u>	<u>3,967,575,411</u>	<u>30,404,419,857</u>

* The amounts included above for variable interest rate instruments for both non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank						Total 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 31 December 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions	237,867,947	15,994,986	60,141,818	29,255,780	73,310,810	102,019,369	518,590,710
Deposits from customers	2,922,833,830	373,643,928	471,830,877	760,423,264	710,238,362	14,692,424	5,253,662,685
Lease liabilities	1,074,349	1,445,835	2,733,766	5,283,390	17,176,362	746,529	28,460,231
Borrowings*	5,809,818	56,486,598	43,537,460	66,283,482	459,010,642	5,328,561	636,456,561
Subordinated debts*	-	-	19,239,375	18,516,339	114,689,065	43,707,138	196,151,917
Other liabilities	32,136,957	47,500	-	-	-	-	32,184,457
Total financial liabilities (contractual maturity dates)	3,199,722,901	447,618,847	597,483,295	879,762,255	1,374,425,241	166,494,021	6,665,506,560
<i>In KHR'000 equivalent (Note 5)</i>	<u>13,035,671,099</u>	<u>1,823,599,183</u>	<u>2,434,146,944</u>	<u>3,584,151,427</u>	<u>5,599,408,432</u>	<u>678,296,642</u>	<u>27,155,273,727</u>
Assets held for managing liquidity risk (contractual maturity dates)	1,912,440,511	384,234,137	449,361,582	761,262,635	3,883,302,548	1,351,200,331	8,741,801,744
<i>In KHR'000 equivalent (Note 5)</i>	<u>7,791,282,642</u>	<u>1,565,369,874</u>	<u>1,830,699,085</u>	<u>3,101,383,975</u>	<u>15,820,574,581</u>	<u>5,504,790,148</u>	<u>35,614,100,305</u>
As at 31 December 2020							
Financial liabilities							
Deposits and placements of other banks and financial institutions	176,671,075	7,124,445	2,186,170	25,015,940	40,747,725	103,351,754	355,097,109
Deposits from customers	2,477,890,696	263,366,379	325,733,156	635,073,701	567,433,640	19,756,459	4,289,254,031
Lease liabilities	1,082,083	1,494,995	2,374,137	4,704,387	18,888,896	655,929	29,200,427
Borrowings	1,442,209	60,301,229	3,999,653	58,135,533	430,242,996	3,753,850	557,875,470
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
Other liabilities	28,434,359	54,600	-	-	-	-	28,488,959
Total financial liabilities (contractual maturity dates)	2,685,520,422	332,387,482	338,851,712	739,706,483	1,185,280,835	197,074,370	5,478,821,304
<i>In KHR'000 equivalent (Note 5)</i>	<u>10,862,930,107</u>	<u>1,344,507,365</u>	<u>1,370,655,175</u>	<u>2,992,112,724</u>	<u>4,794,460,978</u>	<u>797,165,827</u>	<u>22,161,832,176</u>
Assets held for managing liquidity risk (contractual maturity dates)	1,622,393,307	296,587,899	398,341,665	685,014,808	3,318,881,281	971,740,867	7,292,959,827
<i>In KHR'000 equivalent (Note 5)</i>	<u>6,562,580,927</u>	<u>1,199,698,051</u>	<u>1,611,292,035</u>	<u>2,770,884,898</u>	<u>13,424,874,782</u>	<u>3,930,691,807</u>	<u>29,500,022,500</u>

* The amounts included above for variable interest rate instruments for both non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(d) Derivative financial instruments

The following table details the Group's and Bank's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. The amount payable or receivable is not fixed; the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of each reporting period.

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

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2020						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- outflow	-	526,497	2,200,304	4,501,866	12,583	7,241,250
Net	-	470,592	1,703,236	3,479,603	5,014	5,658,445

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(d) Derivative financial instruments (continued)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2021						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(61,179)	(517,358)	(853,859)	-	(1,432,396)
- outflow	-	526,565	2,357,771	2,784,807	-	5,669,143
Net	-	465,386	1,840,413	1,930,948	-	4,236,747
	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2020						
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- outflow	-	526,497	2,200,304	4,501,866	12,583	7,241,250
Net	-	470,592	1,703,236	3,479,603	5,014	5,658,445

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items

i. *Loan commitments and guarantee*

The dates of the contractual amounts of the Group's and the Bank's off-balance sheet financial instruments that it is committed to extend as credit to customers and other facilities (Note 35) are summarised in table below:

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2021						
Unused portion of overdrafts	146,104,629	-	-	-	-	146,104,629
Bank guarantees	2,601,237	11,590,699	21,286,993	13,364,055	428,427	49,271,411
Letters of credit	2,996,982	4,658,039	2,058,516	-	-	9,713,537
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(300,687)	-	-	-	-	(300,687)
- outflow	300,030	-	-	-	-	300,030
Net	(657)	-	-	-	-	(657)
Total	151,702,191	16,248,738	23,345,509	13,364,055	428,427	205,088,920

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Group					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 2020						
Unused portion of overdrafts	120,937,607	-	-	-	-	120,937,607
Bank guarantees	2,525,862	8,901,002	20,652,127	14,959,175	-	47,038,166
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
Total	125,489,463	14,429,557	20,960,396	14,959,175	-	175,838,591

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2021						
Unused portion of overdrafts	145,914,488	-	-	-	-	145,914,488
Bank guarantees	2,601,237	11,408,620	21,271,873	13,364,055	428,427	49,074,212
Letters of credit	2,996,982	4,658,039	2,058,516	-	-	9,713,537
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(300,687)	-	-	-	-	(300,687)
- outflow	300,030	-	-	-	-	300,030
Net	(657)	-	-	-	-	(657)
Total	151,512,050	16,066,659	23,330,389	13,364,055	428,427	204,701,580

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(e) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
At 31 December 2020						
Unused portion of overdrafts	120,108,962	-	-	-	-	120,108,962
Bank guarantees	2,525,862	8,901,002	20,446,986	14,957,812	-	46,831,662
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
Total	124,660,818	14,429,557	20,755,255	14,957,812	-	174,803,442

ii. *Other financial facilities*

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

38. Financial risk management (continued)

38.3 Liquidity risk (continued)

(f) COVID-19 pandemic and impact on liquidity

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

- The Bank has maintained the optimal level of fund or cash-on-hand for operations at headquarters, branches, and ATMs in order to deal with the unprecedented events which resulted from the COVID-19 pandemic;
- As part of the implementation of the contingency funding plan, the Bank has signed facility agreements with lenders for long-term loans (senior loans);
- Additionally, the Bank has communicated and negotiated with potential lenders for acquiring long-term loans (senior loans) for 2022 and 2023.

39. Fair value of financial instruments

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

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

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

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

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

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

39. Fair value of financial instruments (continued)

Determination of fair value

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

39. Fair value of financial instruments (continued)

Determination of fair value (continued)

(a) Financial instruments measured at fair value

As at 31 December 2021, the Group and the Bank's derivative financial instruments are valued using the discounted cash flow method and are verified with the interest rate swap providers. Under the discounted cash flow method, future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

(b) Financial instruments not measured at fair value

As at the reporting date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

i. Deposits and placements with other banks

Deposits and placements with other banks include current accounts which are non-interest bearing, savings deposits and short-term deposits. The fair value of deposits and placements with other banks approximate their carrying values at the reporting date due to the relatively short maturity of these instruments.

ii. Financial investments

- *Financial investments at FVOCI*

This represents the Bank's investment in Credit Bureau Holding (Cambodia) Ltd. with 5% as equity cash investment and 1% through the Association of Banks in Cambodia. No fair value disclosures are provided for equity investment securities of US\$189,670 (2020: US\$153,529) that are measured at cost because their fair value cannot be reliably measured. The investment is neither redeemable nor transferable and there is no market for them. The Group and the Bank do not intend to dispose these investments.

Bank's Investment in SWIFT amounting \$36,141 is the investment required by the SWIFT SCRL to all swift members, no dividend provided. So, the fair value of investment is the cost of this investment

- *Financial investments at amortised cost*

Financial investments at amortised cost include NCD with the NBC with maturities of less than one year. The fair value of financial investments approximates their carrying values at the reporting date due to the relatively short-term maturity of these instruments.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

39. Fair value of financial instruments (continued)

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

iii. Loans and advances

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

Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

iv. Deposits and placements of other banks and financial institutions and deposits from customers

The fair value of deposits and placements of other banks and financial institutions and deposits from customers with maturities of less than one year approximates their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

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

v. Statutory deposits

Capital guarantee and reserve requirement represents the minimum reserve required by NBC. These deposits, are not available for use in the Bank's day-to-day operations and are refundable should the Bank voluntarily ceases its operations in Cambodia. The fair value is the carrying amount as at reporting date.

vi. Other assets and other liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

39. Fair value of financial instruments (continued)

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

vii. *Borrowings, subordinated debts and lease liabilities*

The fair value of borrowings, subordinated debts and lease liabilities are estimated by discounting their expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Group and the Bank believe that the effective interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration of the Group's and the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings, subordinated debts and lease liabilities approximates their carrying values at the reporting date.

40. Capital risk management

The Group and the Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirement set by the NBC;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of business.

The NBC requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth of at least equal to the minimum capital, and iii) comply with solvency ratios, liquidity coverage ratios and other prudential ratios.

The table below summarises the composition of regulatory capital which follows the requirements of the NBC. These amounts are based on the consolidated and separate financial statements as at 31 December 2021 and for the year then ended.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

40. Capital risk management (continued)

	The Group			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,764,706,139	1,752,144,412
Share premium	11,706,215	11,706,215	47,691,120	47,351,640
Retained earnings	163,933,025	143,767,688	667,863,144	581,540,298
General reserves based on NBC Prakas	524,576,552	460,472,664	2,137,124,873	1,862,611,926
Less: Intangible assets	(12,258,314)	(14,666,345)	(49,940,371)	(59,325,366)
Less: Loans to related parties	(14,570,028)	(20,429,241)	(59,358,294)	(82,636,280)
Less: Other losses	(35,338,456)	(21,641,208)	(143,968,870)	(87,538,686)
	<u>1,071,212,013</u>	<u>992,372,792</u>	<u>4,364,117,741</u>	<u>4,014,147,944</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	55,234,927	46,043,738	225,027,093	186,246,920
Subordinated debts (*)	156,122,483	166,723,802	636,042,996	674,397,779
Less: Equity participation in banking or financial institutions	(2,010,000)	(2,010,000)	(8,188,740)	(8,130,450)
	<u>209,347,410</u>	<u>210,757,540</u>	<u>852,881,349</u>	<u>852,514,249</u>
	<u>1,280,559,423</u>	<u>1,203,130,332</u>	<u>5,216,999,090</u>	<u>4,866,662,193</u>

(*) This represents subordinated debts approved by the National Bank of Cambodia and only represent the outstanding principal amount.

	The Bank			
	2021 US\$	2020 US\$	2021 KHR'000 (Note 5)	2020 KHR'000 (Note 5)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,764,706,139	1,752,144,412
Share premium	11,706,215	11,706,215	47,691,120	47,351,640
Retained earnings	156,341,550	138,414,769	636,935,475	559,887,741
General reserves based on NBC Prakas	510,741,556	455,413,629	2,080,761,099	1,842,148,129
Less: Intangible assets	(11,415,853)	(13,884,558)	(46,508,185)	(56,163,037)
Less: Loans to related parties	(13,904,162)	(19,436,759)	(56,645,556)	(78,621,690)
	<u>1,086,632,325</u>	<u>1,005,376,315</u>	<u>4,426,940,092</u>	<u>4,066,747,195</u>
Tier 2 complementary capital				
General provision based on NBC Prakas	53,690,830	44,467,660	218,736,441	179,871,685
Subordinated debts (*)	156,122,483	166,723,802	636,042,996	674,397,779
Less: Equity participation in banking or financial institutions	(71,312,716)	(71,310,571)	(290,528,005)	(288,451,260)
	<u>138,500,597</u>	<u>139,880,891</u>	<u>564,251,432</u>	<u>565,818,204</u>
	<u>1,225,132,922</u>	<u>1,145,257,206</u>	<u>4,991,191,524</u>	<u>4,632,565,399</u>

(*) This represents subordinated debts approved by the National Bank of Cambodia and only represent the outstanding principal amount.

ACLEDA BANK PLC. AND ITS SUBSIDIARIES

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

41. Tax contingencies

On 24 December 2018, the Bank obtained a letter for tax reassessment for various tax matters for the financial years ended 2009 to 2013 from the Department of Enterprise Tax Audit of the GDT.

On 11 January 2019, the Bank lodged the administrative protests against the reassessment in accordance with the tax provisions. The protest letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate.

On 17 September 2019, the Bank received a notification letter for tax collection from the GDT. This letter is requesting for the Bank's payment on tax in arrears which resulted from the tax reassessment.

On 23 September 2019, a protest letter was submitted by the Bank to the GDT on the grounds that the reassessment is not appropriate. On 10 February 2020, the Bank received a notification letter from the GDT regarding the temporary delay on tax collection related to above tax reassessment. As at the date of this report, the GDT has not yet requested for payment from the Bank.

On 6 March 2020, the Bank received a new notification letter from the GDT to conduct a tax audit for the fiscal years beginning 2015 to 2018. The Bank has provided several requested documents to the GDT on 2 July 2020. As at the date of these financial statements, the GDT has not yet issued an official response on the protest letter for the results of the tax audit for the fiscal years beginning 2015 to 2018.

On 06 August 2021, the Department of Enterprise Tax Audit of the GDT issued a letter to the Bank for the tax reassessment for the financial year 2019 and requested the submission of several documents. The Bank received the letter from the tax auditors on 16 September 2021. The Bank has provided several requested documents to the GDT on 2 November 2021. As at the date of this report, the GDT has not yet requested more documents from the Bank.

Management believes that the tax liability recorded by the Bank is adequate.

42. Events after reporting period

Except for the ongoing impact of COVID-19 to the Group and the Bank as disclosed in Note 4 to the financial statements, no other significant events occurred after the end of the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

43. Authorisation of the financial statements

The consolidated and separate financial statements as at 31 December 2021 and for the year then ended were approved for issue by the Board of Directors on 7 February 2022.