

**ACLEDA BANK PLC.  
AND ITS SUBSIDIARIES**

**Consolidated and Separate  
Interim Financial Statements  
for the three-month and six-month periods ended  
30 June 2021  
and  
Independent Auditor's Report on  
Interim Financial Statements**

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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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 interim financial statements of ACLEDA Bank Plc. (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) and the separate interim financial statements of the Bank as at 30 June 2021 and for the period then ended (hereafter collectively referred to as “the interim financial statements”).

### The Group and the Bank

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

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 (KHR47,726,239 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”), ACLEDA Securities Plc. (“ACS”) 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 Institute of Business (“AIB”), is in the education sector.

### Principal activities

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

ABL is owned 99.90% by the Bank and it’s 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 owned by the Bank 76.6090% and 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.

## **Interim financial performance**

The audited interim financial performance of the Group and the Bank for the period ended 30 June 2021 are set out in the consolidated interim statement of profit or loss and other comprehensive income and separate interim statement of profit or loss and other comprehensive income on pages 13 – 16 and 22 – 23, respectively.

## **Share capital and share premiums**

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 period other than those disclosed in the interim financial statements.

## **Bad and doubtful loans**

Before the interim financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the 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 interim financial statements of the Group and the Bank inadequate to any material extent.

## **Assets**

Before the interim financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their 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.

## **Assets (continued)**

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

## **Valuation methods**

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

## **Contingent and other liabilities**

At the date of this report, there is:

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

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may have a material effect on the ability of the Group 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 interim financial statements of the Group and the Bank, which would render any amount stated in the interim financial statements misleading in any material respect.

## **Items of an unusual nature**

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

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

## Items of an unusual nature (continued)

### *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 3(b) for further details.

## The Board of Directors and the Executive Committee

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

- Mr. Chhay Soeun Chairman (Non-executive Director)
- Dr. In Channy Member (Executive Director)
- Mr. Rath Yumeng Member (Executive Director)
- Mr. Kenichiro Mori Member (Non-executive Director)
- Mr. Albertus Bruggink Member (Non-executive Director)
- Mr. Kay Lot Member (Non-executive Director)
- Mr. Stéphane Mangiavacca Member (Non-executive Director)
- Drs. Pieter Kooi Member (Independent Director)
- Mr. Ian Samuel Lydall Member (Independent Director)
- Mr. Van Sou Ieng Member (Independent Director)

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

- Dr. In Channy President & Group Managing Director
- Dr. So Phonnary Senior EVP & Group Chief Operations Officer
- Mrs. Mar Amara Senior EVP & Group Chief Financial Officer
- Mr. Rath Yumeng Senior EVP & Group Chief Treasury Officer
- Mr. Ly Thay EVP & Group Chief Administrative Officer
- Mrs. Buth 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 interim financial statements

The Management and those charged with governance, is responsible for ensuring that the interim financial statements are properly drawn up so as to present fairly, in all material respects, the interim financial position of the Group and the Bank as at 30 June 2021 and the interim financial performance and cash flows for the period then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

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

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

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

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

  
Dr. In Channy  
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 04 AUG 2021

## Approval of the interim financial statements

The accompanying interim financial statements, together with the notes thereto set out on pages 12 to 202, which present fairly, in all material respects, the interim financial position of the Group and of the Bank as at 30 June 2021, and the interim financial performance and cash flows of the Group and of the Bank for period 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: 04 AUG 2021





Grant Thornton

# Independent auditor's report

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

**Opinion**

We have audited the consolidated interim financial statements of ACLEDA Bank Plc. and its subsidiaries (“the Group”) and the separate interim financial statements of ACLEDA Bank Plc. (“the Bank”), which comprise the consolidated and separate interim statements of financial position of the Group and the Bank as at 30 June 2021, and the consolidated and separate statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, statements of changes in equity and statements of cash flows for the six-month period then ended, and notes to the consolidated and separate interim financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 12 to 201 (hereafter referred to as “the interim financial statements”).

In our opinion, the accompanying consolidated and separate interim financial statements present fairly, in all material respects, the interim financial positions of the Group and of the Bank as at 30 June 2021, and their interim financial performance for the three-month and six-month periods then ended and their cash flows for the six-month period then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) and guidelines of the National Bank of Cambodia.

**Basis for opinion**

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



### Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Allowance for impairment losses on loans to customers</b></p> <p>Refer to Note 2(e)(vii) for the Group’s and the Bank’s accounting policy on impairment of loans to customers, Note 4 on critical accounting judgements and estimation uncertainty and Note 37.1 for the Group’s and the Bank’s credit risk disclosures.</p> <p>Loans to customers constitute approximately 65.58% and 64.74% of the Group’s and the Bank’s total assets. The Group’s and the Bank’s loan portfolio mainly comprises loans to customers in wholesale and retail, services and agriculture. Refer to Note 37.1(d)(ii) for details. The customers comprise of both corporates and individuals.</p> <p>The Group and the Bank adopted CIFRS 9 “Financial Instruments” in 2019. CIFRS 9 introduces an expected credit loss (“ECL”) impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behavior. This complex accounting standard requires considerable judgement and interpretation in its implementation, especially during this unprecedented era – Covid-19 pandemic, which brings about a high degree of estimation uncertainty.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> <li>Building the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgement is applied in determining the appropriate construct of the models;</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and implementation, and tested the operating effectiveness of the key controls over the allowance for impairment losses. These controls, among others, included: <ul style="list-style-type: none"> <li>Loan applications and credit reviews;</li> <li>Identification of significant increase in credit risk;</li> <li>Subsequent annual review of the credit worthiness of the borrower; and</li> <li>Accuracy of data inputs.</li> </ul> </li> <li>We assessed whether the methodology and assumptions used in the ECL models are consistent with the requirements of CIFRS 9, incorporating consideration of Covid-19 impacts.</li> <li>We tested a sample of loan reviews for the appropriateness of the loan grading and staging, challenged Management’s evaluations and conclusions on the credit worthiness and classification of the selected loans.</li> <li>We evaluated the process used by Management to develop forward-looking information. For a sample of significant forward-looking information variables, we compared it to independently derived forecasts and publicly available information.</li> <li>We tested the accuracy of key inputs into the ECL models by comparing against source systems and documents.</li> <li>We recomputed the ECL to test the mathematical accuracy of the ECL models.</li> <li>We assessed the adequacy of disclosures to ensure compliance with CIFRS 9.</li> </ul>



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

#### Other matter

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

We also draw attention to the fact that the comparative financial performance for the three-month and six-month periods ended 30 June 2020 were not audited but were reviewed by the same auditor who issued a limited assurance on the Group's and the Bank's interim financial statements on 10 August 2020.

#### 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 6, but does not include the interim financial statements and our auditor's report thereon.

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

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

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

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

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

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

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



### **Auditors' responsibilities for the audit of the interim financial statements**

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

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

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

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



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

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

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

Grant Thornton

**GRANT THORNTON (CAMBODIA) LIMITED**

Certified Public Accountants

Registered Auditors



**Ronald C. Almera**

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

6 August 2021

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>ASSETS</b>					
Cash on hand	7	655,575,404	412,759,051	2,671,469,771	1,669,610,361
Deposits and placements with other banks, net	8	647,192,521	534,653,146	2,637,309,523	2,162,671,976
Financial investments	9	603,476,573	566,674,523	2,459,167,035	2,292,198,446
Loans and advances, net	10	4,770,045,557	4,471,300,618	19,437,935,645	18,086,411,000
Other assets	11	26,072,169	22,766,913	106,244,089	92,092,163
Statutory deposits	12	386,237,871	360,377,008	1,573,919,324	1,457,724,997
Property and equipment, net	14	130,141,164	127,546,441	530,325,243	515,925,354
Intangible assets, net	15	13,591,316	14,690,675	55,384,613	59,423,780
Right-of-use assets, net	16	29,211,791	29,529,768	119,038,048	119,447,912
Deferred tax assets, net	17	11,768,960	11,195,845	47,958,512	45,287,193
<b>TOTAL ASSETS</b>		<b>7,273,313,326</b>	<b>6,551,493,988</b>	<b>29,638,751,803</b>	<b>26,500,793,182</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	481,190,221	317,009,459	1,960,850,151	1,282,303,262
Deposits from customers	19	4,745,043,443	4,294,286,048	19,336,052,030	17,370,387,064
Other liabilities	20	75,341,588	63,751,108	307,016,971	257,873,232
Borrowings	21	561,929,382	542,398,916	2,289,862,232	2,194,003,615
Subordinated debts	22	167,314,608	167,158,623	681,807,028	676,156,630
Current income tax liabilities	31(a)	19,482,436	30,292,370	79,390,927	122,532,637
Lease liabilities	23	28,690,929	28,617,902	116,915,536	115,759,414
Employee benefits	24	19,972,519	18,354,055	81,388,015	74,242,152
<b>TOTAL LIABILITIES</b>		<b>6,098,965,126</b>	<b>5,461,868,481</b>	<b>24,853,282,890</b>	<b>22,093,258,006</b>
<b>EQUITY</b>					
Share capital	25	433,163,019	433,163,019	1,765,139,302	1,752,144,412
Share premiums	25	11,706,215	11,706,215	47,702,826	47,351,640
Reserves	35	585,134,741	503,094,236	2,402,322,988	2,048,708,997
Retained earnings		138,296,346	141,662,037	545,658,690	559,330,127
Non-controlling interests		6,047,879	-	24,645,107	-
<b>TOTAL EQUITY</b>		<b>1,174,348,200</b>	<b>1,089,625,507</b>	<b>4,785,468,913</b>	<b>4,407,535,176</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,273,313,326</b>	<b>6,551,493,988</b>	<b>29,638,751,803</b>	<b>26,500,793,182</b>

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the six-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Interest income	26	279,825,806	252,582,424	1,136,652,424	1,031,294,037
Interest expense	27	(80,472,848)	(75,463,981)	(326,880,709)	(308,119,434)
<b>Net interest income</b>		<u>199,352,958</u>	<u>177,118,443</u>	<u>809,771,715</u>	<u>723,174,603</u>
Fee and commission income	28	21,911,828	22,589,577	89,005,845	92,233,243
Fee and commission expense		(1,382,790)	(631,639)	(5,616,893)	(2,578,982)
<b>Net fee and commission income</b>		<u>20,529,038</u>	<u>21,957,938</u>	<u>83,388,952</u>	<u>89,654,261</u>
Impairment losses on loans and advances, deposits and placements with other banks and other receivables	10	(10,240,796)	(11,805,996)	(41,598,113)	(48,203,882)
Reversal of impairment losses on off-balance sheet commitments	10	124,149	186,529	504,293	761,598
<b>Net impairment losses</b>		<u>(10,116,647)</u>	<u>(11,619,467)</u>	<u>(41,093,820)</u>	<u>(47,442,284)</u>
<b>Income after impairment losses</b>		<u>209,765,349</u>	<u>187,456,914</u>	<u>852,066,847</u>	<u>765,386,580</u>
Other income	29	8,342,661	8,520,247	33,887,889	34,788,169
General and administrative expenses	30	(120,066,169)	(114,659,297)	(487,708,778)	(468,153,910)
<b>Profit before income tax</b>		<u>98,041,841</u>	<u>81,317,864</u>	<u>398,245,958</u>	<u>332,020,839</u>
Income tax expense	31(b)	(16,844,240)	(17,573,035)	(68,421,303)	(71,750,702)
<b>Profit for the period (carried forward to next page)</b>		<u>81,197,601</u>	<u>63,744,829</u>	<u>329,824,655</u>	<u>260,270,137</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	For the six-month period ended				
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	
Note	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
<b>Profit for the period (brought forward from previous page)</b>	81,197,601	63,744,829	329,824,655	260,270,137	
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations	(50,547)	(407,364)	(205,322)	(1,663,271)	
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Currency translation differences	-	-	5,304,772	2,809,483	
Other comprehensive (loss)/income for the period	(50,547)	(407,364)	5,099,450	1,146,212	
<b>Total other comprehensive income for the period</b>	<u>81,147,054</u>	<u>63,337,465</u>	<u>334,924,105</u>	<u>261,416,349</u>	
<b>Profit for the period attributable to:</b>					
Owners of the Bank	81,400,006	63,744,829	330,646,824	260,270,137	
Non-controlling interests	(202,405)	-	(822,169)	-	
	<u>81,197,601</u>	<u>63,744,829</u>	<u>329,824,655</u>	<u>260,270,137</u>	
<b>Total other comprehensive income attributable to:</b>					
Owners of the Bank	81,349,243	63,337,465	335,748,025	261,416,349	
Non-controlling interests	(202,189)	-	(823,920)	-	
	<u>81,147,054</u>	<u>63,337,465</u>	<u>334,924,105</u>	<u>261,416,349</u>	
The earnings per share attributable to shareholders of Bank during the period are as follows:					
Basic earnings per share	32	0.19	0.15	0.76	0.61
Diluted earnings per share	32	0.19	0.15	0.76	0.61

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the three-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Interest income	26	140,252,409	124,815,258	570,126,043	512,176,042
Interest expense	27	(42,242,839)	(37,737,496)	(171,717,141)	(154,836,725)
<b>Net interest income</b>		<u>98,009,570</u>	<u>87,077,762</u>	<u>398,408,902</u>	<u>357,339,317</u>
Fee and commission income	28	9,453,986	10,062,070	38,430,453	41,333,982
Fee and commission expense		(462,136)	98,122	(1,878,583)	386,037
<b>Net fee and commission income</b>		<u>8,991,850</u>	<u>10,160,192</u>	<u>36,551,870</u>	<u>41,720,019</u>
Impairment losses on loans and advances, deposits and placements with other banks and other receivables	10	(6,423,834)	(9,408,508)	(26,112,885)	(38,462,888)
Reversal of impairment losses on off-balance sheet commitments	10	930	199,538	3,780	814,454
<b>Net impairment losses</b>		<u>(6,422,904)</u>	<u>(9,208,970)</u>	<u>(26,109,105)</u>	<u>(37,648,434)</u>
<b>Income after impairment losses</b>		<u>100,578,516</u>	<u>88,028,984</u>	<u>408,851,667</u>	<u>361,410,902</u>
Other income	29	4,172,562	4,322,191	16,961,465	17,731,467
General and administrative expenses	30	(58,604,131)	(53,567,909)	(238,225,793)	(219,939,601)
<b>Profit before income tax</b>		<u>46,146,947</u>	<u>38,783,266</u>	<u>187,587,339</u>	<u>159,202,768</u>
Income tax expense	31(b)	(9,050,784)	(8,623,558)	(36,791,437)	(35,388,978)
<b>Profit for the period (carried forward to next page)</b>		<u><u>37,096,163</u></u>	<u><u>30,159,708</u></u>	<u><u>150,795,902</u></u>	<u><u>123,813,790</u></u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2021

Note	For the three-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
<b>Profit for the period (brought forward from previous page)</b>	<u>37,096,163</u>	<u>30,159,708</u>	<u>150,795,902</u>	<u>123,813,790</u>
<b>Other comprehensive income:</b>				
<b><i>Items that will not be reclassified to profit or loss:</i></b>				
Remeasurement of employee benefit obligations	(208,492)	(1,192,993)	(847,520)	(4,855,282)
<b><i>Items that are or may be reclassified subsequently to profit or loss:</i></b>				
Currency translation differences	-	-	5,968,665	3,173,362
Other comprehensive loss for the period	<u>(208,492)</u>	<u>(1,192,993)</u>	<u>5,121,145</u>	<u>(1,681,920)</u>
<b>Total other comprehensive income for the period</b>	<u>36,887,671</u>	<u>28,966,715</u>	<u>155,917,047</u>	<u>122,131,870</u>
<b>Profit for the period attributable to:</b>				
Owners of the Bank	37,170,137	30,159,708	151,096,607	123,813,790
Non-controlling interests	<u>(73,974)</u>	<u>-</u>	<u>(300,705)</u>	<u>-</u>
	<u>37,096,163</u>	<u>30,159,708</u>	<u>150,795,902</u>	<u>123,813,790</u>
<b>Total other comprehensive income attributable to:</b>				
Owners of the Bank	36,963,849	28,966,715	156,226,711	122,131,870
Non-controlling interests	<u>(76,178)</u>	<u>-</u>	<u>(309,664)</u>	<u>-</u>
	<u>36,887,671</u>	<u>28,966,715</u>	<u>155,917,047</u>	<u>122,131,870</u>

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

Basic earnings per share	32	<u>0.09</u>	<u>0.07</u>	<u>0.35</u>	<u>0.29</u>
Diluted earnings per share	32	<u>0.09</u>	<u>0.07</u>	<u>0.35</u>	<u>0.29</u>

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Attributable to equity holders of the Parent										Non-controlling interest		Total equity	
	Share capital		Share premiums		Reserves		Retained earnings		Total					
	US\$	KHR000 (Note 5)	US\$	KHR000 (Note 5)	US\$	KHR000 (Note 5)	US\$	KHR000 (Note 5)	US\$	KHR000 (Note 5)	US\$	KHR000 (Note 5)	US\$	KHR000 (Note 5)
<b>As at 1 January 2021</b>	433,163,019	1,752,144,412	11,706,215	47,351,640	503,094,236	2,048,708,997	141,662,037	559,330,127	1,089,625,507	4,407,535,176	-	-	1,089,625,507	4,407,535,176
Profit for the period	-	-	-	-	-	-	81,400,006	330,646,824	81,400,006	330,646,824	(202,405)	(822,169)	81,197,601	329,824,655
<i>Other comprehensive income:</i>														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(50,763)	(206,199)	(50,763)	(206,199)	216	877	(50,547)	(205,322)
Currency translation differences	-	-	-	-	-	5,307,400	-	-	-	5,307,400	-	(2,628)	-	5,304,772
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	5,307,400	81,349,243	330,440,625	81,349,243	335,748,025	(202,189)	(823,920)	81,147,054	334,924,105
<b>Transaction with owners:</b>														
Investments made by holders of non-controlling interest	-	-	-	-	-	-	-	-	-	-	6,971,681	28,318,968	6,971,681	28,318,968
Dividend paid	-	-	-	-	-	-	(426,231)	(1,731,350)	(426,231)	(1,731,350)	-	-	(426,231)	(1,731,350)
Transfers from retained earnings to general reserves	-	-	-	-	64,103,889	260,389,997	(64,527,753)	(262,111,733)	(423,864)	(1,721,736)	-	-	(423,864)	(1,721,736)
Transfer from retained earnings to regulatory reserves	-	-	-	-	20,481,041	83,193,989	(20,481,041)	(83,193,989)	-	-	-	-	-	-
Transfers from retained earnings to NCI	-	-	-	-	-	-	720,091	2,925,010	720,091	2,925,010	(720,091)	(2,925,010)	-	-
Reserves from changes in ownership interests in AIB	-	-	-	-	3,028,319	12,301,032	-	-	3,028,319	12,301,032	-	-	3,028,319	12,301,032
Currency translation differences - foreign subsidiaries	-	-	-	-	(5,572,744)	(22,636,486)	-	-	(5,572,744)	(22,636,486)	(1,522)	(6,182)	(5,574,266)	(22,642,668)
Currency translation differences	-	12,994,890	-	351,186	-	15,058,059	-	-	-	28,404,135	-	81,251	-	28,485,386
<b>Total transactions with owners:</b>	-	12,994,890	-	351,186	82,040,505	348,306,591	(84,714,934)	(344,112,062)	(2,674,429)	17,540,605	6,250,068	25,469,027	3,575,639	43,009,632
<b>As at 30 June 2021</b>	433,163,019	1,765,139,302	11,706,215	47,702,826	585,134,741	2,402,322,988	138,296,346	545,658,690	1,168,300,321	4,760,823,806	6,047,879	24,645,107	1,174,348,200	4,785,468,913

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Attributable to equity holders of the Parent										Non-controlling interest		Total equity	
	Share capital		Share premiums		Reserves		Retained earnings		Total					
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2020</b>	428,818,154	1,747,433,978	-	-	414,748,726	1,708,085,266	120,894,720	474,661,776	964,461,600	3,930,181,020	-	-	964,461,600	3,930,181,020
Profit for the period(Unaudited)	-	-	-	-	-	-	63,744,829	260,270,137	63,744,829	260,270,137	-	-	63,744,829	260,270,137
<i>Other comprehensive income: (Unaudited)</i>														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(407,364)	(1,663,271)	(407,364)	(1,663,271)	-	-	(407,364)	(1,663,271)
Currency translation differences	-	-	-	-	-	2,809,483	-	-	-	2,809,483	-	-	-	2,809,483
<b>Total comprehensive income for the period (Unaudited)</b>	-	-	-	-	-	2,809,483	63,337,465	258,606,866	63,337,465	261,416,349	-	-	63,337,465	261,416,349
<b>Transaction with owners: (Unaudited)</b>														
Conversion of retained earnings to share capital	-	-	-	-	(4,451,864)	(18,176,961)	4,451,864	18,176,961	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(32,718,825)	(133,590,962)	(32,718,825)	(133,590,962)	-	-	(32,718,825)	(133,590,962)
Transfers from retained earnings to general reserves	-	-	-	-	89,747,099	366,437,405	(90,191,889)	(368,253,483)	(444,790)	(1,816,078)	-	-	(444,790)	(1,816,078)
Share issued	4,344,865	17,740,084	11,706,215	47,796,476	-	-	-	-	16,051,080	65,536,560	-	-	16,051,080	65,536,560
Transfer from retained earnings to regulatory reserves	-	-	-	-	2,435,870	9,945,657	(2,435,870)	(9,945,657)	-	-	-	-	-	-
Currency translation differences - foreign subsidiaries	-	-	-	-	685,517	2,798,966	-	-	685,517	2,798,966	-	-	685,517	2,798,966
Currency translation differences	-	7,762,175	-	117,062	-	7,140,696	-	-	-	15,019,933	-	-	-	15,019,933
<b>Total transactions with owners: (Unaudited)</b>	<b>4,344,865</b>	<b>25,502,259</b>	<b>11,706,215</b>	<b>47,913,538</b>	<b>88,416,622</b>	<b>368,145,763</b>	<b>(120,894,720)</b>	<b>(493,613,141)</b>	<b>(16,427,018)</b>	<b>(52,051,581)</b>	<b>-</b>	<b>-</b>	<b>(16,427,018)</b>	<b>(52,051,581)</b>
<b>As at 30 June 2020 (Unaudited)</b>	<b>433,163,019</b>	<b>1,772,936,237</b>	<b>11,706,215</b>	<b>47,913,538</b>	<b>503,165,348</b>	<b>2,079,040,512</b>	<b>63,337,465</b>	<b>239,655,501</b>	<b>1,011,372,047</b>	<b>4,139,545,788</b>	<b>-</b>	<b>-</b>	<b>1,011,372,047</b>	<b>4,139,545,788</b>

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the six-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
<b>Cash flows from operating activities</b>					
Profit for the period before income tax		98,041,841	81,317,864	398,245,958	332,020,839
<i>Adjustments for:</i>					
Depreciation	14	10,122,904	10,624,794	41,119,236	43,381,034
Net impairment losses	10	10,116,647	11,619,467	41,093,820	47,442,284
Seniority indemnity benefits	24(c)	4,054,581	3,959,999	16,469,708	16,168,677
Depreciation on right-of-use assets	16	5,531,294	5,232,413	22,468,116	21,363,942
Amortisation	15	2,008,621	1,639,711	8,159,019	6,694,940
Retirement benefits	24(a)	829,967	814,965	3,371,326	3,327,502
Career development	24(b)	769,749	677,978	3,126,720	2,768,184
Adjustments of property and equipment		528,661	19,123	2,147,421	78,079
Loss/(gain) on disposals of property and equipment, and intangible assets	29	436,220	(99,550)	1,771,926	(406,463)
Adjustments of intangible assets		(230,698)	263,495	(937,095)	1,075,850
Dividend income		(116,614)	(174,479)	(473,686)	(712,398)
Unrealised exchange gains		(1,765,165)	139,572	(7,170,101)	569,873
Currency translation reserves		(5,574,266)	685,517	(22,642,668)	2,798,966
Net interest income		<u>(199,352,958)</u>	<u>(177,118,443)</u>	<u>(809,771,715)</u>	<u>(723,174,603)</u>
<b>Operating loss before changes in working capital</b>		<u>(74,599,216)</u>	<u>(60,397,574)</u>	<u>(303,022,015)</u>	<u>(246,603,294)</u>
<i>Changes in:</i>					
Loans and advances		(307,188,428)	(37,696,751)	(1,247,799,395)	(153,915,834)
Deposits and placements with other banks		(158,341,109)	(42,313,328)	(643,181,585)	(172,765,318)
Statutory deposits		107,767,683	272,803,135	437,752,328	1,113,855,200
Other assets		(3,226,014)	(2,418,543)	(13,104,069)	(9,874,911)
Deposits from customers		450,757,395	(77,593,859)	1,830,976,538	(316,815,726)
Deposits and placements from other banks and financial institutions		164,180,762	85,426,261	666,902,255	348,795,424
Other liabilities		7,344,694	9,842,424	29,834,147	40,186,617
<b>Cash flow generated from operations</b>		<u>186,695,767</u>	<u>147,651,765</u>	<u>758,358,204</u>	<u>602,862,158</u>
Interest received		278,957,460	250,718,032	1,133,125,203	1,023,681,720
Career development paid	24(b)	(2,263)	(2,083,679)	(9,192)	(8,507,661)
Retirement benefits paid	24(a)	(110,370)	(48,468)	(448,323)	(197,895)
Seniority benefits paid	24(c)	(3,925,866)	(3,738,970)	(15,946,868)	(15,266,215)
Income tax paid	31(a)	(28,141,947)	(31,912,411)	(114,312,589)	(130,298,374)
Interest paid		<u>(53,561,649)</u>	<u>(51,233,310)</u>	<u>(217,567,418)</u>	<u>(209,185,604)</u>
<b>Net cash from operating activities (carried forward to next page)</b>		<u>379,911,132</u>	<u>309,352,959</u>	<u>1,543,199,017</u>	<u>1,263,088,129</u>

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the six-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
<b>Net cash from operating activities (brought forward from previous page)</b>		379,911,132	309,352,959	1,543,199,017	1,263,088,129
<b>Cash flows from investing activities</b>					
Financial Investments		(23,026,767)	24,777,725	(93,534,728)	101,167,451
Interest received from investing		749,652	2,188,311	3,045,086	8,934,881
Proceeds from matured investments		47,332	(407,410)	192,263	(1,663,455)
Purchase of additional investments		(36,141)	-	(146,805)	-
Purchases of property and equipment	14	(13,312,712)	(11,217,427)	(54,076,236)	(45,800,754)
Purchases of intangible assets	15	(1,186,359)	(7,510,372)	(4,818,990)	(30,664,849)
Dividend received		116,614	174,479	473,686	712,398
Proceeds from disposals of property and equipment and intangible assets		78,211	117,366	317,693	479,205
<b>Net cash (used in)/from investing activities</b>		<b>(36,570,170)</b>	<b>8,122,672</b>	<b>(148,548,031)</b>	<b>33,164,877</b>
<b>Cash flows from financing activities</b>					
Payments of dividends		(426,231)	(32,718,825)	(1,731,350)	(133,590,962)
Payment tax on ABL's increase capital Investments made by holders of non- controlling interest in AIB		(423,864)	(444,790)	(1,721,736)	(1,816,078)
Repayments of borrowings		10,000,000	-	40,620,000	-
Proceeds from borrowings		(68,884,983)	(117,129,079)	(279,810,801)	(478,238,030)
Repayments of subordinated debts		87,623,091	29,828,010	355,924,996	121,787,765
Proceeds from subordinated debts		-	(310,069)	-	(1,266,012)
Proceeds from share issuance		182,929	35,000,000	743,058	142,905,000
Interest paid		-	4,344,865	-	17,740,084
Proceeds from share premium		(20,804,128)	(26,298,836)	(84,506,368)	(107,378,151)
Payment of lease liabilities	23	-	11,706,215	-	47,796,476
<b>Net cash from (used in) financing activities</b>		<b>(5,935,563)</b>	<b>(5,716,444)</b>	<b>(24,110,257)</b>	<b>(23,340,241)</b>
<b>Net increase in cash and cash equivalents</b>		<b>344,672,213</b>	<b>215,736,678</b>	<b>1,400,058,528</b>	<b>880,852,857</b>
<b>Cash and cash equivalents at the beginning of the period</b>	33	<b>1,497,105,504</b>	<b>1,498,720,457</b>	<b>6,055,791,764</b>	<b>6,107,285,862</b>
Currency translation difference		-	-	49,393,905	29,134,335
<b>Cash and cash equivalents at the end of the period</b>	33	<b>1,841,777,717</b>	<b>1,714,457,135</b>	<b>7,505,244,197</b>	<b>7,017,273,054</b>

During the period, the Group entered into a new lease agreement and recognised a right-of-use asset amounting to US\$5,344,400 (2020: US\$4,238,195) which was recognized with the Lease Liability, which are non-cash transaction.

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>ASSETS</b>					
Cash on hand	7	639,434,223	400,816,126	2,605,694,459	1,621,301,230
Deposits and placements with other banks, net	8	620,608,001	507,629,407	2,528,977,604	2,053,360,951
Financial investments	9	603,476,573	566,674,523	2,459,167,035	2,292,198,446
Loans and advances, net	10	4,597,518,959	4,292,649,159	18,734,889,758	17,363,765,848
Other assets	11	23,283,875	20,256,110	94,881,792	81,935,965
Statutory deposits	12	383,654,103	356,753,756	1,563,390,470	1,443,068,943
Investments in subsidiaries	13	91,117,716	91,115,571	371,304,693	368,562,485
Property and equipment, net	14	94,425,241	90,836,422	384,782,857	367,433,327
Intangible assets, net	15	12,406,601	13,884,558	50,556,899	56,163,037
Right-of-use assets, net	16	26,227,117	26,182,172	106,875,502	105,906,886
Deferred tax assets, net	17	9,537,325	12,685,947	38,864,599	51,314,656
<b>TOTAL ASSETS</b>		<b>7,101,689,734</b>	<b>6,379,483,751</b>	<b>28,939,385,668</b>	<b>25,805,011,774</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits and placements of other banks and financial institutions	18	458,979,543	296,764,554	1,870,341,638	1,200,412,621
Deposits from customers	19	4,635,532,631	4,180,268,737	18,889,795,471	16,909,187,041
Other liabilities	20	73,740,647	62,408,882	300,493,137	252,443,928
Borrowings	21	529,506,526	507,352,916	2,157,739,093	2,052,242,545
Subordinated debts	22	167,314,608	167,158,623	681,807,028	676,156,630
Current income tax liabilities	31(a)	17,404,408	27,950,334	70,922,963	113,059,101
Lease liabilities	23	25,994,707	25,772,385	105,928,431	104,249,297
Employee benefits	24	19,279,514	17,781,763	78,564,020	71,927,231
<b>TOTAL LIABILITIES</b>		<b>5,927,752,584</b>	<b>5,285,458,194</b>	<b>24,155,591,781</b>	<b>21,379,678,394</b>
<b>EQUITY</b>					
Share capital	25	433,163,019	433,163,019	1,765,139,302	1,752,144,412
Share premiums	25	11,706,215	11,706,215	47,702,826	47,351,640
Reserves	35	588,523,927	510,741,554	2,415,823,342	2,079,357,802
Retained earnings		140,543,989	138,414,769	555,128,417	546,479,526
<b>TOTAL EQUITY</b>		<b>1,173,937,150</b>	<b>1,094,025,557</b>	<b>4,783,793,887</b>	<b>4,425,333,380</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,101,689,734</b>	<b>6,379,483,751</b>	<b>28,939,385,668</b>	<b>25,805,011,774</b>

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the six-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Interest income	26	261,023,340	234,807,698	1,060,276,807	958,719,831
Interest expense	27	(75,649,558)	(69,923,570)	(307,288,505)	(285,497,936)
<b>Net interest income</b>		<b>185,373,782</b>	<b>164,884,128</b>	<b>752,988,302</b>	<b>673,221,895</b>
Fee and commission income	28	19,839,366	20,852,301	80,587,505	85,139,945
Fee and commission expense		(1,214,679)	(510,016)	(4,934,026)	(2,082,395)
<b>Net fee and commission income</b>		<b>18,624,687</b>	<b>20,342,285</b>	<b>75,653,479</b>	<b>83,057,550</b>
Impairment losses for loans and advances, deposits and placements with other banks and other receivables	10	(538,013)	(8,011,298)	(2,185,409)	(32,710,130)
Reversal of impairment losses on off-balance sheet commitments	10	157,422	235,093	639,448	959,885
<b>Net impairment losses</b>		<b>(380,591)</b>	<b>(7,776,205)</b>	<b>(1,545,961)</b>	<b>(31,750,245)</b>
<b>Income after impairment losses</b>		<b>203,617,878</b>	<b>177,450,208</b>	<b>827,095,820</b>	<b>724,529,200</b>
Other income	29	7,632,941	8,004,317	31,005,006	32,681,626
General and administrative expenses	30	(111,414,977)	(104,978,080)	(452,567,637)	(428,625,501)
<b>Profit before income tax</b>		<b>99,835,842</b>	<b>80,476,445</b>	<b>405,533,189</b>	<b>328,585,325</b>
Income tax expense	31(b)	(19,477,545)	(16,242,205)	(79,117,788)	(66,316,923)
<b>Profit for the period</b>		<b>80,358,297</b>	<b>64,234,240</b>	<b>326,415,401</b>	<b>262,268,402</b>
<b>Other comprehensive income:</b> <b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of employee benefit obligations		(20,475)	(387,918)	(83,169)	(1,583,869)
Currency translation differences		-	-	5,196,836	2,757,976
Other comprehensive (loss)/income during the period		(20,475)	(387,918)	5,113,667	1,174,107
<b>Total other comprehensive income for the period</b>		<b>80,337,822</b>	<b>63,846,322</b>	<b>331,529,068</b>	<b>263,442,509</b>

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the three-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Interest income	26	131,489,356	115,879,780	534,504,232	475,515,700
Interest expense	27	(39,906,135)	(35,044,027)	(162,218,439)	(143,782,353)
<b>Net interest income</b>		<u>91,583,221</u>	<u>80,835,753</u>	<u>372,285,793</u>	<u>331,733,347</u>
Fee and commission income	28	8,456,640	9,161,315	34,376,242	37,639,469
Fee and commission expense		(374,072)	(153,071)	(1,520,603)	(632,127)
<b>Net fee and commission income</b>		<u>8,082,568</u>	<u>9,008,244</u>	<u>32,855,639</u>	<u>37,007,342</u>
Impairment losses for loans and advances, deposits and placements with other banks and other receivables	10	(2,135,508)	(6,121,230)	(8,680,840)	(25,030,784)
Reversal of impairment losses on off-balance sheet commitments		37,413	255,359	152,084	1,042,226
<b>Net impairment losses</b>		<u>(2,098,095)</u>	<u>(5,865,871)</u>	<u>(8,528,756)</u>	<u>(23,988,558)</u>
<b>Income after impairment losses</b>		<u>97,567,694</u>	<u>83,978,126</u>	<u>396,612,676</u>	<u>344,752,131</u>
Other income	29	3,772,768	4,051,350	15,336,302	16,620,721
General and administrative expenses	30	(54,505,182)	(49,012,305)	(221,563,565)	(201,236,557)
<b>Profit before income tax</b>		<u>46,835,280</u>	<u>39,017,171</u>	<u>190,385,413</u>	<u>160,136,295</u>
Income tax expense	31(b)	(9,209,572)	(7,956,555)	(37,436,910)	(32,652,327)
<b>Profit for the period</b>		<u>37,625,708</u>	<u>31,060,616</u>	<u>152,948,503</u>	<u>127,483,968</u>
<b>Other comprehensive income:</b> <i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations		(193,989)	(1,150,712)	(788,565)	(4,683,101)
Currency translation differences		-	-	5,840,429	3,109,175
Other comprehensive (loss)/income during the period		<u>(193,989)</u>	<u>(1,150,712)</u>	<u>5,051,864</u>	<u>(1,573,926)</u>
<b>Total other comprehensive income for the period</b>		<u>37,431,719</u>	<u>29,909,904</u>	<u>158,000,367</u>	<u>125,910,042</u>

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2021</b>	433,163,019	1,752,144,412	11,706,215	47,351,640	510,741,556	2,079,357,810	138,414,769	546,479,526	1,094,025,559	4,425,333,388
Profit for the period	-	-	-	-	-	-	80,358,297	326,415,401	80,358,297	326,415,401
<i>Other comprehensive income:</i>										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(20,475)	(83,169)	(20,475)	(83,169)
Currency translation difference	-	-	-	-	-	5,196,836	-	-	-	5,196,836
<b>Total comprehensive income for the period</b>	-	-	-	-	-	5,196,836	80,337,822	326,332,232	80,337,822	331,529,068
<b>Transaction with owners:</b>										
Dividend paid	-	-	-	-	-	-	(426,231)	(1,731,350)	(426,231)	(1,731,350)
Transfers from retained earnings to general reserves	-	-	-	-	55,327,925	224,742,031	(55,327,925)	(224,742,031)	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	22,454,446	91,209,960	(22,454,446)	(91,209,960)	-	-
Currency translation difference	-	12,994,890	-	351,186	-	15,316,705	-	-	-	28,662,781
<b>Total transactions with owners:</b>	-	12,994,890	-	351,186	77,782,371	331,268,696	(78,208,602)	(317,683,341)	(426,231)	26,931,431
<b>As at 30 June 2021</b>	433,163,019	1,765,139,302	11,706,215	47,702,826	588,523,927	2,415,823,342	140,543,989	555,128,417	1,173,937,150	4,783,793,887

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2020</b>	428,818,154	1,747,433,978	-	-	425,709,612	1,752,368,656	117,750,767	462,232,389	972,278,533	3,962,035,023
Profit for the period (Unaudited)	-	-	-	-	-	-	64,234,240	262,268,402	64,234,240	262,268,402
<i>Other comprehensive income: (Unaudited)</i>										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(387,918)	(1,583,869)	(387,918)	(1,583,869)
Currency translation difference	-	-	-	-	-	2,757,976	-	-	-	2,757,976
<b>Total comprehensive income for the period (Unaudited)</b>	-	-	-	-	-	2,757,976	63,846,322	260,684,533	63,846,322	263,442,509
<b>Transaction with owners: (Unaudited)</b>										
Dividend paid	-	-	-	-	-	-	(32,718,825)	(133,590,962)	(32,718,825)	(133,590,962)
Transfer from retained earnings to general reserves	-	-	-	-	82,262,881	335,879,343	(82,262,881)	(335,879,343)	-	-
Shares issued	4,344,865	17,740,084	11,706,215	47,796,476	-	-	-	-	16,051,080	65,536,560
Transfer from retained earnings to regulatory reserves	-	-	-	-	2,769,061	11,306,076	(2,769,061)	(11,306,076)	-	-
Currency translation difference	-	7,762,175	-	117,062	-	7,335,584	-	-	-	15,214,821
<b>Total transactions with owners: (Unaudited)</b>	4,344,865	25,502,259	11,706,215	47,913,538	85,031,942	354,521,003	(117,750,767)	(480,776,381)	(16,667,745)	(52,839,581)
<b>As at 30 June 2020 (Unaudited)</b>	433,163,019	1,772,936,237	11,706,215	47,913,538	510,741,554	2,109,647,635	63,846,322	242,140,541	1,019,457,110	4,172,637,951

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the six-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
<b>Cash flows from operating activities</b>					
Profit for the period before income tax		99,835,842	80,476,445	405,533,189	328,585,325
<i>Adjustments for:</i>					
Depreciation charge	14	8,963,112	9,532,856	36,408,161	38,922,651
Depreciation charge on right-of-use assets	16	5,119,478	4,812,689	20,795,320	19,650,209
Seniority indemnity benefits	24(c)	3,955,608	3,888,714	16,067,680	15,877,619
Amortisation charge	15	1,789,969	1,468,706	7,270,854	5,996,727
Retirement benefits	24(a)	788,174	761,332	3,201,563	3,108,519
Career development	24(b)	739,464	677,978	3,003,703	2,768,184
Adjustments of property and equipment		528,080	10,433	2,145,061	42,598
(Loss)/gain on disposals of property and equipment, and intangible assets	29	435,687	(90,692)	1,769,761	(370,295)
Net impairment losses	10	380,591	7,776,205	1,545,961	31,750,245
Dividend income		(116,614)	(174,479)	(473,686)	(712,398)
Adjustments of intangible assets		(230,698)	272,185	(937,095)	1,111,331
Unrealised exchange gains		(890,792)	18,089	(3,618,397)	73,857
Net interest income		(185,373,782)	(164,884,128)	(752,988,302)	(673,221,895)
<b>Operating loss before changes in working capital</b>		(64,075,881)	(55,453,667)	(260,276,227)	(226,417,323)
<i>Changes in:</i>					
Loans and advances		(304,145,432)	(33,384,269)	(1,235,438,745)	(136,307,970)
Deposits and placements with other banks		(148,762,188)	(34,974,100)	(604,272,008)	(142,799,250)
Statutory deposits		101,162,161	264,866,546	410,920,698	1,081,450,107
Other assets		(2,935,128)	(2,205,142)	(11,922,490)	(9,003,595)
Deposits from customers		455,263,894	(87,010,985)	1,849,281,937	(355,265,852)
Deposits and placements of other banks and financial institutions		162,214,989	77,938,199	658,917,285	318,221,667
Other liabilities		6,212,200	11,233,624	25,233,956	45,866,887
<b>Cash flow generated from operations</b>		204,934,615	141,010,206	832,444,406	575,744,671
Interest received		260,149,493	232,958,665	1,056,727,241	951,170,234
Career development paid	24(b)	(2,263)	(2,083,679)	(9,192)	(8,507,661)
Retirement benefits paid	24(a)	(110,370)	(48,468)	(448,323)	(197,895)
Seniority benefits paid	24(c)	(3,857,248)	(3,670,541)	(15,668,141)	(14,986,819)
Income tax paid	31(a)	(26,874,849)	(31,290,023)	(109,165,637)	(127,757,164)
Interest paid		(50,083,123)	(48,872,596)	(203,437,646)	(199,546,810)
<b>Net cash from operating activities (carried forward to next page)</b>		384,156,255	288,003,564	1,560,442,708	1,175,918,556

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the six-month period ended			
		30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
<b>Net cash from operating activities (brought forward from previous page)</b>		384,156,255	288,003,564	1,560,442,708	1,175,918,556
<b>Cash flows from investing activities</b>					
Financial investments		(23,016,712)	24,777,725	(93,493,884)	101,167,451
Interest received from investing		741,543	2,176,157	3,012,148	8,885,256
Proceeds from matured investments		37,277	(407,410)	151,419	(1,663,455)
Additional investments		(36,141)	-	(146,805)	-
Purchases of property and equipment	14	(13,035,176)	(11,020,372)	(52,948,885)	(44,996,179)
Purchases of intangible assets	15	(576,930)	(7,444,170)	(2,343,490)	(30,394,546)
Additional investment in subsidiaries	13	(2,145)	-	(8,713)	-
Dividend received		116,614	174,479	473,686	712,398
Proceeds from disposals of property and equipment		76,295	98,378	309,910	401,677
<b>Net cash (used in)/from investing activities</b>		<b>(35,695,375)</b>	<b>8,354,787</b>	<b>(144,994,614)</b>	<b>34,112,602</b>
<b>Cash flows from financing activities</b>					
Payments of dividends		(426,231)	(32,718,825)	(1,731,350)	(133,590,962)
Repayments of borrowings		(53,767,718)	(111,412,204)	(218,404,471)	(454,896,029)
Proceeds from borrowings		75,000,000	29,828,010	304,650,000	121,787,765
Repayments of subordinated debts		-	(310,069)	-	(1,266,012)
Proceeds from subordinated debts		182,929	35,000,000	743,058	142,905,000
Proceeds from share issuance		-	4,344,865	-	17,740,084
Interest paid		(18,520,342)	(23,878,996)	(75,229,629)	(97,497,952)
Proceeds from share premium		-	11,706,215	-	47,796,476
Payment of Lease liabilities	23	(5,665,338)	(5,263,504)	(23,012,603)	(21,490,887)
<b>Net cash used in financing activities</b>		<b>(3,196,700)</b>	<b>(92,704,508)</b>	<b>(12,984,995)</b>	<b>(378,512,517)</b>
<b>Net increase in cash and cash equivalents</b>		<b>345,264,180</b>	<b>203,653,843</b>	<b>1,402,463,099</b>	<b>831,518,641</b>
<b>Cash and cash equivalents at the beginning of the period</b>	33	<b>1,457,697,939</b>	<b>1,459,613,448</b>	<b>5,896,388,163</b>	<b>5,947,924,801</b>
Currency translation difference		-	-	48,219,373	28,309,580
<b>Cash and cash equivalents at the end of the period</b>	33	<b>1,802,962,119</b>	<b>1,663,267,291</b>	<b>7,347,070,635</b>	<b>6,807,753,022</b>

During the period, the Bank entered into a new lease agreement and recognised a right-of-use asset amounting to US\$5,231,530 (2020: US\$3,812,241) which was recognized with the Lease Liability, which are non-cash transaction.

The accompanying notes on page 28 to 201 form an integral part of these interim financial statements.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 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 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 principal activities of the subsidiaries are disclosed in Note 13 to the interim financial statements.

As at 30 June 2021, the Group and the Bank have 13,686 and 12,036 employees, respectively. (2020: 13,704 and 12,013 employees, respectively). 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.

### 2. Summary of significant accounting policies

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

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

The interim financial statements of the Group and the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). The consolidated interim 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 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

The preparation of interim financial statements in conformity with CIFRSs requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise judgment in the process of applying the Group's and the Bank's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the interim financial statements are disclosed in Note 3.

The financial statements are presented in accordance with Cambodian Accounting Standards 34, *Interim Financial Statements*.

Management presents the interim financial statements based on liquidity. Information about short-term and long-term assets and liabilities are disclosed in the financial risk management section. 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 that are effective for the current quarter*

The Group and the Bank adopted all accounting standards and interpretations as at 30 June 2021. The new and revised accounting standards and interpretations assessed to be applicable to the Group's and the Bank's interim financial statements follows:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to CIFRS 9, CAS 39, CIFRS 7, CIFRS 4 and CIFRS 16)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to CIFRS 16)

The Management assessed that the adoption of these accounting standards has no material impact on the interim financial statements of the Group and the Bank.

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

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

- CIFRS 17 Insurance Contracts
- Reference to the Conceptual Framework (Amendments to CIFRS 3)
- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to CAS 1)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to CAS 37)
- Annual Improvements to CIFRS Standards 2018–2020

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

- Extension of the Temporary Exemption from Applying CIFRS 9 (Amendments to CIFRS 4)
- Disclosure of Accounting Policies (Amendments to CAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CAS 12)

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

#### (c) Consolidation

##### (i) *Subsidiaries*

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

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

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

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

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

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

##### (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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (c) Consolidation (continued)

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

In the Bank's separate interim financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of investments are recognised in the 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 interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The interim financial statements are presented in United States Dollars ("US\$"), 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 interim financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Bank's presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of reporting period;
- b) income and expenses for each statement of profit or loss 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 separate component of equity.

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (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").

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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

##### **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.

##### **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).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

## 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 (continued)***

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;
- 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

#### (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, as explained in statement of profit or loss and other comprehensive income. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group 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.

#### (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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

##### **Financial assets (continued)**

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group 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(q))).

##### **Financial liabilities**

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

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

#### (v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group 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;
- lease receivables;
- 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 lease receivables) on which credit risk has not increased significantly since their initial recognition.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

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

The Group 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.

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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

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

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon. Financial assets under the general approach, 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.

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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

##### ***Restructured financial assets***

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group and the Bank on terms that the Group and the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

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

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group 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.

#### **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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

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

##### **Non-integral financial guarantee contracts (continued)**

If the Group 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'.

#### (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.

#### (h) Financial investments

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

#### (h) Financial investments (continued)

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

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

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

The Group 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 period, after giving retroactive effect to any stock dividends declared in the current period.

Diluted EPS is also computed by dividing net profit by the weighted average number of common stocks subscribed and issued during the period. However, net profit attributable to common stocks and the weighted average number of common stocks outstanding are adjusted to reflect the effects of 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.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

#### (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 period in which they are incurred.

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

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

*\* 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.

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

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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

### **(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.

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.

### **(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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (n) Reserves (continued)

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

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

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

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

### (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 period in which the associated services are rendered by employees of the Group and the Bank.

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

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



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (p) Employee benefits (continued)

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

##### **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
- 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (p) Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

#### (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 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (r) Interest (continued)

#### *Calculation of interest income and expense*

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

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

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

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

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

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (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.

#### (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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (u) Leases (continued)

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

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.

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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

### (u) Leases (continued)

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

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.

### (v) Contingent assets and contingent liabilities

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

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

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

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

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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

### **(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 interim financial statements are authorized for issue. The interim financial statements of the Group and the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the interim financial statements when material.

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

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

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

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

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

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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 3. Composition of the Group

Details of the Bank's subsidiaries as at 30 June 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 30 June 2021 and for the quarter then ended are shown below. The summarized financial information below represents amounts before intragroup eliminations.

##### ACLEDA Institute of Business

	30 June 2021 US\$
<u>Financial position:</u>	
Current assets	2,611,456
Non-current assets	33,370,252
<b>Total assets</b>	<b>35,981,708</b>
Current liabilities	2,243,551
Non-current liabilities	7,880,629
<b>Total liabilities</b>	<b>10,124,180</b>
<b>Equity</b>	<b>25,857,528</b>
<hr/>	
Ownership and voting interest held by non-controlling interests	23.391%
Equity attributable to:	
Equity holders of the Group	19,809,194
Non-controlling interests	6,048,334
<hr/>	
<u>Results of operations:</u>	
Revenue	1,803,051
Costs and expenses	2,670,019
<b>Profit for the quarter</b>	<b>(866,968)</b>
<b>Total comprehensive income for the quarter</b>	<b>(866,011)</b>
<hr/>	
Profit attributable to:	
Equity holders of the Group	(664,176)
Non-controlling interests	(202,792)
<hr/>	
Total comprehensive income for the quarter attributable to:	
Equity holders of the Group	(663,442)
Non-controlling interests	(202,569)
<hr/>	
Dividends paid to non-controlling interests	-
<hr/>	
<u>Cash flows:</u>	
Net cash inflow from operating activities	(2,390,567)
Net cash outflow from investing activities	(40,721)
Net cash inflow from financing activities	2,592,572
<b>Net cash inflow</b>	<b>161,284</b>

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

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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

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

##### **(a) Judgements**

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

- Note 2(e)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 37.1(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.

##### **Functional currency**

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

##### **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.

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

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.

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

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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

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

- Note 37.1(f): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 38.4: determination of the fair value of financial instruments with significant unobservable inputs.
- Note 24(a)(iv): measurement of defined benefit obligations: key actuarial assumptions.
- Note 34: recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 2(e)(vii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

##### ***Coronavirus and impact on ECL***

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. The impact on 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. Management estimates that the additional ECL of US\$4.86 million recorded as at 30 June 2021 resulting from the overlay has been determined based on possible forward-looking scenarios, considering the facts, circumstances and forecast of the future economic conditions and supportable information that is available as at the reporting date.

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

##### **Retirement benefits**

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

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

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

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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

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

###### **Taxes**

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at 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 is measured at the present value of lease payments to be made over the lease term.

In calculating the lease liabilities, the Company uses its borrowing cost 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

The interim 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 period. Exchange differences arising from the translation are recognised as “Currency Translation Difference” in the other comprehensive income.

The Group and the Bank have used the exchange rates:

			<b>Closing rate</b>	<b>Average rate six-month</b>	<b>Average rate three-month</b>
30 June 2021	US\$1	=	KHR4,075	KHR4,062	KHR4,065
30 June 2020	US\$1	=	KHR4,093	KHR4,083	KHR4,103
31 December 2020	US\$1	=	KHR4,045	KHR4,077	

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 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 period ended 30 June 2021 and 2020 follow:

	30 June 2021		
	Lending US\$	Other financial services US\$	Total US\$
<b>Revenues</b>			
From external customers			
Interest income	279,825,806	-	279,825,806
Interest expense	80,472,848	-	80,472,848
<b>Net interest income</b>	199,352,958	-	199,352,958
Non-interest income	-	30,254,489	30,254,489
<b>Total net revenues</b>	199,352,958	30,254,489	229,607,447
	30 June 2020		
	Lending US\$	Other financial services US\$	Total US\$
<b>Revenues</b>			
From external customers			
Interest income	252,582,423	-	252,582,423
Interest expense	75,463,981	-	75,463,981
<b>Net interest income</b>	177,118,442	-	177,118,442
Non-interest income	-	31,109,821	31,109,821
<b>Total net revenues</b>	177,118,442	31,109,821	208,228,263

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 6. Segment information (continued)

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

Secondary information (by geographical locations) as at 30 June 2021 and 31 December 2020 and for the period ended 30 June 2021 and 2020 follow:

	30 June 2021			
	Kingdom of Cambodia US\$	Lao PDR US\$	Republic Union of Myanmar US\$	Total US\$
<b>Statement of profit or loss</b>				
Total income	290,506,620	15,679,304	5,314,689	311,500,613
Total expense	210,993,981	14,021,695	4,964,452	229,980,128
Net profit	79,512,639	1,657,609	350,237	81,520,485
<b>Statement of financial position</b>				
Total asset	7,139,895,251	201,238,775	32,637,627	7,373,771,653
Total liabilities	5,938,056,742	158,061,632	12,552,306	6,108,670,680
<b>Other segment information</b>				
Depreciation and amortization	11,364,476	681,054	85,998	12,131,528
	30 June 2020			
	Kingdom of Cambodia US\$	Lao PDR US\$	Republic Union of Myanmar US\$	Total US\$
<b>Statement of profit or loss</b>				
Total income	265,042,182	13,115,134	6,105,076	284,262,392
Total expense	202,216,351	13,113,860	5,100,060	220,430,271
Net profit	62,825,831	1,274	1,005,016	63,832,121
<b>Statement of financial position as at 31 December 2020</b>				
Total asset	6,415,772,317	188,222,258	48,932,713	6,652,927,288
Total liabilities	5,303,004,921	145,210,470	24,656,503	5,472,871,894
<b>Other segment information</b>				
Depreciation and amortization	10,136,900	398,932	88,962	10,624,794

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 6. Segment information (continued)

##### (d) Reconciliation

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

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>US\$</b>	<b>US\$</b>
<b>Revenue</b>		
Total segment revenues	311,500,613	284,262,392
Elimination of intersegment revenues	<u>(1,420,318)</u>	<u>(1,204,184)</u>
Net revenues as reported in profit or loss	<u>310,080,295</u>	<u>283,058,208</u>
<b>Profit or loss</b>		
Total segment operating income	81,520,485	63,832,121
Elimination of intersegment profit	<u>(120,479)</u>	<u>(87,292)</u>
Group net profit as reported in profit or loss	<u>81,400,006</u>	<u>63,744,829</u>
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>		
Total segment assets	7,373,771,653	6,652,927,288
Unallocated assets	<u>(100,458,327)</u>	<u>(101,433,300)</u>
Total assets	<u>7,273,313,326</u>	<u>6,551,493,988</u>
<b>Liabilities</b>		
Total segment liabilities	6,108,670,680	5,472,871,894
Unallocated liabilities (elimination of intersegment liabilities)	<u>(9,705,554)</u>	<u>(11,003,413)</u>
Total liabilities	<u>6,098,965,126</u>	<u>5,461,868,481</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 7. Cash on hand

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
By currency:								
In US\$	519,381,686	284,892,098	2,116,480,370	1,152,388,536	517,527,010	283,028,828	2,108,922,566	1,144,851,609
In KHR	102,650,425	103,488,247	418,300,482	418,609,959	102,639,798	103,480,325	418,257,177	418,577,915
In Thai Baht	15,788,585	12,247,160	64,338,484	49,539,762	14,116,046	9,927,044	57,522,887	40,154,893
In Euro	2,895,280	2,967,502	11,798,266	12,003,546	2,894,502	2,965,106	11,795,096	11,993,854
In other currencies	14,859,428	9,164,044	60,552,169	37,068,558	2,256,867	1,414,823	9,196,733	5,722,959
	<u>655,575,404</u>	<u>412,759,051</u>	<u>2,671,469,771</u>	<u>1,669,610,361</u>	<u>639,434,223</u>	<u>400,816,126</u>	<u>2,605,694,459</u>	<u>1,621,301,230</u>

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

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>Balances with local banks:</b>								
The National Bank of Cambodia	392,260,071	264,197,563	1,598,459,789	1,068,679,142	392,260,071	264,197,563	1,598,459,789	1,068,679,142
Other banks	45,367,915	3,318,751	184,874,253	13,424,348	45,367,914	3,318,751	184,874,249	13,424,348
	<u>437,627,986</u>	<u>267,516,314</u>	<u>1,783,334,042</u>	<u>1,082,103,490</u>	<u>437,627,985</u>	<u>267,516,314</u>	<u>1,783,334,038</u>	<u>1,082,103,490</u>
<b>Balances with overseas banks:</b>								
Bank of Laos	27,487,960	19,771,444	112,013,437	79,975,491	-	-	-	-
Other banks	182,891,043	247,947,832	745,281,000	1,002,948,980	183,702,267	240,254,636	748,586,738	971,830,003
	<u>210,379,003</u>	<u>267,719,276</u>	<u>857,294,437</u>	<u>1,082,924,471</u>	<u>183,702,267</u>	<u>240,254,636</u>	<u>748,586,738</u>	<u>971,830,003</u>
	648,006,989	535,235,590	2,640,628,479	2,165,027,961	621,330,252	507,770,950	2,531,920,776	2,053,933,493
Allowance for impairment losses	(814,468)	(582,444)	(3,318,956)	(2,355,985)	(722,251)	(141,543)	(2,943,172)	(572,542)
	<u>647,192,521</u>	<u>534,653,146</u>	<u>2,637,309,523</u>	<u>2,162,671,976</u>	<u>620,608,001</u>	<u>507,629,407</u>	<u>2,528,977,604</u>	<u>2,053,360,951</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Current	645,651,738	534,653,146	2,631,030,832	2,162,671,976	620,608,001	507,629,407	2,528,977,604	2,053,360,951
Non-current	1,540,783	-	6,278,691	-	-	-	-	-
	<u>647,192,521</u>	<u>534,653,146</u>	<u>2,637,309,523</u>	<u>2,162,671,976</u>	<u>620,608,001</u>	<u>507,629,407</u>	<u>2,528,977,604</u>	<u>2,053,360,951</u>

#### a) By account types

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Balances with local banks:								
Current accounts	393,032,196	264,481,054	1,601,606,198	1,069,825,863	393,032,196	264,481,054	1,601,606,198	1,069,825,863
Fixed deposits	44,595,790	3,035,260	181,727,844	12,277,627	44,595,789	3,035,260	181,727,840	12,277,627
	<u>437,627,986</u>	<u>267,516,314</u>	<u>1,783,334,042</u>	<u>1,082,103,490</u>	<u>437,627,985</u>	<u>267,516,314</u>	<u>1,783,334,038</u>	<u>1,082,103,490</u>
Balances with overseas banks:								
Current accounts	183,375,539	266,101,453	747,255,321	1,076,380,377	156,188,394	239,751,958	636,467,706	969,796,670
Fixed deposits	27,003,464	1,617,823	110,039,116	6,544,094	27,513,873	502,678	112,119,032	2,033,333
	<u>210,379,003</u>	<u>267,719,276</u>	<u>857,294,437</u>	<u>1,082,924,471</u>	<u>183,702,267</u>	<u>240,254,636</u>	<u>748,586,738</u>	<u>971,830,003</u>
	648,006,989	535,235,590	2,640,628,479	2,165,027,961	621,330,252	507,770,950	2,531,920,776	2,053,933,493
Allowance for impairment loss	(814,468)	(582,444)	(3,318,956)	(2,355,985)	(722,251)	(141,543)	(2,943,172)	(572,542)
	<u>647,192,521</u>	<u>534,653,146</u>	<u>2,637,309,523</u>	<u>2,162,671,976</u>	<u>620,608,001</u>	<u>507,629,407</u>	<u>2,528,977,604</u>	<u>2,053,360,951</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 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% - 4.75%	0.12% - 3.30%

#### 9. Financial investments

	Note	The Group				The Bank			
		30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>Unlisted equity securities at FVOCI</b>									
Credit Bureau Holding (Cambodia) Ltd	(a)	154,812	153,529	630,859	621,025	154,812	153,529	630,859	621,025
Swift		34,858	-	142,046	-	34,858	-	142,046	-
Total financial investments at FVOCI		189,670	153,529	772,905	621,025	189,670	153,529	772,905	621,025
<b>Unquoted financial investments at amortised cost</b>									
Negotiable Certificate of Deposit with NBC	(b)	603,286,903	566,520,994	2,458,394,130	2,291,577,421	603,286,903	566,520,994	2,458,394,130	2,291,577,421
Total Financial Investments at amortised cost		603,476,573	566,674,523	2,459,167,035	2,292,198,446	603,476,573	566,674,523	2,459,167,035	2,292,198,446

- (a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly at 5% and indirectly at 1% through the Association of Banks in Cambodia ("ABC"). As at 30 June 2021, the Bank's investment in CBC is valued at cost amounting to US\$154,812 (31 December 2020: USD 153,529) and the Bank's investment in Swift is valued at cost amounting to USD 34,858 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), respectively.
- (b) The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$37,354,306 (31 December 2020: US\$14,374,871) with the NBC as collateral for settlement clearing facility. The other NCD amounting to US\$565,932,597 (31 December 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 three months. As at 30 June 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 10. Loans and advances, net

	The Group											
	30 June 2021			31 December 2020			30 June 2021			31 December 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)			
Small Loan	2,253,726,334	23,610,229	2,230,116,105	2,211,197,272	17,353,773	2,193,843,499	9,183,934,811	96,211,683	9,087,723,128	8,944,292,965	70,196,012	8,874,096,953
Staff Housing Loan	26,036,464	10,888	26,025,576	25,239,763	17,009	25,222,754	106,098,591	44,369	106,054,222	102,094,841	68,801	102,026,040
Public Housing Loan	134,003,409	1,221,312	132,782,097	135,555,361	1,032,605	134,522,756	546,063,892	4,976,846	541,087,046	548,321,435	4,176,887	544,144,548
Staff Loan	241,345,597	241,115	241,104,482	221,923,761	225,841	221,697,920	983,483,308	982,544	982,500,764	897,681,613	913,527	896,768,086
Overdraft Loan	72,832,643	275,910	72,556,733	58,036,302	352,950	57,683,352	296,793,020	1,124,333	295,668,687	234,756,842	1,427,683	233,329,159
Home Improvement Loan	38,740,342	601,834	38,138,508	47,780,295	334,644	47,445,651	157,866,894	2,452,474	155,414,420	193,271,293	1,353,635	191,917,658
Personal & Others Loan	185,384,251	1,757,047	183,627,204	158,300,284	1,061,972	157,238,312	755,440,823	7,159,967	748,280,856	640,324,649	4,295,676	636,028,973
Credit Card Loan	31,975,335	798,655	31,176,680	25,641,962	667,345	24,974,617	130,299,490	3,254,519	127,044,971	103,721,736	2,699,411	101,022,325
Trade Loan	11,711,946	8,121	11,703,825	9,632,656	21,578	9,611,078	47,726,180	33,093	47,693,087	38,964,094	87,283	38,876,811
Revolving Loan	33,002,604	18,216	32,984,388	33,296,272	23,512	33,272,760	134,485,611	74,230	134,411,381	134,683,420	95,106	134,588,314
Medium Loan	1,783,955,656	14,125,697	1,769,829,959	1,580,039,237	14,251,318	1,565,787,919	7,269,619,298	57,562,215	7,212,057,083	6,391,258,714	57,646,581	6,333,612,133
	<u>4,812,714,581</u>	<u>42,669,024</u>	<u>4,770,045,557</u>	<u>4,506,643,165</u>	<u>35,342,547</u>	<u>4,471,300,618</u>	<u>19,611,811,918</u>	<u>173,876,273</u>	<u>19,437,935,645</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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

	The Bank											
	30 June 2021			31 December 2020			30 June 2021			31 December 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 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)	KHR'000 (Note 5)
Small Loan	2,097,978,355	12,268,679	2,085,709,676	2,048,936,412	13,343,552	2,035,592,860	8,549,261,797	49,994,867	8,499,266,930	8,287,947,787	53,974,668	8,233,973,119
Staff Housing Loan	25,922,927	10,831	25,912,096	25,108,879	16,907	25,091,972	105,635,928	44,136	105,591,792	101,565,416	68,389	101,497,027
Public Housing Loan	133,151,817	1,168,584	131,983,233	135,084,056	1,016,789	134,067,267	542,593,654	4,761,980	537,831,674	546,415,007	4,112,912	542,302,095
Staff Loan	233,506,175	225,445	233,280,730	214,389,121	209,906	214,179,215	951,537,663	918,688	950,618,975	867,203,994	849,070	866,354,924
Overdraft Loan	72,409,912	272,882	72,137,030	57,948,236	351,432	57,596,804	295,070,391	1,111,994	293,958,397	234,400,615	1,421,542	232,979,073
Home Improvement Loan	33,638,107	230,003	33,408,104	44,261,421	294,401	43,967,020	137,075,286	937,262	136,138,024	179,037,448	1,190,852	177,846,596
Personal & Others Loan	177,920,931	1,413,262	176,507,669	157,228,541	1,083,793	156,144,748	725,027,794	5,759,043	719,268,751	635,989,448	4,383,941	631,605,507
Credit Card Loan	31,975,335	798,655	31,176,680	25,641,962	667,345	24,974,617	130,299,490	3,254,519	127,044,971	103,721,736	2,699,411	101,022,325
Trade Loan	11,711,946	8,121	11,703,825	9,632,656	21,578	9,611,078	47,726,180	33,093	47,693,087	38,964,094	87,283	38,876,811
Revolving Loan	33,002,604	18,216	32,984,388	33,296,272	23,512	33,272,760	134,485,611	74,230	134,411,381	134,683,420	95,106	134,588,314
Medium Loan	1,776,741,821	14,026,293	1,762,715,528	1,572,330,992	14,180,174	1,558,150,818	7,240,222,921	57,157,145	7,183,065,776	6,360,078,861	57,358,804	6,302,720,057
	<u>4,627,959,930</u>	<u>30,440,971</u>	<u>4,597,518,959</u>	<u>4,323,858,548</u>	<u>31,209,389</u>	<u>4,292,649,159</u>	<u>18,858,936,715</u>	<u>124,046,957</u>	<u>18,734,889,758</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			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
Within one year	1,232,134,902	1,199,583,002	5,020,949,726	4,852,313,243	1,156,277,229	1,114,810,801	4,711,829,708	4,509,409,690
Later than one year but not later than three years	1,753,653,603	1,669,992,109	7,146,138,432	6,755,118,081	1,688,217,824	1,607,487,035	6,879,487,633	6,502,285,057
Later than three years but not later than five years	1,168,444,624	1,074,597,753	4,761,411,843	4,346,747,911	1,137,214,673	1,049,075,704	4,634,149,792	4,243,511,223
Later than five years	<u>658,481,452</u>	<u>562,470,301</u>	<u>2,683,311,917</u>	<u>2,275,192,367</u>	<u>646,250,204</u>	<u>552,485,008</u>	<u>2,633,469,582</u>	<u>2,234,801,856</u>
	<u>4,812,714,581</u>	<u>4,506,643,165</u>	<u>19,611,811,918</u>	<u>18,229,371,602</u>	<u>4,627,959,930</u>	<u>4,323,858,548</u>	<u>18,858,936,715</u>	<u>17,490,007,826</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Allowance for/(reversal of) impairments on:								
Loans and advances	9,958,770	11,528,884	40,452,523	47,072,433	(82,349)	7,728,714	(334,501)	31,556,339
Deposit and placement with other banks	242,575	267,213	985,340	1,091,031	580,695	275,514	2,358,783	1,124,924
Other receivables	39,451	9,899	160,250	40,418	39,667	7,070	161,127	28,867
	10,240,796	11,805,996	41,598,113	48,203,882	538,013	8,011,298	2,185,409	32,710,130
Off-balance sheet commitments	(124,149)	(186,529)	(504,293)	(761,598)	(157,422)	(235,093)	(639,448)	(959,885)
	10,116,647	11,619,467	41,093,820	47,442,284	380,591	7,776,205	1,545,961	31,750,245

  

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Allowance for/(reversal of) impairments on:								
Loans and advances	6,274,804	8,770,992	25,507,078	35,867,118	1,923,092	5,856,352	7,817,369	23,948,932
Deposit and placement with other banks	108,777	626,467	442,179	2,550,680	172,587	256,634	701,566	1,048,215
Other receivables	40,253	11,049	163,628	45,090	39,829	8,244	161,905	33,637
	6,423,834	9,408,508	26,112,885	38,462,888	2,135,508	6,121,230	8,680,840	25,030,784
Off-balance sheet commitments	(930)	(199,538)	(3,780)	(814,454)	(37,413)	(255,359)	(152,084)	(1,042,226)
	6,422,904	9,208,970	26,109,105	37,648,434	2,098,095	5,865,871	8,528,756	23,988,558

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

Movements of impairment losses during the period were as follows:

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	US\$	(Unaudited) US\$	KHR'000 (Note 5)	(Unaudited) KHR'000 (Note 5)	US\$	(Unaudited) US\$	KHR'000 (Note 5)	(Unaudited) KHR'000 (Note 5)
At the beginning of the period	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)	-	(849,210)	-	(655,822)	-	(2,684,278)
Allowance for/(reversal of) impairment loss during the period	9,958,770	11,528,884	40,452,523	47,072,433	(82,349)	7,728,714	(334,501)	31,556,339
Written off during the period	(1,117,012)	(3,827,239)	(4,537,303)	(15,626,617)	(44,050)	(3,095,220)	(178,931)	(12,637,783)
Currency translation difference	(1,515,281)	(24,436)	(6,155,071)	(99,773)	(642,019)	72,520	(2,607,881)	296,098
Exchange differences	-	-	1,155,522	678,748	-	-	926,292	638,277
At the end of the period	42,669,024	40,912,785	173,876,273	167,456,030	30,440,971	36,895,594	124,046,957	151,013,665

  

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	US\$	(Unaudited) US\$	KHR'000 (Note 5)	(Unaudited) KHR'000 (Note 5)	US\$	(Unaudited) US\$	KHR'000 (Note 5)	(Unaudited) KHR'000 (Note 5)
At the beginning of the period	38,038,439	34,475,841	153,865,485	140,316,672	28,927,474	32,906,511	117,011,633	133,929,499
Allowance for impairment loss during the period	6,274,804	8,770,992	25,507,078	35,867,118	1,923,092	5,856,352	7,817,369	23,948,932
Written off during the period	(653,789)	(2,346,325)	(2,657,652)	(9,609,663)	(30,179)	(1,999,013)	(122,678)	(8,183,894)
Currency translation difference	(990,430)	12,277	(4,026,098)	49,392	(379,416)	131,744	(1,542,326)	536,721
Exchange differences	-	-	1,187,460	832,511	-	-	882,959	782,407
At the end of the period	42,669,024	40,912,785	173,876,273	167,456,030	30,440,971	36,895,594	124,046,957	151,013,665

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 11. Other assets

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Prepayments and advances	16,517,227	12,866,459	67,307,700	52,044,827	14,076,853	10,782,460	57,363,176	43,615,051
Stationery supplies	2,587,669	2,423,780	10,544,751	9,804,190	2,415,050	2,248,392	9,841,329	9,094,746
Receivable from Western Union	3,315,243	3,755,064	13,509,615	15,189,234	3,276,543	3,666,021	13,351,913	14,829,055
Income tax receivable	2,266,046	1,960,918	9,234,137	7,931,913	2,202,126	1,901,964	8,973,663	7,693,444
Others	1,385,984	1,760,692	5,647,886	7,121,999	1,313,303	1,657,273	5,351,711	6,703,669
	<u>26,072,169</u>	<u>22,766,913</u>	<u>106,244,089</u>	<u>92,092,163</u>	<u>23,283,875</u>	<u>20,256,110</u>	<u>94,881,792</u>	<u>81,935,965</u>

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Current	19,010,590	17,170,584	77,468,154	69,455,012	17,623,775	15,353,807	71,816,885	62,106,149
Non-current	7,061,579	5,596,329	28,775,935	22,637,151	5,660,100	4,902,303	23,064,907	19,829,816
	<u>26,072,169</u>	<u>22,766,913</u>	<u>106,244,089</u>	<u>92,092,163</u>	<u>23,283,875</u>	<u>20,256,110</u>	<u>94,881,792</u>	<u>81,935,965</u>

#### 12. Statutory deposits

		The Group				The Bank			
		30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
With the central bank	(a)	383,654,103	356,753,756	1,563,390,470	1,443,068,943	383,654,103	356,753,756	1,563,390,470	1,443,068,943
With other central bank	(b)	2,338,369	3,376,033	9,528,854	13,656,054	-	-	-	-
Other	(c)	245,399	247,219	1,000,000	1,000,000	-	-	-	-
		<u>386,237,871</u>	<u>360,377,008</u>	<u>1,573,919,324</u>	<u>1,457,724,997</u>	<u>383,654,103</u>	<u>356,753,756</u>	<u>1,563,390,470</u>	<u>1,443,068,943</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 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 both in KHR and in other currencies bear no interest effect from 29 August 2018.

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

The reserve requirement amounted to US\$340,337,730 and US\$313,437,454 as at 30 June 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 30 June 2021 and 31 December 2020, capital guarantee deposit amounted to US\$43,316,302 and US\$43,316,302, respectively. 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 National Bank of Cambodia amounting to KHR1,000,000,000 (equivalent to US\$ 245,399) 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 13. Investments in subsidiaries

		The Bank			
		30 June 2021	31 December 2020	30 June 2021	31 December 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	201,262,481	199,780,794
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,190,750	8,130,450
ACLEDA Institute of Business	(c)	19,805,000	19,805,000	80,705,375	80,111,225
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,913,150	19,911,005	81,146,087	80,540,016
<b>Total investments in subsidiaries</b>		<b>91,117,716</b>	<b>91,115,571</b>	<b>371,304,693</b>	<b>368,562,485</b>

Details of the Bank's subsidiaries are as follows:

		Ownership and Voting Interest	
		30 June 2021	31 December 2020
Name of Subsidiaries			
ACLEDA Bank Lao Ltd.	(a)	99.90%	99.90%
ACLEDA Securities Plc.	(b)	100%	100%
ACLEDA Institute of Business	(c)	76.61%	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 30 June 2021, the Bank's investments with ABL remains the same.

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

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

#### **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 interim 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 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 Kredittanstalt 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 Financial Regulatory Department ("FRD") for the approval of its amended MAA resulting from the change in ownership. As of the date of the issuance of these interim financial statements, the approval from FRD is still pending.

##### 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.

To ensure business continuity, collections of loans and compliance with regulatory bodies are still in progress. In June 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.

As at 30 June 2021, loan collection rate is increasing and default value and loan portfolio at risk are decreasing. AMM is in favourable liquidity ratio which supports AMM's operating expenses, especially, its ability to settle its debt without rescheduling or negotiations. Moreover, AMM is still compliant with FRD's prudential ratios.

Based on the above, the current impacts of the state of emergency do not necessitate an impairment indicator on the Bank's investment in AMM, hence, no impairment loss was recognized.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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

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

On 7 April 2016, the Bank received the foreign bank representative office registration certificate FB/R.O-1/(04)2016 from the central bank of Myanmar and received certificate of incorporation as representative office from the Ministry of Planning and Finance in the Republic of the Union of Myanmar on 6 May 2016 with permit 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 monitoring and supervising offshore loans granted by the Bank.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 14. Property and equipment, net

As at 30 June 2021	The Group								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	
<b>Cost</b>									
As at 1 January 2021	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	-	-	34,091	431,717	1,013,462	4,051,997	1,542,573	6,238,872	13,312,712
Disposals/write-offs	-	-	(9,170)	(145,760)	(210,254)	(221,932)	(170,679)	-	(757,795)
Reclassifications	-	-	-	448,341	60,764	208,566	56,850	(774,521)	-
Currency translation difference	-	-	-	(49,570)	(85,512)	(236,144)	(41,112)	-	(412,338)
Adjustments	-	-	-	-	4,558	671	139	(532,952)	(527,584)
As at 30 June 2021	<u>14,542,280</u>	<u>1,751,934</u>	<u>98,831,281</u>	<u>5,889,981</u>	<u>65,758,724</u>	<u>79,920,873</u>	<u>20,489,020</u>	<u>10,296,256</u>	<u>297,480,349</u>
<b>Less: Accumulated depreciation</b>									
As at 1 January 2021	-	652,190	22,125,173	4,443,307	51,359,665	63,625,472	16,113,106	-	158,318,913
Charge for the period	-	95,459	2,283,187	255,947	3,158,005	3,625,562	704,744	-	10,122,904
Disposals/write-offs	-	-	(4,999)	(144,545)	(208,454)	(220,467)	(170,679)	-	(749,144)
Currency translation difference	-	(27)	(11,077)	(42,510)	(84,590)	(178,005)	(38,356)	-	(354,565)
Adjustments	-	-	-	-	358	790	(71)	-	1,077
As at 30 June 2021	<u>-</u>	<u>747,622</u>	<u>24,392,284</u>	<u>4,512,199</u>	<u>54,224,984</u>	<u>66,853,352</u>	<u>16,608,744</u>	<u>-</u>	<u>167,339,185</u>
<b>Carrying value</b>	<u>14,542,280</u>	<u>1,004,312</u>	<u>74,438,997</u>	<u>1,377,782</u>	<u>11,533,740</u>	<u>13,067,521</u>	<u>3,880,276</u>	<u>10,296,256</u>	<u>130,141,164</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>59,259,791</u>	<u>4,092,571</u>	<u>303,338,913</u>	<u>5,614,462</u>	<u>46,999,991</u>	<u>53,250,148</u>	<u>15,812,125</u>	<u>41,957,242</u>	<u>530,325,243</u>

As at 30 June 2021, the fully depreciated property and equipment with historical costs amounting to US\$111,131,634 (31 December 2020: US\$107,342,671) are still in active use.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

As at 30 June 2020	The Group								
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	Total US\$
<b>Cost (Unaudited)</b>									
As at 1 January 2020	14,542,280	1,747,179	98,787,485	4,963,887	61,119,729	70,923,892	18,205,263	1,658,194	271,947,909
Additions	-	4,755	9,155	207,609	3,203,752	2,455,194	1,497,725	3,839,237	11,217,427
Disposals/write-offs	-	-	-	(47,918)	(100,021)	(302,396)	(307,903)	-	(758,238)
Reclassifications	-	-	-	87,060	70,167	20,790	54,000	(232,017)	-
Currency translation difference	-	-	-	431	(12,086)	(103,131)	(16,071)	-	(130,857)
Adjustments	-	-	-	-	-	-	-	(19,123)	(19,123)
As at 30 June 2020 (Unaudited)	<u>14,542,280</u>	<u>1,751,934</u>	<u>98,796,640</u>	<u>5,211,069</u>	<u>64,281,541</u>	<u>72,994,349</u>	<u>19,433,014</u>	<u>5,246,291</u>	<u>282,257,118</u>
<b>Less: Accumulated depreciation (Unaudited)</b>									
As at 1 January 2020	-	427,535	17,527,768	4,267,941	45,436,998	57,210,873	15,917,002	-	140,788,117
Charge for the period	-	114,215	2,290,290	195,831	3,421,103	3,994,165	609,190	-	10,624,794
Disposals/write-offs	-	-	-	(47,230)	(86,889)	(299,155)	(306,638)	-	(739,912)
Currency translation difference	-	(51)	(4,605)	48,390	47,418	30,636	28,511	-	150,299
Adjustments	-	-	-	-	-	-	-	-	-
As at 30 June 2020 (Unaudited)	<u>-</u>	<u>541,699</u>	<u>19,813,453</u>	<u>4,464,932</u>	<u>48,818,630</u>	<u>60,936,519</u>	<u>16,248,065</u>	<u>-</u>	<u>150,823,298</u>
<b>Carrying value (Unaudited)</b>	<u>14,542,280</u>	<u>1,210,235</u>	<u>78,983,187</u>	<u>746,137</u>	<u>15,462,911</u>	<u>12,057,830</u>	<u>3,184,949</u>	<u>5,246,291</u>	<u>131,433,820</u>
<b>In KHR' 000 equivalent (Note 5) (Unaudited)</b>	<u>59,521,552</u>	<u>4,953,492</u>	<u>323,278,184</u>	<u>3,053,939</u>	<u>63,289,695</u>	<u>49,352,698</u>	<u>13,035,996</u>	<u>21,473,069</u>	<u>537,958,625</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

As at 30 June 2021	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	
<b>Cost</b>									
As at 1 January 2021	2,328,344	282,726	76,893,201	4,318,106	62,173,246	68,253,157	17,800,870	5,243,338	237,292,988
Additions	-	-	20,888	425,219	987,989	4,009,856	1,484,249	6,106,975	13,035,176
Disposals/write-offs	-	-	(9,170)	(144,488)	(206,538)	(218,201)	(169,950)	-	(748,347)
Reclassifications	-	-	-	448,341	60,764	208,566	56,850	(774,521)	-
Adjustments	-	-	-	-	358	671	139	(528,752)	(527,584)
As at 30 June 2021	<u>2,328,344</u>	<u>282,726</u>	<u>76,904,919</u>	<u>5,047,178</u>	<u>63,015,819</u>	<u>72,254,049</u>	<u>19,172,158</u>	<u>10,047,040</u>	<u>249,052,233</u>
<b>Less: Accumulated depreciation</b>									
As at 1 January 2021	-	147,452	20,535,380	3,752,707	49,188,383	57,959,551	14,873,093	-	146,456,566
Charge for the period	-	4,592	1,919,583	216,263	2,973,819	3,166,261	682,594	-	8,963,112
Disposals/write-offs	-	-	(4,999)	(143,525)	(205,525)	(218,146)	(169,950)	-	(742,145)
Currency translation difference	-	(27)	(11,077)	(1,304)	(16,824)	(17,923)	(3,882)	-	(51,037)
Adjustments	-	-	-	-	358	208	(70)	-	496
As at 30 June 2021	<u>-</u>	<u>152,017</u>	<u>22,438,887</u>	<u>3,824,141</u>	<u>51,940,211</u>	<u>60,889,951</u>	<u>15,381,785</u>	<u>-</u>	<u>154,626,992</u>
<b>Carrying value</b>	<u>2,328,344</u>	<u>130,709</u>	<u>54,466,032</u>	<u>1,223,037</u>	<u>11,075,608</u>	<u>11,364,098</u>	<u>3,790,373</u>	<u>10,047,040</u>	<u>94,425,241</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>9,488,002</u>	<u>532,639</u>	<u>221,949,080</u>	<u>4,983,877</u>	<u>45,133,103</u>	<u>46,308,699</u>	<u>15,445,770</u>	<u>40,941,687</u>	<u>384,782,857</u>

As at 30 June 2021, the fully depreciated property and equipment with historical costs amounting to US\$104,863,856 (31 December 2020: US\$99,652,456) are still in active use.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

As at 30 June 2020	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	
<b>Cost (Unaudited)</b>									
As at 1 January 2020	2,328,344	282,726	76,874,326	4,075,689	58,357,695	63,010,144	16,796,997	1,597,366	223,323,287
Additions	-	-	9,155	191,397	3,129,628	2,373,953	1,479,529	3,836,710	11,020,372
Disposals/written off	-	-	-	(39,458)	(66,902)	(249,917)	(305,403)	-	(661,680)
Reclassifications	-	-	-	87,060	70,167	20,790	54,000	(232,017)	-
Adjustments	-	-	-	-	-	-	-	(10,433)	(10,433)
As at 30 June 2020 (Unaudited)	<u>2,328,344</u>	<u>282,726</u>	<u>76,883,481</u>	<u>4,314,688</u>	<u>61,490,588</u>	<u>65,154,970</u>	<u>18,025,123</u>	<u>5,191,626</u>	<u>233,671,546</u>
<b>Less: Accumulated depreciation (Unaudited)</b>									
As at 1 January 2020	-	108,392	16,672,292	3,565,265	43,454,637	52,041,450	14,569,907	-	130,411,943
Charge for the period	-	20,993	1,925,138	165,789	3,259,180	3,568,412	593,344	-	9,532,856
Disposals	-	-	-	(39,133)	(66,111)	(249,915)	(305,403)	-	(660,562)
Currency translation difference	-	(51)	(4,605)	(394)	(8,029)	(8,800)	(1,356)	-	(23,235)
As at 30 June 2020 (Unaudited)	<u>-</u>	<u>129,334</u>	<u>18,592,825</u>	<u>3,691,527</u>	<u>46,639,677</u>	<u>55,351,147</u>	<u>14,856,492</u>	<u>-</u>	<u>139,261,002</u>
<b>Carrying value (Unaudited)</b>	<u>2,328,344</u>	<u>153,392</u>	<u>58,290,656</u>	<u>623,161</u>	<u>14,850,911</u>	<u>9,803,823</u>	<u>3,168,631</u>	<u>5,191,626</u>	<u>94,410,544</u>
<b>In KHR' 000 equivalent (Note 5) (Unaudited)</b>	<u>9,529,912</u>	<u>627,833</u>	<u>238,583,655</u>	<u>2,550,599</u>	<u>60,784,779</u>	<u>40,127,048</u>	<u>12,969,207</u>	<u>21,249,324</u>	<u>386,422,357</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 15. Intangible assets, net

As at 30 June 2021	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
<b>Cost</b>						
As at 1 January 2021	39,269,078	1,832,905	41,101,983	35,837,920	1,741,123	37,579,043
Additions	881,499	304,860	1,186,359	270,212	306,718	576,930
Disposals	(965,000)	-	(965,000)	(965,000)	-	(965,000)
Reclassifications	466,387	(466,387)	-	466,387	(466,387)	-
Currency translation difference	(68,368)	-	(68,368)	-	-	-
Adjustments	-	230,698	230,698	-	230,698	230,698
As at 30 June 2021	<u>39,583,596</u>	<u>1,902,076</u>	<u>41,485,672</u>	<u>35,609,519</u>	<u>1,812,152</u>	<u>37,421,671</u>
<b>Less: Accumulated amortisation</b>						
As at 1 January 2021	26,411,308	-	26,411,308	23,694,485	-	23,694,485
Charge for the period	2,008,621	-	2,008,621	1,789,969	-	1,789,969
Disposals	(459,220)	-	(459,220)	(459,220)	-	(459,220)
Currency translation difference	(66,353)	-	(66,353)	(10,164)	-	(10,164)
As at 30 June 2021	<u>27,894,356</u>	<u>-</u>	<u>27,894,356</u>	<u>25,015,070</u>	<u>-</u>	<u>25,015,070</u>
<b>Carrying value</b>	<u>11,689,240</u>	<u>1,902,076</u>	<u>13,591,316</u>	<u>10,594,449</u>	<u>1,812,152</u>	<u>12,406,601</u>
<b>In KHR' 000 equivalent (Note 5)</b>	<u>47,633,653</u>	<u>7,750,960</u>	<u>55,384,613</u>	<u>43,172,380</u>	<u>7,384,519</u>	<u>50,556,899</u>

As at 30 June 2021, the fully amortised intangible assets with historical costs amounting to US\$19,325,032 and US\$17,564,025 (31 December 2020: US\$14,290,466 and US\$13,996,797, respectively) are still in active use by the Group and the Bank, respectively.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

As at 30 June 2020	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
<b>Cost (Unaudited)</b>						
As at 1 January 2020	31,080,505	1,659,641	32,740,146	27,573,361	1,572,896	29,146,257
Additions	1,535,783	5,974,589	7,510,372	1,470,763	5,973,407	7,444,170
Disposals	(217,594)	-	(217,594)	(217,594)	-	(217,594)
Transfers	259,286	(259,286)	-	259,286	(259,286)	-
Currency translation difference	(60,730)	-	(60,730)	-	-	-
Adjustments	8,690	(272,185)	(263,495)	-	(272,185)	(272,185)
As at 30 June 2020 (Unaudited)	<u>32,605,940</u>	<u>7,102,759</u>	<u>39,708,699</u>	<u>29,085,816</u>	<u>7,014,832</u>	<u>36,100,648</u>
<b>Less: Accumulated amortisation (Unaudited)</b>						
As at 1 January 2020	23,741,153	-	23,741,153	21,230,895	-	21,230,895
Charge for the period	1,639,710	-	1,639,711	1,468,706	-	1,468,706
Disposals	(207,023)	-	(207,023)	(207,023)	-	(207,023)
Currency translation difference	(48,799)	-	(48,799)	(3,482)	-	(3,482)
As at 30 June 2020 (Unaudited)	<u>25,125,041</u>	<u>-</u>	<u>25,125,042</u>	<u>22,489,096</u>	<u>-</u>	<u>22,489,096</u>
<b>Carrying value (Unaudited)</b>	<u>7,480,899</u>	<u>7,102,759</u>	<u>14,583,657</u>	<u>6,596,720</u>	<u>7,014,832</u>	<u>13,611,552</u>
<b>In KHR' 000 equivalent (Note 5) (Unaudited)</b>	<u>30,619,320</u>	<u>29,071,593</u>	<u>59,690,908</u>	<u>27,000,375</u>	<u>28,711,707</u>	<u>55,712,082</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Right-of-use assets	29,211,791	29,529,768	119,038,048	119,447,912	26,227,117	26,182,172	106,875,502	105,906,886

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
At the beginning of the period	29,529,768	32,573,823	119,447,912	132,720,537	26,182,172	28,847,850	105,906,886	117,554,989
Additions during the period	5,344,400	4,238,195	21,708,953	17,304,550	5,231,530	3,812,241	21,250,475	15,565,380
Depreciation for the period	(5,531,294)	(5,232,413)	(22,468,116)	(21,363,942)	(5,119,478)	(4,812,689)	(20,795,320)	(19,650,209)
Lease termination during the period	(97,928)	(178,286)	(397,784)	(727,942)	(97,928)	(67,266)	(397,784)	(274,647)
Exchange differences	(33,155)	22,002	(134,676)	107,661	30,821	(1,906)	125,195	(7,782)
Currency translation difference	-	-	881,759	574,789	-	-	786,050	508,564
At the end of the period	29,211,791	31,423,321	119,038,048	128,615,653	26,227,117	27,778,230	106,875,502	113,696,295

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

	The Group				The Bank			
	30 June 2021	For the three-month period ended		30 June 2020	30 June 2021	For the three-month period ended		30 June 2020
	US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
At the beginning of the period	28,606,269	32,668,377	115,712,358	132,960,294	25,500,385	28,851,086	103,149,057	117,423,920
Additions during the period	3,536,706	1,542,157	14,376,710	6,350,548	3,433,167	1,401,798	13,955,824	5,771,750
Depreciation for the period	(2,856,904)	(2,607,983)	(11,613,315)	(10,700,883)	(2,653,567)	(2,398,655)	(10,786,750)	(9,841,989)
Lease termination during the period	(72,003)	(162,295)	(292,692)	(662,971)	(72,003)	(51,275)	(292,692)	(209,676)
Exchange differences	(2,277)	(16,935)	(9,256)	(50,540)	19,135	(24,724)	77,784	(100,492)
Currency translation difference	-	-	864,243	719,205	-	-	772,279	652,782
At the end of the period	29,211,791	31,423,321	119,038,048	128,615,653	26,227,117	27,778,230	106,875,502	113,696,295

Lease payments not recognized as a liability:

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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Depreciation expense	5,531,294	5,232,413	22,468,116	21,363,942	5,119,478	4,812,689	20,795,320	19,650,209
Interest on lease liabilities	971,838	1,076,364	3,947,608	4,394,793	874,722	956,335	3,553,121	3,904,715
Gain on pre-termination of leases	(180)	(4,002)	(731)	(16,340)	(180)	(4,002)	(731)	(16,340)
	<u>6,502,952</u>	<u>6,304,775</u>	<u>26,414,993</u>	<u>25,742,395</u>	<u>5,994,020</u>	<u>5,765,022</u>	<u>24,347,710</u>	<u>23,538,584</u>

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Depreciation expense	2,856,904	2,607,983	11,613,315	10,700,883	2,653,567	2,398,655	10,786,750	9,841,989
Interest on lease liabilities	491,039	532,484	1,996,074	2,185,009	443,078	472,813	1,801,112	1,940,166
Gain on pre-termination of leases	(2,243)	(3,943)	(9,118)	(16,100)	(2,243)	(3,653)	(9,118)	(14,923)
	<u>3,345,700</u>	<u>3,136,524</u>	<u>13,600,271</u>	<u>12,869,792</u>	<u>3,094,402</u>	<u>2,867,815</u>	<u>12,578,744</u>	<u>11,767,232</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 17. Deferred tax assets, net

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Deferred tax assets	36,251,249	32,324,548	147,723,840	130,752,797	32,734,546	31,015,663	133,393,275	125,458,357
Deferred tax liabilities	(24,482,289)	(21,128,703)	(99,765,328)	(85,465,604)	(23,197,221)	(18,329,716)	(94,528,676)	(74,143,701)
	<u>11,768,960</u>	<u>11,195,845</u>	<u>47,958,512</u>	<u>45,287,193</u>	<u>9,537,325</u>	<u>12,685,947</u>	<u>38,864,599</u>	<u>51,314,656</u>

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
At the beginning of the period	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/(credited) to profit or loss	487,773	147,648	1,981,334	602,847	(3,148,622)	417,641	(12,789,703)	1,705,228
Currency translation difference	85,342	-	346,659	-	-	-	-	-
Exchange differences	-	-	343,326	268,133	-	-	339,646	256,316
At the end of the period	<u>11,768,960</u>	<u>14,962,002</u>	<u>47,958,512</u>	<u>61,239,474</u>	<u>9,537,325</u>	<u>14,425,384</u>	<u>38,864,599</u>	<u>59,043,097</u>

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

The movements in net deferred tax assets during the period were as follows: (continued)

	The Group				The Bank			
	30 June 2021	For the three-month period ended		30 June 2020	30 June 2021	For the three-month period ended		30 June 2020
	US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
At the beginning of the period	14,016,663	15,588,758	56,697,402	63,446,245	12,187,441	14,759,224	49,298,199	60,070,042
Charged to profit or loss	(2,176,303)	(626,756)	(8,846,672)	(2,543,553)	(2,650,116)	(333,840)	(10,772,722)	(1,348,039)
Currency translation difference	(71,400)	-	(290,241)	-	-	-	-	-
Exchange differences	-	-	398,023	336,782	-	-	339,122	321,094
At the end of the period	11,768,960	14,962,002	47,958,512	61,239,474	9,537,325	14,425,384	38,864,599	59,043,097



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

	Unamortised loan fees US\$	Uneamed 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\$
<b>As at 30 June 2021</b>										
As at 1 January 2021	7,560,663	50,295	9,426,856	7,335,254	261,434	814,286	1,602,584	317,209	4,955,890	32,324,548
Credited/(charged) to profit or loss	<u>209,795</u>	<u>7,328</u>	<u>717,078</u>	<u>(834,938)</u>	<u>1,157,187</u>	<u>62,499</u>	<u>96,155</u>	<u>33,574</u>	<u>2,478,100</u>	<u>3,926,701</u>
<b>As at 30 June 2021</b>	<u>7,770,458</u>	<u>57,623</u>	<u>10,143,934</u>	<u>6,500,316</u>	<u>1,418,621</u>	<u>876,785</u>	<u>1,698,739</u>	<u>350,783</u>	<u>7,433,990</u>	<u>36,251,249</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,664,616</u>	<u>234,814</u>	<u>41,336,531</u>	<u>26,488,788</u>	<u>5,780,881</u>	<u>3,572,899</u>	<u>6,922,361</u>	<u>1,429,441</u>	<u>30,293,509</u>	<u>147,723,840</u>
<b>As at 30 June 2020</b>										
As at 1 January 2020	7,340,334	78,796	7,866,254	6,772,862	416,745	609,664	(1,535)	-	(1,553,859)	21,529,261
Credited/(charged) to profit or loss	<u>232,497</u>	<u>(58,171)</u>	<u>649,522</u>	<u>422,409</u>	<u>(359,214)</u>	<u>171,747</u>	<u>3,120</u>	-	<u>2,298,055</u>	<u>2,661,255</u>
<b>As at 30 June 2020 (Unaudited)</b>	<u>7,572,831</u>	<u>20,625</u>	<u>8,515,776</u>	<u>7,195,271</u>	<u>57,531</u>	<u>781,411</u>	<u>1,585</u>	-	<u>744,196</u>	<u>24,190,516</u>
<i>In KHR'000 equivalent (Note 5) (Unaudited)</i>	<u>28,135,777</u>	<u>84,418</u>	<u>34,855,071</u>	<u>29,450,244</u>	<u>235,474</u>	<u>3,198,315</u>	<u>6,487</u>	-	<u>3,045,996</u>	<u>99,011,782</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

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

	Unamortised loan fees	Provision for loan loss	Other provision	Staff bonus	Unrealised exchange loss	Accelerated depreciation	Lease	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 30 June 2021</b>									
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
Credited/(charged) to profit or loss	209,795	717,078	(840,990)	1,157,187	62,387	95,762	28,166	289,498	1,718,883
<b>As at 30 June 2021</b>	<b>7,770,458</b>	<b>10,143,934</b>	<b>6,379,253</b>	<b>1,418,621</b>	<b>876,673</b>	<b>1,696,504</b>	<b>298,335</b>	<b>4,150,768</b>	<b>32,734,546</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>31,664,616</u>	<u>41,336,531</u>	<u>25,995,456</u>	<u>5,780,881</u>	<u>3,572,442</u>	<u>6,913,254</u>	<u>1,215,715</u>	<u>16,914,380</u>	<u>133,393,275</u>
<b>As at 30 June 2020</b>									
As at 1 January 2020	6,641,624	7,866,254	6,646,409	416,745	609,664	-	-	(587,508)	21,593,188
Credited/(charged) to profit or loss	232,497	649,522	414,505	(359,214)	171,747	-	-	(128,543)	980,514
<b>As at 30 June 2020 (Unaudited)</b>	<b>6,874,121</b>	<b>8,515,776</b>	<b>7,060,914</b>	<b>57,531</b>	<b>781,411</b>	<b>-</b>	<b>-</b>	<b>(716,051)</b>	<b>22,573,702</b>
<i>In KHR'000 equivalent (Note 5) (Unaudited)</i>	<u>28,135,777</u>	<u>34,855,071</u>	<u>28,900,321</u>	<u>235,474</u>	<u>3,198,315</u>	<u>-</u>	<u>-</u>	<u>(2,930,796)</u>	<u>92,394,162</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

	Accelerated depreciation US\$	Unrealised exchange US\$	Others US\$	Total US\$
<b>As at 30 June 2021</b>				
As at 1 January 2021	-	640,179	13,246,940	13,887,119
Credited/(charged) to profit or loss	335,037	(639,524)	10,899,657	10,595,170
<b>As at 30 June 2021</b>	<b>335,037</b>	<b>655</b>	<b>24,146,597</b>	<b>24,482,289</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,365,276</u>	<u>2,669</u>	<u>98,397,383</u>	<u>99,765,328</u>
<b>As at 30 June 2020</b>				
As at 1 January 2020	(272,530)	787	8,364,649	8,093,219
Credited/(charged) to profit or loss	(164,680)	147	1,300,068	1,135,295
<b>As at 30 June 2020 (Unaudited)</b>	<b>(437,210)</b>	<b>934</b>	<b>9,664,717</b>	<b>9,228,514</b>
<i>In KHR'000 equivalent (Note 5) (Unaudited)</i>	<u>(1,789,501)</u>	<u>3,823</u>	<u>39,557,687</u>	<u>37,772,308</u>

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

	Accelerated depreciation US\$	Unrealised exchange US\$	Others US\$	Total US\$
<b>As at 30 June 2021</b>				
As at 1 January 2021	-	639,392	12,891,030	13,530,422
Credited/(charged) to profit or loss	-	(639,392)	10,306,191	9,666,799
<b>As at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>23,197,221</b>	<b>23,197,221</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>-</u>	<u>-</u>	<u>94,528,676</u>	<u>94,528,676</u>
<b>As at 30 June 2020</b>				
As at 1 January 2020	(543,243)	-	8,128,688	7,585,445
Credited/(charged) to profit or loss	(221,981)	-	784,854	562,873
<b>As at 30 June 2020 (Unaudited)</b>	<b>(765,224)</b>	<b>-</b>	<b>8,913,542</b>	<b>8,148,318</b>
<i>In KHR'000 equivalent (Note 5) (Unaudited)</i>	<u>(3,132,062)</u>	<u>-</u>	<u>36,437,275</u>	<u>33,351,065</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Current accounts	130,256,743	106,606,626	530,796,228	431,223,802	132,523,895	108,155,568	540,034,872	437,489,273
Savings deposits	55,542,737	47,551,861	226,336,653	192,347,278	53,905,390	46,816,912	219,664,464	189,374,409
Fixed deposits	295,390,741	162,850,972	1,203,717,270	658,732,182	272,550,258	141,792,074	1,110,642,302	573,548,939
	<u>481,190,221</u>	<u>317,009,459</u>	<u>1,960,850,151</u>	<u>1,282,303,262</u>	<u>458,979,543</u>	<u>296,764,554</u>	<u>1,870,341,638</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			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Within six months	250,940,373	195,717,857	1,022,582,020	791,678,732	242,211,157	183,717,176	987,010,465	743,135,977
Later than six months but not later than one year	129,748,944	30,105,199	528,726,947	121,775,530	118,501,357	21,860,975	482,893,030	88,427,644
Later than one year but not later than three years	12,770,905	5,648,815	52,041,438	22,849,457	10,537,030	5,648,815	42,938,397	22,849,457
Later than three years	87,729,999	85,537,588	357,499,746	345,999,543	87,729,999	85,537,588	357,499,746	345,999,543
	<u>481,190,221</u>	<u>317,009,459</u>	<u>1,960,850,151</u>	<u>1,282,303,262</u>	<u>458,979,543</u>	<u>296,764,554</u>	<u>1,870,341,638</u>	<u>1,200,412,621</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

##### b) By relationship

	The Group				The Bank			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Related parties	66,971	72,774	272,907	294,371	2,412,695	1,670,695	9,831,732	6,757,961
Non-related parties	481,123,250	316,936,685	1,960,577,244	1,282,008,891	456,566,848	295,093,859	1,860,509,906	1,193,654,660
	<u>481,190,221</u>	<u>317,009,459</u>	<u>1,960,850,151</u>	<u>1,282,303,262</u>	<u>458,979,543</u>	<u>296,764,554</u>	<u>1,870,341,638</u>	<u>1,200,412,621</u>

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

	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Current accounts	0.00% - 0.20%	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	1.00% - 7.95%	1.00% - 7.95%	1.00% - 7.95%	1.00% - 7.95%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 19. Deposits from customers

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Current accounts	646,857,206	525,179,976	2,635,943,114	2,124,353,003	638,533,795	515,353,012	2,602,025,215	2,084,602,934
Savings deposits	1,876,739,177	1,866,624,777	7,647,712,146	7,550,497,223	1,841,967,043	1,824,684,515	7,506,015,700	7,380,848,863
Margin deposits	12,191,083	13,134,176	49,678,664	53,127,742	12,188,485	13,134,176	49,668,076	53,127,741
Fixed deposits	2,209,255,977	1,889,347,119	9,002,718,106	7,642,409,096	2,142,843,308	1,827,097,034	8,732,086,480	7,390,607,503
	<u>4,745,043,443</u>	<u>4,294,286,048</u>	<u>19,336,052,030</u>	<u>17,370,387,064</u>	<u>4,635,532,631</u>	<u>4,180,268,737</u>	<u>18,889,795,471</u>	<u>16,909,187,041</u>

The deposits from customers are analysed as follows:

#### a) By maturity

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Within six months	3,363,424,708	3,120,269,849	13,705,955,685	12,621,491,539	3,303,415,102	3,048,458,637	13,461,416,540	12,331,015,187
Later than six months but not later than one year	748,105,378	618,538,572	3,048,529,415	2,501,988,524	724,994,306	601,304,341	2,954,351,797	2,432,276,059
Later than one year but not later than three years	467,509,944	405,355,305	1,905,103,022	1,639,662,209	452,113,854	387,858,729	1,842,363,955	1,568,888,559
Later than three years	166,003,413	150,122,322	676,463,908	607,244,792	155,009,369	142,647,030	631,663,179	577,007,236
	<u>4,745,043,443</u>	<u>4,294,286,048</u>	<u>19,336,052,030</u>	<u>17,370,387,064</u>	<u>4,635,532,631</u>	<u>4,180,268,737</u>	<u>18,889,795,471</u>	<u>16,909,187,041</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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

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

##### b) By relationship

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Related parties	8,389,363	18,251,604	34,186,654	73,827,738	11,943,289	19,478,074	48,668,903	78,788,809
Non-related parties	4,736,654,080	4,276,034,444	19,301,865,376	17,296,559,326	4,623,589,342	4,160,790,663	18,841,126,568	16,830,398,232
	<u>4,745,043,443</u>	<u>4,294,286,048</u>	<u>19,336,052,030</u>	<u>17,370,387,064</u>	<u>4,635,532,631</u>	<u>4,180,268,737</u>	<u>18,889,795,471</u>	<u>16,909,187,041</u>

##### c) By interest rate

	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Current accounts	0.00% - 0.20%	Nil	0.00% - 0.20%	Nil
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	0.50% - 11.65%	0.50% - 12.00%	0.50% - 8.25%	0.50% - 8.25%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 20. Other liabilities

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Accrued annual leave	21,125,367	20,063,310	86,085,871	81,156,089	20,709,234	19,626,620	84,390,129	79,389,678
Accrued bonuses	9,527,235	11,046,280	38,823,483	44,682,203	8,622,306	10,454,999	35,135,897	42,290,471
Fund transfers	25,782,154	16,060,460	105,062,278	64,964,561	25,771,027	16,026,656	105,016,935	64,827,824
Tax payables	1,500,976	1,563,901	6,116,477	6,325,980	1,414,013	1,478,413	5,762,103	5,980,181
Others	17,405,856	15,017,157	70,928,862	60,744,399	17,224,067	14,822,194	70,188,073	59,955,774
	<u>75,341,588</u>	<u>63,751,108</u>	<u>307,016,971</u>	<u>257,873,232</u>	<u>73,740,647</u>	<u>62,408,882</u>	<u>300,493,137</u>	<u>252,443,928</u>

  

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Current	54,811,877	44,050,514	223,358,399	178,184,329	53,296,892	42,782,263	217,184,835	173,054,254
Non-current	20,529,711	19,700,594	83,658,572	79,688,903	20,443,755	19,626,619	83,308,302	79,389,674
	<u>75,341,588</u>	<u>63,751,108</u>	<u>307,016,971</u>	<u>257,873,232</u>	<u>73,740,647</u>	<u>62,408,882</u>	<u>300,493,137</u>	<u>252,443,928</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 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			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>Unsecured:</b>								
Current	160,900,526	124,629,071	655,669,643	504,124,592	137,688,900	104,886,698	561,082,268	424,266,693
Non-current	401,028,856	417,769,845	1,634,192,589	1,689,879,023	391,817,626	402,466,218	1,596,656,825	1,627,975,852
	<u>561,929,382</u>	<u>542,398,916</u>	<u>2,289,862,232</u>	<u>2,194,003,615</u>	<u>529,506,526</u>	<u>507,352,916</u>	<u>2,157,739,093</u>	<u>2,052,242,545</u>

The borrowings are analysed as follows:

##### a) By relationship

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	561,929,382	542,398,916	2,289,862,232	2,194,003,615	529,506,526	507,352,916	2,157,739,093	2,052,242,545
	<u>561,929,382</u>	<u>542,398,916</u>	<u>2,289,862,232</u>	<u>2,194,003,615</u>	<u>529,506,526</u>	<u>507,352,916</u>	<u>2,157,739,093</u>	<u>2,052,242,545</u>

##### b) By interest rate

	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Annual interest rates	2.00% - 14.50%	2.00% - 14.50%	2.00% - 7.69%	2.00% - 8.00%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 22. Subordinated debts

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

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Current	26,129,809	11,408,413	106,478,972	46,147,031	26,129,809	11,408,413	106,478,972	46,147,031
Non-current	141,184,799	155,750,210	575,328,056	630,009,599	141,184,799	155,750,210	575,328,056	630,009,599
	<u>167,314,608</u>	<u>167,158,623</u>	<u>681,807,028</u>	<u>676,156,630</u>	<u>167,314,608</u>	<u>167,158,623</u>	<u>681,807,028</u>	<u>676,156,630</u>

The subordinated debts are analysed as follows:

#### a) By relationship

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	167,314,608	167,158,623	681,807,028	676,156,630	167,314,608	167,158,623	681,807,028	676,156,630
	<u>167,314,608</u>	<u>167,158,623</u>	<u>681,807,028</u>	<u>676,156,630</u>	<u>167,314,608</u>	<u>167,158,623</u>	<u>681,807,028</u>	<u>676,156,630</u>

#### b) By interest rate

	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 23. Lease liabilities

Analysis of the Group's lease liabilities follows:

	The Group				The Bank			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
<b>Undiscounted lease liabilities</b>								
Less than one year	11,030,843	10,261,902	44,950,685	41,509,394	10,285,095	9,655,602	41,911,762	39,056,910
One to five years	19,238,745	20,581,294	78,397,886	83,251,334	17,998,715	18,888,896	73,344,764	76,405,584
More than five years	4,252,754	3,816,462	17,329,973	15,437,589	1,003,961	655,929	4,091,141	2,653,233
<b>Total undiscounted lease liabilities</b>	<b>34,522,342</b>	<b>34,659,658</b>	<b>140,678,544</b>	<b>140,198,317</b>	<b>29,287,771</b>	<b>29,200,427</b>	<b>119,347,667</b>	<b>118,115,727</b>
<b>Present value of lease liabilities</b>								
Current	10,692,703	10,309,865	43,572,765	41,703,404	9,974,015	9,711,879	40,644,111	39,284,551
Non-current	17,998,226	18,308,037	73,342,771	74,056,010	16,020,692	16,060,506	65,284,320	64,964,746
<b>Total present value of lease liabilities</b>	<b>28,690,929</b>	<b>28,617,902</b>	<b>116,915,536</b>	<b>115,759,414</b>	<b>25,994,707</b>	<b>25,772,385</b>	<b>105,928,431</b>	<b>104,249,297</b>

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## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 23. Lease liabilities (continued)

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
At the beginning of the period	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 period	5,180,116	4,201,690	21,041,631	17,155,500	5,114,465	3,775,714	20,774,957	15,416,240
Payment for the year	(5,935,563)	(5,680,836)	(24,110,257)	(23,194,853)	(5,665,338)	(5,229,377)	(23,012,603)	(21,351,546)
Lease termination during the period	(101,527)	78,133	(412,403)	319,017	(101,527)	(71,267)	(412,403)	(290,983)
Interest	971,722	1,076,364	3,947,137	4,394,793	874,722	956,335	3,553,121	3,904,715
Exchange differences	(41,721)	(273,295)	(169,471)	(1,115,863)	-	-	-	-
Currency translation difference	-	-	859,485	(904,754)	-	-	776,062	494,519
At the end of the period	<u>28,690,929</u>	<u>30,317,995</u>	<u>116,915,536</u>	<u>122,636,291</u>	<u>25,994,707</u>	<u>27,220,573</u>	<u>105,928,431</u>	<u>111,413,805</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 23. Lease liabilities (continued)

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

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
At the beginning of the period	27,897,232	31,361,939	112,844,303	126,859,045	25,155,413	28,072,659	101,753,646	114,255,722
Additions during the period	3,408,608	1,425,954	13,855,992	5,877,685	3,350,916	1,365,259	13,621,474	5,622,562
Payment for the year	(3,016,312)	(2,897,895)	(12,261,308)	(11,887,764)	(2,880,455)	(2,635,228)	(11,709,050)	(10,811,519)
Lease termination during the period	(77,308)	91,407	(314,257)	372,949	(74,245)	(54,930)	(301,806)	(224,606)
Interest	490,923	532,484	1,995,602	2,185,009	443,078	472,813	1,801,112	1,940,166
Exchange differences	(12,214)	(195,894)	(49,650)	(801,383)	-	-	-	-
Currency translation difference	-	-	844,854	30,750	-	-	763,055	631,480
At the end of the period	<u>28,690,929</u>	<u>30,317,995</u>	<u>116,915,536</u>	<u>122,636,291</u>	<u>25,994,707</u>	<u>27,220,573</u>	<u>105,928,431</u>	<u>111,413,805</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 23. Lease liabilities (continued)

Amounts recognised in the statement of cash flows follow:

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Total cash outflow for leases payments	5,935,563	5,716,444	24,110,257	23,340,241	5,665,338	5,263,504	23,012,603	21,490,887

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Total cash outflow for leases payments	3,015,805	2,954,213	12,259,247	12,117,296	2,880,455	2,673,743	11,709,050	10,968,688

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 24. Employee benefits

Note	The Group				The Bank				
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Retirement benefits	(a)	11,764,847	11,010,471	47,941,752	44,537,355	11,187,032	10,498,190	45,587,154	42,465,178
Career development benefits	(b)	2,070,259	1,307,172	8,436,305	5,287,511	2,039,983	1,307,172	8,312,931	5,287,511
Seniority indemnity benefits	(c)	6,137,413	6,036,412	25,009,958	24,417,286	6,052,499	5,976,401	24,663,935	24,174,542
		<u>19,972,519</u>	<u>18,354,055</u>	<u>81,388,015</u>	<u>74,242,152</u>	<u>19,279,514</u>	<u>17,781,763</u>	<u>78,564,020</u>	<u>71,927,231</u>
	The Group				The Bank				
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Current		8,207,673	7,343,584	33,446,267	29,704,797	8,092,482	7,283,573	32,976,864	29,462,053
Non-current		<u>11,764,846</u>	<u>11,010,471</u>	<u>47,941,748</u>	<u>44,537,355</u>	<u>11,187,032</u>	<u>10,498,190</u>	<u>45,587,156</u>	<u>42,465,178</u>
		<u>19,972,519</u>	<u>18,354,055</u>	<u>81,388,015</u>	<u>74,242,152</u>	<u>19,279,514</u>	<u>17,781,763</u>	<u>78,564,020</u>	<u>71,927,231</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 24. Employee benefits (continued)

##### (a) Retirement benefits

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

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Present value of defined benefit obligation	11,764,847	11,010,471	47,941,752	44,537,355	11,187,032	10,498,190	45,587,154	42,465,178
Fair value of plan assets	-	-	-	-	-	-	-	-
Net liability recognised in statement of financial position	11,764,847	11,010,471	47,941,752	44,537,355	11,187,032	10,498,190	45,587,154	42,465,178



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 24. Employee benefits (continued)

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

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
At the beginning of the period	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	442,534	419,260	1,797,573	1,711,839	413,857	394,545	1,681,087	1,610,927
Interest cost	394,735	348,268	1,603,414	1,421,978	381,619	319,350	1,550,136	1,303,906
Benefits paid	(110,370)	(48,468)	(448,323)	(197,895)	(110,370)	(48,468)	(448,323)	(197,895)
Settlement loss	(7,302)	47,437	(29,661)	193,685	(7,302)	47,437	(29,660)	193,685
Remeasurement gain arising during the period	50,547	407,365	205,322	1,663,271	20,475	387,918	83,169	1,583,869
Currency translation difference	(15,768)	(10,932)	(64,050)	(44,635)	(9,437)	(4,735)	(38,333)	(19,333)
Exchange differences	-	-	340,122	186,650	-	-	323,900	175,541
At the end of the period	11,764,847	10,886,297	47,941,752	44,557,614	11,187,032	10,239,342	45,587,154	41,909,626

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 24. Employee benefits (continued)

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

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Current service cost	442,534	419,260	1,797,573	1,711,839	413,857	394,545	1,681,087	1,610,927
Interest cost	394,735	348,268	1,603,414	1,421,978	381,619	319,350	1,550,136	1,303,906
Settlement (gain)/loss	(7,302)	47,437	(29,661)	193,685	(7,302)	47,437	(29,660)	193,686
	829,967	814,965	3,371,326	3,327,502	788,174	761,332	3,201,563	3,108,519

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 24. Employee benefits (continued)

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

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

	<u>30 June 2021</u>	<u>31 December 2020</u>
Salary growth rate	3.50%	3.46%
Inflation rate	1.20%	1.20%
Discount rates	7.25%	7.00%

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

(\*) Mortality rate table is as follows:

Age	30 June 2021		31 December 2020	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.42	0 - 0.49	0 - 0.42
30-39	0 - 0.10	0 - 0.32	0 - 0.10	0 - 0.32
40-49	-	-	-	-
50-59	-	0 - 6.67	-	0 - 6.67
60	-	-	-	-

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

Age	30 June 2021		31 December 2020	
	Staff turnover rate (% per annum)		Staff turnover rate (% per annum)	
	Females	Males	Females	Males
18-29	2.3 - 9.10	4.29 - 9.24	2.3 - 9.10	4.29 - 9.24
30-39	1.68 - 4.68	2.74 - 5.76	1.68 - 4.68	2.74 - 5.76
40-49	0 - 6.67	0 - 4.38	0 - 6.67	0 - 4.38
50-59	-	0 - 8.33	-	0 - 8.33
60	-	-	-	-

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 24. 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		
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Salary growth rate	1.00%	1.00%	Increase by	20.46%	20.80%	Decrease by	16.45%	16.67%
Discount rate	1.00%	1.00%	Decrease by	16.39%	16.61%	Increase by	20.40%	20.75%
Inflation rate	1.00%	1.00%	Increase by	20.50%	20.84%	Decrease by	16.48%	16.69%
Mortality rate	0.10%	0.10%	Decrease by	1.88%	1.91%	Increase by	0.08%	0.09%
Staff turnover rate	1.00%	1.00%	Decrease by	12.42%	12.73%	Increase by	7.05%	7.39%

##### (b) Career development benefits

Movements in career development benefits were as follows:

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
At the beginning of the period	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 30)	769,749	677,978	3,126,720	2,768,184	739,464	677,978	3,003,703	2,768,184
Benefits paid	(2,263)	(2,083,679)	(9,192)	(8,507,661)	(2,263)	(2,083,679)	(9,192)	(8,507,661)
Currency translation difference	(4,399)	(2,450)	(17,869)	(10,003)	(4,390)	(2,450)	(17,832)	(10,003)
Exchange differences	-	-	49,135	23,425	-	-	48,741	23,426
At the end of the period	2,070,259	675,575	8,436,305	2,765,128	2,039,983	675,575	8,312,931	2,765,129

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 24. Employee benefits (continued)

##### (c) Seniority indemnity benefits

Movements in Seniority indemnity benefits were as follows:

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
At the beginning of the period	6,036,412	6,498,800	24,417,286	26,482,610	5,976,401	6,440,456	24,174,542	26,244,858
Additions (Note 30)	4,054,581	3,959,999	16,469,708	16,168,677	3,955,608	3,888,714	16,067,680	15,877,619
Benefits paid	(3,925,866)	(3,738,970)	(15,946,868)	(15,266,215)	(3,857,248)	(3,670,541)	(15,668,141)	(14,986,819)
Currency translation difference	(27,714)	(20,088)	(112,574)	(82,019)	(22,262)	(20,036)	(90,428)	(81,807)
Exchange differences	-	-	182,406	118,987	-	-	180,282	117,910
At the end of the period	<u>6,137,413</u>	<u>6,699,741</u>	<u>25,009,958</u>	<u>27,422,040</u>	<u>6,052,499</u>	<u>6,638,593</u>	<u>24,663,935</u>	<u>27,171,761</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 25. Share capital and share premium

As at 30 June 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

	As at 30 June 2021			As at 31 December 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>1,765,139,302</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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 25. 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 (KHR47,726,239 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 10 June 2021, the Board of Directors approved the distribution of cash dividends amounting to US\$42,493,292 or at the rate of US\$0.0981 per share against the Bank’s unrestricted retained earnings. As at 30 June 2021, the Bank paid cash dividends due to all Public Shareholders amounting to US\$426,231. Dividend put on hold for the institutional shareholders which were retained as part of the Bank’s retained earnings and still subject to the approval of the NBC for distribution, amounted to US\$42,067,061.

On 15 June 2021, ASA Plc., which is one of the institutional shareholders of the Bank, has legalized all its shares to its agreed upon 11,488 actual shareholders who hold the total shares of 107,204,547 equal to 24.7492% of the Bank’s total shares in accordance with the relevant measures, laws and regulations of SERC. After legalization, 4% of the Bank’s share equal to 17,326,521 shares shall be floated on the CSX in 2021. For the remaining 20.7492% legalized shares shall be carried out as the set plan.

#### 26. Interest income

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Loans and advances:								
- Interest income	278,957,460	250,718,032	1,133,125,203	1,023,681,725	260,149,493	232,958,665	1,056,727,241	951,170,229
- Financial investments	198,180	1,249,139	805,007	5,100,235	195,863	1,249,139	795,596	5,100,235
Deposits and placements with other banks:								
- Banks outside Cambodia	69,563	342,950	282,565	1,400,265	85,330	342,793	346,611	1,399,625
- Banks inside Cambodia	600,603	272,303	2,439,649	1,111,812	592,654	257,101	2,407,359	1,049,742
	<u>279,825,806</u>	<u>252,582,424</u>	<u>1,136,652,424</u>	<u>1,031,294,037</u>	<u>261,023,340</u>	<u>234,807,698</u>	<u>1,060,276,807</u>	<u>958,719,831</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 26. Interest income (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Loans and advances:								
- Interest income	139,805,508	124,330,368	568,309,390	510,168,646	131,031,849	115,403,358	532,644,466	473,543,017
- Financial investments	103,275	293,734	419,813	1,218,424	100,958	293,734	410,394	1,218,424
Deposits and placements with other banks:								
- Banks outside Cambodia	41,539	67,012	168,856	279,129	54,475	66,855	221,441	278,488
- Banks inside Cambodia	302,087	124,144	1,227,984	509,843	302,074	115,833	1,227,931	475,771
	<u>140,252,409</u>	<u>124,815,258</u>	<u>570,126,043</u>	<u>512,176,042</u>	<u>131,489,356</u>	<u>115,879,780</u>	<u>534,504,232</u>	<u>475,515,700</u>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 27. Interest expense

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	5,200,000	3,889,291	21,122,400	15,879,975	4,537,830	3,389,729	18,432,665	13,840,264
Savings deposits	21,676	18,685	88,048	76,291	11,676	12,649	47,428	51,646
Current accounts	104	-	422	-	104	-	422	-
Deposits from customers:								
Fixed deposits	49,941,103	43,033,912	202,860,760	175,707,463	47,983,839	41,084,906	194,910,354	167,749,671
Savings deposits	3,309,045	2,925,332	13,441,341	11,944,131	2,790,076	2,306,534	11,333,289	9,417,578
Current accounts	36,586	27,118	148,612	110,723	36,586	27,118	148,612	110,723
Subordinated debts	5,805,458	5,958,696	23,581,770	24,329,356	5,805,458	5,958,696	23,581,771	24,329,356
Borrowings	15,187,038	18,534,583	61,689,748	75,676,702	13,609,267	16,187,603	55,280,843	66,093,983
Interest expenses on lease	971,838	1,076,364	3,947,608	4,394,793	874,722	956,335	3,553,121	3,904,715
	<u>80,472,848</u>	<u>75,463,981</u>	<u>326,880,709</u>	<u>308,119,434</u>	<u>75,649,558</u>	<u>69,923,570</u>	<u>307,288,505</u>	<u>285,497,936</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 27. Interest expense (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Deposits and placements of other banks and financial institutions:								
Fixed deposits	2,822,743	1,926,294	11,474,450	7,904,318	2,475,812	1,667,848	10,064,176	6,844,261
Savings deposits	11,745	10,437	47,743	42,779	6,014	7,156	24,447	29,328
Current accounts	58	-	236	-	58	-	236	-
Deposits from customers:								
Fixed deposits	26,655,580	21,539,438	108,354,933	88,375,415	25,675,029	20,552,555	104,368,993	84,326,729
Savings deposits	1,687,648	1,431,748	6,860,289	5,875,699	1,441,926	1,126,705	5,861,429	4,623,933
Current accounts	23,522	13,007	95,617	53,390	23,522	13,007	95,617	53,390
Subordinated debts	2,920,285	3,348,354	11,870,959	13,723,536	2,920,285	3,348,354	11,870,959	13,723,536
Borrowings	7,630,219	8,935,734	31,016,840	36,676,579	6,920,411	7,855,589	28,131,470	32,241,010
Interest expenses on leases	491,039	532,484	1,996,074	2,185,009	443,078	472,813	1,801,112	1,940,166
	<u>42,242,839</u>	<u>37,737,496</u>	<u>171,717,141</u>	<u>154,836,725</u>	<u>39,906,135</u>	<u>35,044,027</u>	<u>162,218,439</u>	<u>143,782,353</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 28. Fee and commission income

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Commission fees	8,039,323	8,029,061	32,655,730	32,782,656	7,804,281	7,792,845	31,700,989	31,818,186
ATM Fee	4,118,376	3,417,504	16,728,843	13,953,669	4,072,900	3,378,272	16,544,120	13,793,485
Early loan redemption fees	3,411,229	3,037,421	13,856,412	12,401,790	2,511,454	2,422,422	10,201,526	9,890,749
Commission fee collected for assurance agency	1,911,622	2,466,433	7,765,009	10,070,446	1,816,358	2,343,352	7,378,046	9,567,906
Deposit fee charged	1,814,779	1,142,610	7,371,632	4,665,277	1,694,302	1,132,519	6,882,255	4,624,075
Training fees	629,785	678,505	2,558,187	2,770,336	12,834	12,799	52,132	52,258
Fee income from guarantee	289,002	604,600	1,173,926	2,468,582	288,015	604,206	1,169,917	2,466,973
Others	1,697,712	3,213,443	6,896,106	13,120,487	1,639,222	3,165,886	6,658,520	12,926,313
	21,911,828	22,589,577	89,005,845	92,233,243	19,839,366	20,852,301	80,587,505	85,139,945

As at 30 June 2021, there were settlement fees amounting to KHR1,991,200 (equivalent to US\$489) and US\$ 3,997 (2020: KHR2,663,000 (equivalent to US\$651) and US\$7,411) for operations of cash settlement agents.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 28. Fee and commission income (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Commission fees	3,562,148	3,850,361	14,480,132	15,804,598	3,426,773	3,674,563	13,929,832	15,085,606
ATM fees	2,218,952	1,759,864	9,020,040	7,218,678	2,196,202	1,741,163	8,927,561	7,141,911
Early loan redemption fees	1,529,751	1,282,823	6,218,438	5,272,858	1,115,315	969,293	4,533,755	3,986,686
Commission fees collected for assurance agency	923,804	1,017,709	3,755,263	4,184,280	878,998	969,387	3,573,127	3,985,486
Training fees	346,606	314,779	1,408,953	1,292,517	6,426	6,388	26,122	26,210
Fee income from guarantee	131,931	251,103	536,300	1,032,324	131,625	250,709	535,056	1,030,715
Deposit fees charged	62,409	109,282	253,693	466,865	51,162	105,263	207,974	450,334
Others	678,385	1,476,149	2,757,635	6,061,862	650,139	1,444,549	2,642,815	5,932,521
	<u>9,453,986</u>	<u>10,062,070</u>	<u>38,430,453</u>	<u>41,333,982</u>	<u>8,456,640</u>	<u>9,161,315</u>	<u>34,376,242</u>	<u>37,639,469</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 29. Other income/(losses), net

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Foreign exchange gain	5,350,223	5,279,785	21,732,606	21,557,362	5,341,130	5,275,365	21,695,670	21,539,315
Recovery from loans and advances written off	2,760,815	2,393,835	11,214,431	9,774,028	2,154,179	2,118,357	8,750,275	8,649,252
(Loss)/gain on disposals of property and equipment	(436,220)	99,550	(1,771,926)	406,463	(435,687)	90,692	(1,769,761)	370,295
Dividends on Fair value through P&L	116,614	174,479	473,686	712,398	116,614	174,479	473,686	712,398
Others	551,229	572,598	2,239,092	2,337,918	456,705	345,424	1,855,136	1,410,366
	<u>8,342,661</u>	<u>8,520,247</u>	<u>33,887,889</u>	<u>34,788,169</u>	<u>7,632,941</u>	<u>8,004,317</u>	<u>31,005,006</u>	<u>32,681,626</u>

  

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Foreign exchange gain	2,706,498	2,450,317	11,001,914	10,061,234	2,702,438	2,444,961	10,985,410	10,039,384
Recovery from loans and advances written off	1,153,923	1,435,838	4,690,697	5,881,686	807,780	1,327,695	3,283,626	5,436,792
Gain on disposals of property and equipment	3,458	81,511	14,057	333,171	3,844	71,750	15,626	293,334
Dividends on Fair value through P&L	116,614	174,479	474,036	712,398	116,614	174,479	474,036	712,398
Others	192,069	180,046	780,760	742,978	142,092	32,465	577,604	138,813
	<u>4,172,562</u>	<u>4,322,191</u>	<u>16,961,465</u>	<u>17,731,467</u>	<u>3,772,768</u>	<u>4,051,350</u>	<u>15,336,302</u>	<u>16,620,721</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 30. General and administrative expenses

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Salaries and wages	54,743,102	51,412,694	222,366,480	209,918,030	50,406,442	46,906,961	204,750,967	191,521,122
Other employee expense	20,971,512	18,981,061	85,186,282	77,499,672	20,527,972	17,984,518	83,384,622	73,430,787
Depreciation charges	10,122,906	10,624,794	41,119,244	43,381,034	8,963,112	9,532,856	36,408,161	38,922,651
Repair and maintenance	6,228,822	5,474,780	25,301,475	22,353,527	5,943,897	5,219,532	24,144,110	21,311,349
Depreciation of right-of-use assets	5,531,294	5,232,413	22,468,116	21,363,942	5,119,478	4,812,689	20,795,320	19,650,209
Seniority indemnity (Note 24(c))	4,054,581	3,959,999	16,469,708	16,168,676	3,955,608	3,888,714	16,067,680	15,877,619
Utilities	2,593,914	2,671,748	10,536,479	10,908,747	2,428,861	2,469,937	9,866,033	10,084,753
Office supplies	2,410,847	2,760,602	9,792,861	11,271,538	2,165,806	2,433,521	8,797,504	9,936,066
Amortisation charges	2,008,622	1,639,710	8,159,023	6,694,936	1,789,969	1,468,706	7,270,854	5,996,727
Communication	1,903,974	1,977,336	7,733,942	8,073,463	1,415,653	1,514,007	5,750,382	6,181,691
Retirement benefit (Note 24(a))	829,967	814,965	3,371,326	3,327,502	788,174	761,332	3,201,563	3,108,519
Travellings expenses	804,744	1,016,150	3,268,870	4,148,940	709,076	870,448	2,880,267	3,554,039
Career development expense (Note 24(b))	769,749	677,978	3,126,720	2,768,184	739,464	677,978	3,003,703	2,768,184
License fees	548,472	581,469	2,227,893	2,374,138	534,437	563,503	2,170,883	2,300,783
Others	6,543,663	6,833,598	26,580,359	27,901,581	5,927,028	5,873,378	24,075,588	23,981,002
	<b>120,066,169</b>	<b>114,659,297</b>	<b>487,708,778</b>	<b>468,153,910</b>	<b>111,414,977</b>	<b>104,978,080</b>	<b>452,567,637</b>	<b>428,625,501</b>

As 30 June 2021, there were salaries and wages expenses of ACLEDA Bank's staff who is responsible for operation of cash settlement agent amounting to US\$22,226 (2020: US\$17,711).

As 30 June 2021, above expenses include costs incurred for operation of cash settlement agent, consisting of office supplies amounting to US\$86, furniture and fixtures amounting to US\$286 and membership fees amounting to US\$6,339 (KHR25,833,333) (2020: repairs and maintenance amounting to US\$4,860, office supplies amounting to US\$452, furniture and fixtures amounting to US\$223 and membership fees amounting to US\$6,312 (KHR25,833,333)).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 30. General and administrative expenses (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	
Salaries and wages	28,189,611	26,335,112	114,590,769	108,027,814	26,040,319	24,049,769	105,853,897	98,652,351
Other employee expense	8,351,046	6,536,395	33,947,002	26,936,995	8,359,032	6,093,702	33,979,465	25,118,402
Depreciation charges	5,040,799	5,341,834	20,490,848	21,916,368	4,463,021	4,795,156	18,142,180	19,673,376
Repair and maintenance	3,128,090	2,612,865	12,715,686	10,725,566	2,995,120	2,483,043	12,175,163	10,192,994
Depreciation of right-of-use assets	2,856,904	2,607,983	11,613,315	10,700,883	2,653,567	2,398,655	10,786,750	9,841,989
Seniority indemnity	2,044,138	1,842,440	8,309,421	7,565,034	1,992,180	1,796,242	8,098,212	7,375,905
Utilities	1,396,692	1,412,485	5,677,553	5,792,361	1,305,879	1,311,817	5,308,398	5,379,311
Office supplies	1,171,014	1,343,922	4,760,172	5,515,567	1,036,509	1,210,124	4,213,409	4,965,404
Amortisation charges	974,293	834,841	3,960,501	3,424,753	864,844	749,503	3,515,591	3,074,605
Communication	906,604	878,463	3,685,345	3,608,742	648,247	642,055	2,635,124	2,638,950
Retirement benefit	415,724	(696,196)	1,689,918	(2,812,345)	403,846	(680,820)	1,641,634	(2,750,945)
Career development expense	402,323	338,258	1,635,443	1,387,902	383,574	338,258	1,559,228	1,387,902
Travellings expenses	335,593	399,110	1,364,186	1,641,906	295,839	355,156	1,202,586	1,460,408
License fees	276,045	288,137	1,122,123	1,182,330	268,753	280,843	1,092,481	1,152,335
Others	3,115,255	3,492,260	12,663,511	14,325,725	2,794,452	3,188,802	11,359,447	13,073,570
	58,604,131	53,567,909	238,225,793	219,939,601	54,505,182	49,012,305	221,563,565	201,236,557

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 31. Taxation

##### (a) Current income tax liabilities

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Current income tax liabilities	19,482,436	30,292,370	79,390,927	122,532,637	17,404,408	27,950,334	70,922,963	113,059,101

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
At the beginning of the period	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	17,332,013	17,720,683	70,402,637	72,353,549	16,328,923	16,659,846	66,328,085	68,022,151
Income tax paid	(28,141,947)	(31,912,411)	(114,312,589)	(130,298,374)	(26,874,849)	(31,290,023)	(109,165,637)	(127,757,164)
Currency translation difference	-	(26,647)	-	(108,800)	-	-	-	-
Exchange difference	-	-	768,242	406,083	-	-	701,414	378,859
At the end of the period	19,482,436	16,240,928	79,390,927	66,474,118	17,404,408	14,545,383	70,922,963	59,534,253



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 31. Taxation (continued)

##### (a) Current income tax liabilities (continued)

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)			(Note 5)	(Note 5)
At the beginning of the period	12,817,827	9,519,876	51,848,110	38,745,895	10,921,459	8,265,264	44,177,302	33,639,624
Income tax expense	6,874,481	7,996,803	27,944,765	32,845,425	6,559,456	7,622,715	26,664,189	31,304,288
Income tax paid	(209,872)	(1,546,270)	(853,130)	(6,920,743)	(76,507)	(1,342,596)	(311,001)	(6,080,768)
Currency translation difference	-	270,519	-	428,296	-	-	-	-
Exchange difference	-	-	451,182	1,375,245	-	-	392,473	671,109
At the end of the period	19,482,436	16,240,928	79,390,927	66,474,118	17,404,408	14,545,383	70,922,963	59,534,253

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 31. Taxation (continued)

##### (b) Income tax expense

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Current income tax	17,332,013	17,720,683	70,402,637	72,353,549	16,328,923	16,659,846	66,328,085	68,022,151
Deferred tax expense/(benefit)	(487,773)	(147,648)	(1,981,334)	(602,847)	3,148,622	(417,641)	12,789,703	(1,705,228)
	<u>16,844,240</u>	<u>17,573,035</u>	<u>68,421,303</u>	<u>71,750,702</u>	<u>19,477,545</u>	<u>16,242,205</u>	<u>79,117,788</u>	<u>66,316,923</u>

  

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Current income tax	6,874,481	7,996,803	27,944,765	32,845,425	6,559,456	7,622,715	26,664,189	31,304,288
Deferred tax expense	2,176,303	626,755	8,846,672	2,543,553	2,650,116	333,840	10,772,722	1,348,039
	<u>9,050,784</u>	<u>8,623,558</u>	<u>36,791,437</u>	<u>35,388,978</u>	<u>9,209,572</u>	<u>7,956,555</u>	<u>37,436,910</u>	<u>32,652,327</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 31. Taxation (continued)

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

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	US\$	(Unaudited) US\$	KHR'000 (Note 5)	(Unaudited) KHR'000 (Note 5)	US\$	(Unaudited) US\$	KHR'000 (Note 5)	(Unaudited) KHR'000 (Note 5)
Profit before income tax	98,041,841	81,317,864	398,245,958	332,020,839	99,835,842	80,476,445	405,533,189	328,585,325
Tax calculated at domestic tax rates applicable to profits in the respective countries	19,583,029	16,371,376	79,546,264	66,844,328	19,967,168	16,095,289	81,106,636	65,717,065
Effect of non-deductible expense	(2,738,789)	1,201,659	(11,124,961)	4,906,374	(489,623)	146,916	(1,988,848)	599,858
	<u>16,844,240</u>	<u>17,573,035</u>	<u>68,421,303</u>	<u>71,750,702</u>	<u>19,477,545</u>	<u>16,242,205</u>	<u>79,117,788</u>	<u>66,316,923</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 31. Taxation (continued)

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

	The Group				The Bank			
	For the three-month period ended		For the three-month period ended		For the three-month period ended		For the three-month period ended	
	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)	30 June 2021	30 June 2020 (Unaudited)
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Profit before income tax	46,146,947	38,783,266	187,587,340	159,202,768	46,835,280	39,017,171	190,385,412	160,136,295
Tax calculated at domestic tax rates applicable to profits in the respective countries	9,300,511	7,845,606	37,806,577	32,204,124	9,367,056	7,803,434	38,077,083	32,027,258
Effect of non-deductible expense	(249,727)	777,952	(1,015,140)	3,184,854	(157,484)	153,121	(640,171)	625,069
	<u>9,050,784</u>	<u>8,623,558</u>	<u>36,791,437</u>	<u>35,388,978</u>	<u>9,209,572</u>	<u>7,956,555</u>	<u>37,436,912</u>	<u>32,652,327</u>

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

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

#### **31. Taxation (continued)**

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

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

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

On 27 October 2020, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on temporary postponement on the prepayment of profit tax for the period of 3 years after listing. On 15 December 2020, GDT informed letter to SECC approved temporarily postponing on paying prepayment of profit tax for the Bank from November 2020 until the end of tax incentive period. On 08 January 2021, The Bank received letter approval from GDT on temporarily postponing on paying prepayment of profit tax for the Bank from November 2020 until the end of tax incentive period.

In addition, on 6 January 2021, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive following the Prakas No. 183 on the implementation guidance on the incentive on tax on Income for the IPO enterprise. On 19 February 2021, The Bank submitted a letter to GDT following sub degree No. 01 for the written approval on tax incentive on profit for the IPO enterprise. On 23 March 2021, The Bank received letter approval from GDT on tax incentive on income from 2020 to 2021 by practicing calculation follow to annex and Prakas No.183 on the implementation guidance on the incentive on tax on income for the IPO enterprise.

On 02 April 2021, the Bank informed letter to SERC for updating about GDT's approval on tax incentive on income from 2020 to 2021, included in the letter to SERC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive for 3 years. On 30 June 2021, SERC submitted a letter to GDT for the written approval on tax incentive on income for bank for 3 years for 2020, 2021, and 2022.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 31. Taxation (continued)

##### d) Other tax matters

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

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

#### 32. Earnings per share

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

	For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Profit attributable to shareholders	81,400,006	63,744,829	330,646,824	260,270,137
Weighted average numbers of shares	433,163,019	429,701,451	433,163,019	429,701,451
Basic earnings per share	0.19	0.15	0.76	0.61
Diluted earnings per share	0.19	0.15	0.76	0.61

  

	For the three-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Profit attributable to shareholders	37,170,137	30,159,708	151,096,607	123,813,790
Weighted average numbers of shares	433,163,019	430,584,747	433,163,019	430,584,747
Basic earnings per share	0.09	0.07	0.35	0.29
Diluted earnings per share	0.09	0.07	0.35	0.29

The Bank has no dilutive potential ordinary shares as at each of the period 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 33. Cash and cash equivalents

	The Group				The Bank			
	For the six-month period ended				For the six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
Cash on hand (Note 7)	655,575,404	497,026,094	2,671,469,771	2,034,327,803	639,434,223	484,033,575	2,605,694,459	1,981,149,422
Deposits and placements with other banks:								
<i>Balances with the National Bank of Cambodia:</i>								
- Current accounts	417,748,031	510,068,175	1,702,323,226	2,087,709,040	392,260,071	482,564,383	1,598,459,789	1,975,136,020
- Negotiable certificate of deposits, maturities of three months or less	565,932,597	459,784,904	2,306,175,333	1,881,899,612	565,932,597	459,784,904	2,306,175,333	1,881,899,612
<i>Balances with other banks:</i>								
- Current accounts	158,659,704	57,195,810	646,538,294	234,102,450	156,960,519	48,499,058	639,614,115	198,506,644
- Savings accounts	-	1,306,639	-	5,348,073	-	1,306,638	-	5,348,069
- Fixed deposits, maturities of three months or less	43,861,981	189,075,513	178,737,573	773,886,076	48,374,709	187,078,733	197,126,939	765,713,255
	<u>1,841,777,717</u>	<u>1,714,457,135</u>	<u>7,505,244,197</u>	<u>7,017,273,054</u>	<u>1,802,962,119</u>	<u>1,663,267,291</u>	<u>7,347,070,635</u>	<u>6,807,753,022</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 34. Commitment and contingencies

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

##### (a) Loan commitment, guarantee and other financial liabilities

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Unused portion of overdrafts	150,463,268	120,937,607	613,137,817	489,192,620	149,695,156	120,108,962	610,007,761	485,840,751
Bank guarantees	45,754,227	47,038,166	186,448,475	190,269,381	45,518,291	46,831,662	185,487,036	189,434,073
Letters of credit	7,182,357	7,862,818	29,268,105	31,805,099	7,182,357	7,862,818	29,268,105	31,805,099
Foreign exchange spot transactions	180,963	-	737,424	-	180,963	-	737,424	-
	<u>203,580,815</u>	<u>175,838,591</u>	<u>829,591,821</u>	<u>711,267,100</u>	<u>202,576,767</u>	<u>174,803,442</u>	<u>825,500,326</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 INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 34. Commitments and contingencies (continued)

#### (b) Capital expenditure commitments

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Not later than 1 year	3,964,999	4,601,832	16,157,371	18,614,410	3,315,489	4,589,155	13,510,618	18,563,132
Later than 1 but not later than 5 years	146,498	146,498	596,979	592,584	-	-	-	-
	<u>4,111,497</u>	<u>4,748,330</u>	<u>16,754,350</u>	<u>19,206,994</u>	<u>3,315,489</u>	<u>4,589,155</u>	<u>13,510,618</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\$5,621,303, 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\$146,498 and data backup system dell for DC and DR, upgrade IBM and QR/Laos ATM pool project amounting to US\$645,256.

#### (c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026. As at 30 June 2021, it was remained US\$9,373,190, due to repayment.

The Bank has made allowance for impairment loss of US\$337,176 (2020: US\$370,448) with respect to this guarantee.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 35. Reserves

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<b>As at 1 January 2021</b>	460,207,698	1,861,540,136	64,527,752	261,014,758	(21,641,214)	(87,538,711)	-	-	13,692,814	503,094,236	2,048,708,997
<b>Comprehensive income:</b>											
Other comprehensive income - currency translation difference	-	-	-	-	-	-	-	-	5,307,400	-	5,307,400
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	5,307,400	-	5,307,400
<b>Transactions with owners:</b>											
Transfers from retained earnings to general reserves	64,103,889	260,389,997	-	-	-	-	-	-	-	64,103,889	260,389,997
Transfer from retained earnings to regulatory reserves	-	-	20,481,041	83,193,989	-	-	-	-	-	20,481,041	83,193,989
Reserve NCI	-	-	-	-	-	-	3,028,319	12,301,032	-	3,028,319	12,301,032
Currency translation difference - foreign subsidiaries	-	-	-	-	(5,572,744)	(22,636,486)	-	-	-	(5,572,744)	(22,636,486)
Currency translation differences	-	14,639,583	-	2,202,084	-	(721,682)	-	39,368	(1,101,294)	-	15,058,059
<b>Total transactions with owners:</b>	<b>64,103,889</b>	<b>275,029,580</b>	<b>20,481,041</b>	<b>85,396,073</b>	<b>(5,572,744)</b>	<b>(23,358,168)</b>	<b>3,028,319</b>	<b>12,340,400</b>	<b>(1,101,294)</b>	<b>82,040,505</b>	<b>348,306,591</b>
<b>As at 30 June 2021</b>	<b>524,311,587</b>	<b>2,136,569,716</b>	<b>85,008,793</b>	<b>346,410,831</b>	<b>(27,213,958)</b>	<b>(110,896,879)</b>	<b>3,028,319</b>	<b>12,340,400</b>	<b>17,898,920</b>	<b>585,134,741</b>	<b>2,402,322,988</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 35. Reserves (continued)

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000
	(Note 5)		(Note 5)		(Note 5)		(Note 5)	(Note 5)		(Note 5)	
<b>As at 1 January 2020</b>	398,373,767	1,623,373,099	38,630,578	157,419,606	(22,255,619)	(90,691,647)	-	-	17,984,208	414,748,726	1,708,085,266
<b>Comprehensive income:</b>											
<i>(Unaudited)</i>											
Other comprehensive income - currency translation difference	-	-	-	-	-	-	-	-	2,809,483	-	2,809,483
<b>Total comprehensive income for the period (Unaudited)</b>	-	-	-	-	-	-	-	-	2,809,483	-	2,809,483
<b>Transactions with owners:</b>											
<i>(Unaudited)</i>											
Conversion of retained earnings to share capital	(4,451,864)	(18,176,961)	-	-	-	-	-	-	-	(4,451,864)	(18,176,961)
Transfers from retained earnings to general reserves	89,747,099	366,437,405	-	-	-	-	-	-	-	89,747,099	366,437,405
Transfer from retained earnings to regulatory reserves	-	-	2,435,870	9,945,657	-	-	-	-	-	2,435,870	9,945,657
Currency translation difference - foreign subsidiaries	-	-	-	-	685,517	2,798,966	-	-	-	685,517	2,798,966
Currency translation differences	-	8,023,679	-	719,710	-	(393,746)	-	-	(1,208,947)	-	7,140,696
<b>Total transactions with owners:</b>											
<i>(Unaudited)</i>											
	85,295,235	356,284,123	2,435,870	10,665,367	685,517	2,405,220	-	-	(1,208,947)	88,416,622	368,145,763
<b>As at 30 June 2020 (Unaudited)</b>	<u>483,669,002</u>	<u>1,979,657,222</u>	<u>41,066,448</u>	<u>168,084,973</u>	<u>(21,570,102)</u>	<u>(88,286,427)</u>	-	-	<u>19,584,744</u>	<u>503,165,348</u>	<u>2,079,040,512</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 35. 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)
<b>Balance at 1 January 2021</b>	455,413,631	1,842,148,137	55,327,925	223,801,459	13,408,214	510,741,556	2,079,357,810
<b>Comprehensive income:</b>							
Other comprehensive income-currency translation difference	-	-	-	-	5,196,836	-	5,196,836
<b>Total comprehensive income for the period</b>	-	-	-	-	5,196,836	-	5,196,836
<b>Transactions with owners:</b>							
Transfers from retained earnings to general reserves	55,327,925	224,742,031	-	-	-	55,327,925	224,742,031
Transfer from retained earnings to regulatory reserves	-	-	22,454,446	91,209,960	-	22,454,446	91,209,960
Currency translation differences	-	14,381,673	-	1,951,744	(1,016,712)	-	15,316,705
<b>Total transactions with owners:</b>	<b>55,327,925</b>	<b>239,123,704</b>	<b>22,454,446</b>	<b>93,161,704</b>	<b>(1,016,712)</b>	<b>77,782,371</b>	<b>331,268,696</b>
<b>As at 30 June 2021</b>	<b>510,741,556</b>	<b>2,081,271,841</b>	<b>77,782,371</b>	<b>316,963,163</b>	<b>17,588,338</b>	<b>588,523,927</b>	<b>2,415,823,342</b>
<b>As at 1 January 2020</b>	<b>388,464,324</b>	<b>1,582,992,120</b>	<b>37,245,288</b>	<b>151,774,549</b>	<b>17,601,987</b>	<b>425,709,612</b>	<b>1,752,368,656</b>
<b>Comprehensive income: (Unaudited)</b>							
Other comprehensive income-currency translation difference	-	-	-	-	2,757,976	-	2,757,976
<b>Total comprehensive income for the period (Unaudited)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,757,976</b>	<b>-</b>	<b>2,757,976</b>
<b>Transactions with owners: (Unaudited)</b>							
Transfers from retained earnings to general reserves	82,262,881	335,879,343	-	-	-	82,262,881	335,879,343
Transfer from retained earnings to regulatory reserves	-	-	2,769,061	11,306,076	-	2,769,061	11,306,076
Currency translation differences	-	7,814,987	-	698,105	(1,177,508)	-	7,335,584
<b>Total transactions with owners: (Unaudited)</b>	<b>82,262,881</b>	<b>343,694,330</b>	<b>2,769,061</b>	<b>12,004,181</b>	<b>(1,177,508)</b>	<b>85,031,942</b>	<b>354,521,003</b>
<b>As at 30 June 2020 (Unaudited)</b>	<b>470,727,205</b>	<b>1,926,686,450</b>	<b>40,014,349</b>	<b>163,778,730</b>	<b>19,182,455</b>	<b>510,741,554</b>	<b>2,109,647,635</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 36. 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 25	Shareholders
Key management personnel	The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all Directors of the Group and the Bank and members of senior management of the Group and the Bank.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 36. Related party transactions and balances (continued)

#### (b) Related parties balances

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>i). Loans and advances</b>								
Key management personnel	13,992,369	13,988,651	57,018,904	56,584,093	13,120,923	12,996,169	53,467,761	52,569,504
Subsidiaries	-	-	-	-	-	6,440,590	-	26,052,187
	<u>13,992,369</u>	<u>13,988,651</u>	<u>57,018,904</u>	<u>56,584,093</u>	<u>13,120,923</u>	<u>19,436,759</u>	<u>53,467,761</u>	<u>78,621,691</u>
<b>ii). Balances with related parties</b>								
Shareholder	469,044	412,162	1,911,354	1,667,195	469,044	412,162	1,911,354	1,667,195
Subsidiaries	-	-	-	-	2,512,729	502,678	10,239,371	2,033,333
	<u>469,044</u>	<u>412,162</u>	<u>1,911,354</u>	<u>1,667,195</u>	<u>2,981,773</u>	<u>914,840</u>	<u>12,150,725</u>	<u>3,700,528</u>
<b>iii). Receivables from/(payables to) related parties</b>								
Key management deposit								
Other payables	(35,543)	(28,375)	(144,838)	(114,777)	(35,543)	(28,375)	(144,838)	(114,777)
Shareholders								
Other payables	(103)	(500)	(420)	(2,023)	(103)	(500)	(420)	(2,023)
Subsidiaries								
Other receivables	-	-	-	-	49,228	169,544	200,604	685,806
Other payables	-	-	-	-	(83,421)	(2,187)	(339,940)	(8,846)
	<u>(35,646)</u>	<u>(28,875)</u>	<u>(145,258)</u>	<u>(116,800)</u>	<u>(69,839)</u>	<u>138,482</u>	<u>(284,594)</u>	<u>560,160</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 36. Related party transactions and balances (continued)

#### (b) Related parties balances (continued)

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>iv). Deposits from related parties</b>								
Key management personnel	5,839,419	5,206,782	23,795,632	21,061,433	5,014,620	4,513,852	20,434,577	18,258,531
Shareholders								
Current accounts	2,455,612	12,867,384	10,006,619	52,048,568	2,455,612	12,867,384	10,006,619	52,048,568
Saving accounts	41,200	99,712	167,890	403,335	41,200	99,712	167,890	403,335
Fixed deposits	120,103	150,500	489,420	608,773	120,103	150,500	489,420	608,773
Subsidiaries								
Current accounts	-	-	-	-	2,420,347	1,637,224	9,862,914	6,622,571
Saving accounts	-	-	-	-	148,082	180,135	603,434	728,646
Fixed deposits	-	-	-	-	4,156,020	1,699,962	16,935,782	6,876,346
	<u>8,456,334</u>	<u>18,324,378</u>	<u>34,459,561</u>	<u>74,122,109</u>	<u>14,355,984</u>	<u>21,148,769</u>	<u>58,500,636</u>	<u>85,546,770</u>
<b>v). Borrowings from related parties</b>								
Shareholders	-	-	-	-	-	-	-	-

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 36. Related party transactions and balances (continued)

##### (c) Related parties transactions

	The Group				The Bank			
	For six-month period ended				For six-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
<b>i). Interest income from related parties</b>								
Loans and advances to key management	630,882	475,890	2,561,381	1,947,818	566,669	454,103	2,300,676	1,858,644
Deposit from shareholder	-	354	-	1,449	-	354	-	1,449
Deposits with subsidiary	-	-	-	-	15,767	-	64,014	-
Loan to subsidiary	-	-	-	-	167,205	189,583	678,852	775,963
	<u>630,882</u>	<u>476,244</u>	<u>2,561,381</u>	<u>1,949,267</u>	<u>749,641</u>	<u>644,040</u>	<u>3,043,542</u>	<u>2,636,056</u>
<b>ii). Fee and commission income from related parties</b>								
Shareholders	14,032	14,032	56,970	57,433	14,032	14,032	56,970	57,433
Subsidiaries	-	-	-	-	7,978	2,652	32,390	10,855
	<u>14,032</u>	<u>14,032</u>	<u>56,970</u>	<u>57,433</u>	<u>22,010</u>	<u>16,684</u>	<u>89,360</u>	<u>68,288</u>
<b>iii). Interest expenses to related parties</b>								
Deposits of key management	79,033	174,255	320,874	713,226	71,133	169,352	288,800	693,158
Borrowing from shareholders	-	44,373	-	181,619	-	-	-	-
Deposits of shareholders	3,931	104,761	15,960	428,787	3,931	104,761	15,960	428,787
Deposits of subsidiaries	-	-	-	-	83,084	47,187	337,321	193,136
	<u>82,964</u>	<u>323,389</u>	<u>336,834</u>	<u>1,323,632</u>	<u>158,148</u>	<u>321,300</u>	<u>642,081</u>	<u>1,315,081</u>
<b>iv). Fee and remuneration expenses to related parties</b>								
Board of Directors	327,738	411,498	1,330,616	1,684,261	189,386	257,830	768,907	1,055,298
Key management	5,271,698	5,966,890	21,403,094	24,422,481	4,391,711	5,030,251	17,830,347	20,588,817
Subsidiary	-	-	-	-	1,147,127	965,125	4,657,336	3,950,257
	<u>5,599,435</u>	<u>6,378,388</u>	<u>22,733,710</u>	<u>26,106,742</u>	<u>5,728,224</u>	<u>6,253,206</u>	<u>23,256,590</u>	<u>25,594,372</u>
<b>v). Other commitments</b>								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	337,176	(48,554)	1,368,935	(198,732)



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 36. Related party transactions and balances (continued)

#### (c) Related parties transactions (continued)

	The Group				The Bank			
	For three-month period ended				For three-month period ended			
	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)	30 June 2021 US\$	30 June 2020 (Unaudited) US\$	30 June 2021 KHR'000 (Note 5)	30 June 2020 (Unaudited) KHR'000 (Note 5)
<b>i). Interest income from related parties</b>								
Loans and advances to key management	229,128	305,418	930,260	1,253,997	226,284	294,126	918,713	1,207,538
Deposit from shareholder	-	354	-	1,449	-	354	-	1,449
Deposits with subsidiary	-	-	-	-	12,936	-	52,520	-
Loan to subsidiary	-	-	-	-	53,900	94,791	218,834	390,160
	<u>229,128</u>	<u>305,772</u>	<u>930,260</u>	<u>1,255,446</u>	<u>293,120</u>	<u>389,271</u>	<u>1,190,067</u>	<u>1,599,147</u>
<b>ii). Fee and commission income from related parties</b>								
Shareholders	7,016	7,016	28,485	28,878	7,016	7,016	28,485	28,878
Subsidiaries	-	-	-	-	375	2,188	1,522	8,966
	<u>7,016</u>	<u>7,016</u>	<u>28,485</u>	<u>28,878</u>	<u>7,391</u>	<u>9,204</u>	<u>30,007</u>	<u>37,844</u>
<b>iii). Interest expenses to related parties</b>								
Deposits of key management	40,652	129,334	165,047	530,398	34,379	124,630	139,579	511,139
Borrowing from shareholders	-	17,147	-	70,809	-	-	-	-
Deposits of shareholders	1,848	81,701	7,503	334,933	1,848	81,701	7,503	334,933
Deposits of subsidiaries	-	-	-	-	53,054	22,228	215,399	91,553
	<u>42,500</u>	<u>228,182</u>	<u>172,550</u>	<u>936,140</u>	<u>89,281</u>	<u>228,559</u>	<u>362,481</u>	<u>937,625</u>
<b>iv). Fee and remuneration expenses to related parties</b>								
Board of Directors	193,185	261,441	784,331	1,073,529	113,067	170,455	459,052	699,682
Key management	1,908,683	2,245,281	7,749,253	9,275,532	1,545,623	1,938,227	6,275,230	8,004,279
Subsidiary	-	-	-	-	511,659	366,230	2,077,336	1,512,754
	<u>2,101,868</u>	<u>2,506,722</u>	<u>8,533,584</u>	<u>10,349,061</u>	<u>2,170,349</u>	<u>2,474,912</u>	<u>8,811,618</u>	<u>10,216,715</u>
<b>v). Other commitments</b>								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	(36,491)	(153,721)	(148,153)	(626,762)

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 37. Financial risk management

#### (a) Introduction and overview

The Group and the Bank is the leading and first listed bank in Cambodia that has the largest branch networks and self-services for offering multiple products and services to the 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 12 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, so the Group and the Bank need to have effective risk management in place in order to manage risk to be within the risk appetite and tolerance, provide reasonable assurance regarding the achievement of objectives.

The framework for risk management has established which 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 day-to-day management of the business and operations to provide transparent and consistent management of risk across the Bank and the Group.

The Group and the Bank instill proactive risk management by embedding accountability and risk ownership culture in managing risks of all levels, 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### (b) Objective and principles

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

- To manage risk to be 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, an organization is willing to accept in pursuit of long-term shareholder value. Risk tolerance refers to the variation amount of maximum of risk which can be accepted, taking into account the appropriate measure to reduce the risk.

The Bank's 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. 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 liabilities:

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>Financial assets</b>								
Cash on hand	655,575,404	412,759,051	2,671,469,771	1,669,610,361	639,434,223	400,816,126	2,605,694,459	1,621,301,230
Deposits and placements with other banks	647,192,521	534,653,146	2,637,309,523	2,162,671,976	620,608,001	507,629,407	2,528,977,604	2,053,360,951
Statutory deposits	386,237,871	360,377,008	1,573,919,324	1,457,724,997	383,654,103	356,753,756	1,563,390,470	1,443,068,943
Financial investments	603,476,573	566,674,523	2,459,167,035	2,292,198,446	603,476,573	566,674,523	2,459,167,035	2,292,198,446
Loans and advances, net	4,770,045,557	4,471,300,618	19,437,935,645	18,086,411,000	4,597,518,959	4,292,649,159	18,734,889,758	17,363,765,848
Other assets	6,493,211	6,921,852	26,459,835	27,998,891	6,433,986	6,923,222	26,218,493	28,004,433
<b>Total financial assets</b>	<b>7,069,021,137</b>	<b>6,352,686,198</b>	<b>28,806,261,133</b>	<b>25,696,615,671</b>	<b>6,851,125,845</b>	<b>6,131,446,193</b>	<b>27,918,337,819</b>	<b>24,801,699,851</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	481,190,221	317,009,459	1,960,850,151	1,282,303,262	458,979,543	296,764,554	1,870,341,638	1,200,412,621
Deposits from customers	4,745,043,443	4,294,286,048	19,336,052,030	17,370,387,064	4,635,532,631	4,180,268,737	18,889,795,471	16,909,187,041
Lease liabilities	28,690,929	28,617,902	116,915,536	115,759,414	25,994,707	25,772,385	105,928,431	104,249,297
Borrowings	561,929,382	542,398,916	2,289,862,232	2,194,003,615	529,506,526	507,352,916	2,157,739,093	2,052,242,545
Subordinated debts	167,314,608	167,158,623	681,807,028	676,156,630	167,314,608	167,158,623	681,807,028	676,156,630
Other liabilities	39,766,033	28,699,228	162,046,584	116,088,377	39,678,282	28,488,959	161,688,999	115,237,839
<b>Total financial liabilities</b>	<b>6,023,934,616</b>	<b>5,378,170,176</b>	<b>24,547,533,561</b>	<b>21,754,698,362</b>	<b>5,857,006,297</b>	<b>5,205,806,174</b>	<b>23,867,300,660</b>	<b>21,057,485,973</b>
<b>Net financial assets</b>	<b>1,045,086,521</b>	<b>974,516,022</b>	<b>4,258,727,572</b>	<b>3,941,917,309</b>	<b>994,119,548</b>	<b>925,640,019</b>	<b>4,051,037,159</b>	<b>3,744,213,878</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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.

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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

- Loan exposure ratio: defined as the aggregate amount of loan assets in arrears > 30 days minus loan loss reserves divided by the 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 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(b) Internal targets and mitigation policies

The Group and the Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia, Lao PDR, and the Republic of the Union of Myanmar. The Group and the Bank 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.

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 INTERIM FINANCIAL STATEMENTS (CONITNUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	655,575,404	412,759,051	2,671,469,771	1,669,610,361	639,434,223	400,816,126	2,605,694,459	1,621,301,230
Deposits and placements with other banks	647,192,521	534,653,146	2,637,309,523	2,162,671,976	620,608,001	507,629,407	2,528,977,604	2,053,360,951
Statutory deposits	386,237,871	360,377,008	1,573,919,324	1,457,724,997	383,654,103	356,753,756	1,563,390,470	1,443,068,943
Financial investments	603,476,573	566,674,523	2,459,167,035	2,292,198,446	603,476,573	566,674,523	2,459,167,035	2,292,198,446
Loans and advances, net	4,770,045,557	4,471,300,618	19,437,935,645	18,086,411,000	4,597,518,959	4,292,649,159	18,734,889,758	17,363,765,848
Other assets	6,493,211	6,921,852	26,459,835	27,998,891	6,433,986	6,923,222	26,218,493	28,004,433
	<u>7,069,021,137</u>	<u>6,352,686,198</u>	<u>28,806,261,133</u>	<u>25,696,615,671</u>	<u>6,851,125,845</u>	<u>6,131,446,193</u>	<u>27,918,337,819</u>	<u>24,801,699,851</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	150,463,268	120,937,607	613,137,817	489,192,620	149,695,156	120,108,962	610,007,761	485,840,751
Bank guarantees	45,754,227	47,038,166	186,448,475	190,269,381	45,518,291	46,831,662	185,487,036	189,434,073
Letters of credit	7,182,357	7,862,818	29,268,105	31,805,099	7,182,357	7,862,818	29,268,105	31,805,099
Foreign exchange spot transactions	180,963	-	737,424	-	180,963	-	737,424	-
	<u>203,580,815</u>	<u>175,838,591</u>	<u>829,591,821</u>	<u>711,267,100</u>	<u>202,576,767</u>	<u>174,803,442</u>	<u>825,500,326</u>	<u>707,079,923</u>
<b>Total maximum credit risk exposure</b>	<u>7,272,601,952</u>	<u>6,528,524,789</u>	<u>29,635,852,954</u>	<u>26,407,882,771</u>	<u>7,053,702,612</u>	<u>6,306,249,635</u>	<u>28,743,838,145</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 30 June 2021 and 31 December 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 INTERIM FINANCIAL STATEMENTS (CONITNUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

As shown above, 65.59% for the Group and 65.18% 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 approved by the Credit Department must not exceed 75% of estimated saleable value of the pledged collateral. As at 30 June 2021, approximately 96.17% (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 as follows:

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

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

(i) *Geographical sector*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 30 June 2021 and 31 December 2020 are as follows:

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$	Total US\$
<b>As at 30 June 2021</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	639,453,607	-	-	11,390,249	-	-	4,731,548	-	655,575,404
Deposits and placements with other banks	439,434,286	566,553	262,869	51,362,752	964,614	144,922,927	242,541	9,435,979	647,192,521
Statutory deposits	383,899,502	-	-	2,338,369	-	-	-	-	386,237,871
Financial investments	603,476,573	-	-	-	-	-	-	-	603,476,573
Loans and advances, net	4,597,552,097	-	-	147,505,074	-	-	24,988,386	-	4,770,045,557
Other assets	6,415,167	-	-	55,437	-	-	22,607	-	6,493,211
	<u>6,670,231,232</u>	<u>566,553</u>	<u>262,869</u>	<u>212,651,881</u>	<u>964,614</u>	<u>144,922,927</u>	<u>29,985,082</u>	<u>9,435,979</u>	<u>7,069,021,137</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitment	149,695,156	-	-	768,112	-	-	-	-	150,463,268
Bank guarantees	45,518,291	-	-	235,936	-	-	-	-	45,754,227
Letters of credit	7,182,357	-	-	-	-	-	-	-	7,182,357
Foreign exchange spot transactions	180,963	-	-	-	-	-	-	-	180,963
	<u>202,576,767</u>	<u>-</u>	<u>-</u>	<u>1,004,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,580,815</u>
<b>Total maximum credit risk exposure</b>	<u>6,872,807,999</u>	<u>566,553</u>	<u>262,869</u>	<u>213,655,929</u>	<u>964,614</u>	<u>144,922,927</u>	<u>29,985,082</u>	<u>9,435,979</u>	<u>7,272,601,952</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>28,006,692,596</u>	<u>2,308,703</u>	<u>1,071,191</u>	<u>870,647,911</u>	<u>3,930,802</u>	<u>590,560,928</u>	<u>122,189,209</u>	<u>38,451,614</u>	<u>29,635,852,954</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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\$
<b>As at 31 December 2020</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	400,829,300	-	-	11,624,911	-	-	304,840	-	412,759,051
Deposits and placements with other banks	269,022,932	631,569	568,916	20,612,267	263,969	232,975,901	4,823,475	5,754,117	534,653,146
Statutory deposits	357,000,974	-	-	3,376,034	-	-	-	-	360,377,008
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances, net	4,286,426,601	-	-	140,902,367	-	-	43,971,650	-	4,471,300,618
Other assets	6,774,532	-	-	147,320	-	-	-	-	6,921,852
	<u>5,886,728,862</u>	<u>631,569</u>	<u>568,916</u>	<u>176,662,899</u>	<u>263,969</u>	<u>232,975,901</u>	<u>49,099,965</u>	<u>5,754,117</u>	<u>6,352,686,198</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitment	120,108,962	-	-	828,645	-	-	-	-	120,937,607
Bank guarantees	46,831,662	-	-	206,504	-	-	-	-	47,038,166
Letters of credit	7,862,818	-	-	-	-	-	-	-	7,862,818
	<u>174,803,442</u>	<u>-</u>	<u>-</u>	<u>1,035,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,838,591</u>
<b>Total maximum credit risk exposure</b>	<u>6,061,532,304</u>	<u>631,569</u>	<u>568,916</u>	<u>177,698,048</u>	<u>263,969</u>	<u>232,975,901</u>	<u>49,099,965</u>	<u>5,754,117</u>	<u>6,528,524,789</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>24,518,898,170</u>	<u>2,554,697</u>	<u>2,301,265</u>	<u>718,788,604</u>	<u>1,067,755</u>	<u>942,387,520</u>	<u>198,609,358</u>	<u>23,275,403</u>	<u>26,407,882,772</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

	The Bank								Total US\$
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Other US\$	
<b>As at 30 June 2021</b>									
<b>Credit exposure for on-balance sheet financial assets:</b>									
Cash on hand	639,434,223	-	-	-	-	-	-	-	639,434,223
Deposits and placements with other banks	437,133,130	566,553	262,869	27,468,033	964,614	144,922,927	46,744	9,243,131	620,608,001
Statutory deposits	383,654,103	-	-	-	-	-	-	-	383,654,103
Financial investments	603,476,573	-	-	-	-	-	-	-	603,476,573
Loans and advances, net	4,597,518,959	-	-	-	-	-	-	-	4,597,518,959
Other assets	6,397,486	-	-	80	-	-	36,420	-	6,433,986
	<u>6,667,614,474</u>	<u>566,553</u>	<u>262,869</u>	<u>27,468,113</u>	<u>964,614</u>	<u>144,922,927</u>	<u>83,164</u>	<u>9,243,131</u>	<u>6,851,125,845</u>
<b>Credit exposure for off-balance sheet items:</b>									
Unused portion of loan commitment	149,695,156	-	-	-	-	-	-	-	149,695,156
Bank guarantees	45,518,291	-	-	-	-	-	-	-	45,518,291
Letters of credit	7,182,357	-	-	-	-	-	-	-	7,182,357
Foreign exchange spot transactions	180,963	-	-	-	-	-	-	-	180,963
	<u>202,576,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,576,767</u>
<b>Total maximum credit risk exposure</b>	<u>6,870,191,241</u>	<u>566,553</u>	<u>262,869</u>	<u>27,468,113</u>	<u>964,614</u>	<u>144,922,927</u>	<u>83,164</u>	<u>9,243,131</u>	<u>7,053,702,612</u>
<b>In KHR'000 equivalent (Note 5)</b>	<u>27,996,029,307</u>	<u>2,308,703</u>	<u>1,071,191</u>	<u>111,932,560</u>	<u>3,930,802</u>	<u>590,560,928</u>	<u>338,893</u>	<u>37,665,759</u>	<u>28,743,838,143</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

(i) *Geographical sector (continued)*

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

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

(ii) *Industry sectors*

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) at carrying amount as at 30 June 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\$	
<b>As at 30 June 2021</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	655,575,404	-	-	-	-	-	-	655,575,404
Deposits and placements with other banks	647,192,521	-	-	-	-	-	-	647,192,521
Statutory deposits	-	-	-	-	-	-	386,237,871	386,237,871
Financial investments	-	-	-	-	-	-	603,476,573	603,476,573
Loans and advances, net	7,983,964	1,592,213,176	1,219,455,850	196,946,181	141,909,128	953,594,628	657,942,630	4,770,045,557
Other assets	3,330,975	-	-	-	-	-	3,162,236	6,493,211
	<u>1,314,082,864</u>	<u>1,592,213,176</u>	<u>1,219,455,850</u>	<u>196,946,181</u>	<u>141,909,128</u>	<u>953,594,628</u>	<u>1,650,819,310</u>	<u>7,069,021,137</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	-	-	-	-	-	-	150,463,268	150,463,268
Bank guarantees	-	-	-	-	-	-	45,754,227	45,754,227
Letters of credit	-	-	-	-	-	-	7,182,357	7,182,357
Foreign exchange spot transactions	-	-	-	-	-	-	180,963	180,963
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,580,815</u>	<u>203,580,815</u>
<b>Total maximum credit risk exposure</b>	<u>1,314,082,864</u>	<u>1,592,213,176</u>	<u>1,219,455,850</u>	<u>196,946,181</u>	<u>141,909,128</u>	<u>953,594,628</u>	<u>1,854,400,125</u>	<u>7,272,601,952</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>5,354,887,671</u>	<u>6,488,268,692</u>	<u>4,969,282,589</u>	<u>802,555,688</u>	<u>578,279,697</u>	<u>3,885,898,109</u>	<u>7,556,680,509</u>	<u>29,635,852,955</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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\$	
<b>As at 31 December 2020</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
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>
<b>Credit exposure for off-balance sheet items:</b>								
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>
<b>Total maximum credit risk exposure</b>	<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>
<b>In KHR'000 equivalent (Note 5)</b>	<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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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\$	
<b>As at 30 June 2021</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	639,434,223	-	-	-	-	-	-	639,434,223
Deposits and placements with other banks	620,608,001	-	-	-	-	-	-	620,608,001
Statutory deposits	-	-	-	-	-	-	383,654,103	383,654,103
Financial investments	-	-	-	-	-	-	603,476,573	603,476,573
Loans and advances, net	7,983,964	1,520,060,630	1,181,254,036	191,303,432	134,852,059	919,353,203	642,711,635	4,597,518,959
Other assets	3,313,042	-	-	-	-	-	3,120,944	6,433,986
	<u>1,271,339,230</u>	<u>1,520,060,630</u>	<u>1,181,254,036</u>	<u>191,303,432</u>	<u>134,852,059</u>	<u>919,353,203</u>	<u>1,632,963,255</u>	<u>6,851,125,845</u>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	-	-	-	-	-	-	149,695,156	149,695,156
Bank guarantees	-	-	-	-	-	-	45,518,291	45,518,291
Letters of credit	-	-	-	-	-	-	7,182,357	7,182,357
Foreign exchange spot transactions	-	-	-	-	-	-	180,963	180,963
	-	-	-	-	-	-	<u>202,576,767</u>	<u>202,576,767</u>
<b>Total maximum credit risk exposure</b>	<u>1,271,339,230</u>	<u>1,520,060,630</u>	<u>1,181,254,036</u>	<u>191,303,432</u>	<u>134,852,059</u>	<u>919,353,203</u>	<u>1,835,540,022</u>	<u>7,053,702,612</u>
<i>In KHR'000 equivalent (Note 5)</i>	5,180,707,362	6,194,247,067	4,813,610,197	779,561,485	549,522,140	3,746,364,302	7,479,825,590	28,743,838,143



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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\$	
<b>As at 31 December 2020</b>								
<b>Credit exposure for on-balance sheet financial assets:</b>								
Cash on hand	400,816,126	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks, 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>
<b>Credit exposure for off-balance sheet items:</b>								
Unused portion of loan commitment	-	-	-	-	-	-	120,108,962	120,108,962
Bank guarantees	-	-	-	-	-	-	46,831,662	46,831,662
Letters of credit	-	-	-	-	-	-	7,862,818	7,862,818
	-	-	-	-	-	-	174,803,442	174,803,442
<b>Total maximum credit risk exposure</b>	<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>
<b>In KHR'000 equivalent (Note 5)</b>	<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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basis of calculation of profit revenue	On gross carrying amount	On gross carrying amount	On net carrying amount

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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.

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

Long-term facilities (more than one year)

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

Short-term facilities (one year or less)

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

###### *Recognition of ECL (continued)*

The Group and the Bank will use the day past due (“DPD”) information and NBC’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, it the risk level drops by two or more notches as compared to the risk level at origination, the accounts have to be classified under stage 2.

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

###### *Credit classification for financial assets*

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

*Credit classification for financial assets (continued)*

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

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

*Credit classification for financial assets (continued)*

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	As for facilities that have an original term of one year or less
<p><b>3- SUB-STANDARD</b></p> <p>A facility in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position of the counterparty and his repayment capacity. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources such as the realization of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include:</p> <ul style="list-style-type: none"> <li>▪ Inability of the counterparty to meet the contractual repayments' terms,</li> <li>▪ Unfavourable economic and market conditions that would affect the business and profitability of the counterparty in the future,</li> <li>▪ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments.</li> <li>▪ Difficulties experienced by the counterparty in repaying other facilities granted by the bank or by other institutions when the information is available.</li> <li>▪ Breach of financial covenants by the counterparty.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due from 90 days to 179 days.</li> <li>- When interest payments for 90 to 179 days have been capitalized, refinanced, or rolled over into a new facility.</li> </ul>	<ul style="list-style-type: none"> <li>- When any facility is past due for maximum 60 days.</li> <li>- When interest payments for maximum 60 days have been capitalized, refinanced, or rolled over into a new facility.</li> <li>- In case of overdrafts, excess of the approval limit is for maximum 60 days, or the current account has been inactive for maximum 60 days.</li> <li>- The overdraft that has had no net inflow for 60 days must be modified into a term loan.</li> </ul>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

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

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

Loans and advances at amortised cost	30 June 2021			31 December 2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	4,635,100,254	-	-	4,635,100,254	4,375,262,025
Special mention	-	57,123,067	71,325	57,194,392	26,470,310
Substandard	-	-	42,767,285	42,767,285	32,985,705
Doubtful	-	-	20,655,528	20,655,528	50,125,889
Loss	-	-	56,997,122	56,997,122	21,799,236
	4,635,100,254	57,123,067	120,491,260	4,812,714,581	4,506,643,165
ECL allowance	(20,353,843)	(6,503,110)	(15,812,071)	(42,669,024)	(35,342,547)
Carrying amount	4,614,746,411	50,619,957	104,679,189	4,770,045,557	4,471,300,618
<i>In KHR'000 equivalent (Note 5)</i>	18,805,091,625	206,276,325	426,567,695	19,437,935,645	18,086,411,000
<b>The Bank</b>					
Normal	4,463,272,647	-	-	4,463,272,647	4,198,757,317
Special mention	-	49,258,896	-	49,258,896	23,945,494
Substandard	-	-	39,836,236	39,836,236	31,773,683
Doubtful	-	-	19,252,196	19,252,196	48,178,299
Loss	-	-	56,339,955	56,339,955	21,203,755
	4,463,272,647	49,258,896	115,428,387	4,627,959,930	4,323,858,548
ECL allowance	(11,402,979)	(4,730,026)	(14,307,966)	(30,440,971)	(31,209,389)
Carrying amount	4,451,869,668	44,528,870	101,120,421	4,597,518,959	4,292,649,159
<i>In KHR'000 equivalent (Note 5)</i>	18,141,368,897	181,455,145	412,065,716	18,734,889,758	17,363,765,848



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Financial investments at amortised cost	30 June 2021			31 December 2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	603,476,573	-	-	603,476,573	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	603,476,573	-	-	603,476,573	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	603,476,573	-	-	603,476,573	566,520,994
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,459,167,035</u>	<u>-</u>	<u>-</u>	<u>2,459,167,035</u>	<u>2,291,577,421</u>
<b>The Bank</b>					
Normal	603,476,573	-	-	603,476,573	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	603,476,573	-	-	603,476,573	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	603,476,573	-	-	603,476,573	566,520,994
<i>In KHR'000 equivalent (Note 5)</i>	<u>2,459,167,035</u>	<u>-</u>	<u>-</u>	<u>2,459,167,035</u>	<u>2,291,577,421</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Cash and deposit and placement with other banks	30 June 2021			31 December 2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	1,303,582,393	-	-	1,303,582,393	947,994,641
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,303,582,393</u>	<u>-</u>	<u>-</u>	<u>1,303,582,393</u>	<u>947,994,641</u>
ECL allowance	(814,468)	-	-	(814,468)	(582,444)
Carrying amount	<u>1,302,767,925</u>	<u>-</u>	<u>-</u>	<u>1,302,767,925</u>	<u>947,412,197</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>5,308,779,294</u>	<u>-</u>	<u>-</u>	<u>5,308,779,294</u>	<u>3,832,282,337</u>
<b>The Bank</b>					
Normal	1,260,764,475	-	-	1,260,764,475	908,587,076
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,260,764,475</u>	<u>-</u>	<u>-</u>	<u>1,260,764,475</u>	<u>908,587,076</u>
ECL allowance	(722,251)	-	-	(722,251)	(141,543)
Carrying amount	<u>1,260,042,224</u>	<u>-</u>	<u>-</u>	<u>1,260,042,224</u>	<u>908,445,533</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>5,134,672,063</u>	<u>-</u>	<u>-</u>	<u>5,134,672,063</u>	<u>3,674,662,181</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Statutory deposits	30 June 2021			31 December 2020	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
<b>The Group</b>					
Normal	386,237,871	-	-	386,237,871	360,377,008
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>386,237,871</u>	<u>-</u>	<u>-</u>	<u>386,237,871</u>	<u>360,377,008</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>386,237,871</u>	<u>-</u>	<u>-</u>	<u>386,237,871</u>	<u>360,377,008</u>
<i>In KHR'000 equivalent (Note 4)</i>	<u>1,573,919,324</u>	<u>-</u>	<u>-</u>	<u>1,573,919,324</u>	<u>1,457,724,997</u>
<b>The Bank</b>					
Normal	383,654,103	-	-	383,654,103	356,753,756
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>383,654,103</u>	<u>-</u>	<u>-</u>	<u>383,654,103</u>	<u>356,753,756</u>
ECL allowance	-	-	-	-	-
Carrying amount	<u>383,654,103</u>	<u>-</u>	<u>-</u>	<u>383,654,103</u>	<u>356,753,756</u>
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,563,390,470</u>	<u>-</u>	<u>-</u>	<u>1,563,390,470</u>	<u>1,443,068,943</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Other Asset	30 June 2021			31 December 2020	
	Stage 1: 12-month ECL US\$	Stage 2: Lifetime ECL not credit impaired US\$	Stage 3: Lifetime ECL credit impaired US\$	Total US\$	Total US\$
<b>The Group</b>					
Normal	6,732,041	-	-	6,732,041	6,921,852
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	6,732,041	-	-	6,732,041	6,921,852
ECL allowance	(238,830)	-	-	(238,830)	(199,393)
Carrying amount	6,493,211	-	-	6,493,211	6,722,459
<i>In KHR'000 equivalent (Note 5)</i>	26,459,835	-	-	26,459,835	27,192,347
<b>The Bank</b>					
Normal	6,670,692	-	-	6,670,692	6,923,222
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	6,670,692	-	-	6,670,692	6,923,222
ECL allowance	(236,706)	-	-	(236,706)	(197,045)
Carrying amount	6,433,986	-	-	6,433,986	6,726,177
<i>In KHR'000 equivalent (Note 5)</i>	26,218,493	-	-	26,218,493	27,207,386

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

*Credit classification for financial assets (continued)*

Financial guarantee contracts	30 June 2021			31 December 2020	
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total	Total
	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>					
Normal	47,067,598	-	-	47,067,598	47,038,166
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	47,067,598	-	-	47,067,598	47,038,166
ELC allowance	(30,696)	-	-	(30,696)	(154,907)
Carrying amount – fair value	47,036,902	-	-	47,036,902	46,883,259
<i>In KHR'000 equivalent (Note 5)</i>	191,675,376	-	-	191,675,376	189,642,783
<b>The Bank</b>					
Normal	56,060,303	-	-	56,060,303	56,978,543
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	56,060,303	-	-	56,060,303	56,978,543
ECL allowance	(367,841)	-	-	(367,841)	(525,324)
Carrying amount – fair value	55,692,462	-	-	55,692,462	56,453,219
<i>In KHR'000 equivalent (Note 5)</i>	226,946,783	-	-	226,946,783	228,353,271

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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 30 or 15 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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 loans ("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 / NPL definition for short-term facilities where original tenure is less than or equal to a year as follow:

Day Past Due	Classification	Default Indicator
$0 \leq \text{DPD} \leq 14$	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 one downside, each assigned a 20% probability of occurring. The base case is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

##### *Incorporation of forward-looking information (continued)*

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group 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 30 June 2021 included the following key indicators for Cambodia for the years ending 2021 to 2025:

Exposure	2021	2022	2023	2024	2025
<b>1- Small Loan</b>					
- Credits (Exports) Year-on-Year Change					
Base	13.38%	13.80%	13.77%	15.09%	15.09%
Upside	27.68%	28.10%	28.06%	29.38%	29.38%
Downside	-0.92%	-0.49%	-0.53%	0.79%	0.79%
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change					
Base	4.00%	5.70%	6.30%	7.16%	7.16%
Upside	4.39%	6.09%	6.69%	7.55%	7.55%
Downside	3.61%	5.31%	5.91%	6.77%	6.77%
- Domestic credit to private sector (% of GDP)					
Base	101.05%	103.26%	104.41%	67.97%	67.97%
Upside	57.09%	59.30%	60.46%	24.01%	24.01%
Downside	145.00%	147.21%	148.37%	111.92%	111.92%



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Incorporation of forward-looking information (continued)*

Exposure	2021	2022	2023	2024	2025
<b>2- Medium Loan</b>					
- Credits (Exports) Year-on-Year Change					
Base	13.38%	13.80%	13.70%	15.09%	15.09%
Upside	27.68%	28.06%	29.38%	29.38%	29.38%
Downside	-0.92%	-0.49%	-0.53%	0.79%	0.79%
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change					
Base	4.00%	5.70%	6.30%	7.16%	7.16%
Upside	4.39%	6.09%	6.69%	7.55%	7.55%
Downside	3.61%	5.31%	5.91%	6.77%	6.77%
- Debits (Imports)					
Base	21,145	21,326	21,481	12,841	12,841
Upside	14,837	15,018	15,173	6,533	6,533
Downside	27,453	27,634	27,790	19,149	19,149
<b>3- Staff Loan</b>					
- Total Unemployment Cambodia					
Base	0.20%	0.21%	0.22%	0.44%	0.44%
Upside	-0.23%	-0.22%	-0.21%	-0.01%	-0.01%
Downside	0.64%	0.65%	0.66%	0.88%	0.88%
- Cambodia CPI All Items 2006=100					
Base	183.74	183.98	184.09	163.46	163.46
Upside	164.95	165.19	165.31	144.67	144.67
Downside	202.52	202.76	202.88	182.25	182.25
<b>4- Overdraft</b>					
- Cambodia CPI All Items 2006=100					
Base	183.74	183.98	184.09	162.44	162.44
Upside	165.00	165.25	165.36	143.71	143.71
Downside	202.47	202.71	202.83	181.17	181.17
<b>5- Home Improvement Loan</b>					
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change					
Base	4%	5.7%	6.3%	6.96%	6.96%
Upside	5.65%	7.35%	7.95%	8.61%	8.61%
Downside	2.35%	4.05%	4.65%	5.30%	5.30%

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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(f)(iv).

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

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

##### *Modified financial assets (continued)*

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

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

##### *Loss allowance*

During the period, the allowance for/(reversal of) impairment loss recognised on the profit or loss were as follows:

Type	The Group				The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
Deposit and placements with banks	242,575	(7,786)	985,340	(31,744)	580,695	96,083	2,358,783	391,730
Loans and advances to customers	9,958,770	20,852,357	40,452,523	85,015,059	(82,349)	16,204,462	(334,501)	66,065,592
Other assets	39,451	(50,540)	160,250	(206,051)	39,667	(52,869)	161,127	(215,547)
	<u>10,240,796</u>	<u>20,794,031</u>	<u>41,598,113</u>	<u>84,777,264</u>	<u>538,013</u>	<u>16,247,676</u>	<u>2,185,409</u>	<u>66,241,775</u>
Financial guarantee contracts	(124,149)	(54,156)	(504,293)	(220,794)	(157,422)	(132,082)	(639,448)	(538,498)
<b>Total</b>	<u>10,116,647</u>	<u>20,739,875</u>	<u>41,093,820</u>	<u>84,556,470</u>	<u>380,591</u>	<u>16,115,594</u>	<u>1,545,961</u>	<u>65,703,277</u>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

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

Loans and advances at amortised cost	30 June 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>The Group</b>								
As at 1 January	11,905,498	3,303,698	20,133,351	35,342,547	24,627,422	344,453	8,263,701	33,235,576
Allowance for/(reversal of) impairment loss during the	8,448,345	3,199,412	(1,688,987)	9,958,770	(12,721,922)	2,959,245	30,615,034	20,852,357
Written off during the period	-	-	(1,117,012)	(1,117,012)	-	-	(18,676,459)	(18,676,459)
Currency translation difference	-	-	(1,515,281)	(1,515,281)	-	-	(68,927)	(68,927)
At 30 June	20,353,843	6,503,110	15,812,071	42,669,024	11,905,500	3,303,698	20,133,349	35,342,547
<i>In KHR'000 equivalent (Note 5)</i>	82,941,911	26,500,173	64,434,189	173,876,273	48,157,748	13,363,458	81,439,397	142,960,602

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Loss allowance (continued)*

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

Loans and advances at amortised cost	30 June 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>The Bank</b>								
As at 1 January	10,839,155	2,906,941	17,463,293	31,209,389	24,066,137	286,202	7,837,241	32,189,580
Allowance for/(reversal of) impairment loss during the period	563,824	1,823,085	(2,469,258)	(82,349)	(13,226,982)	2,620,739	26,810,704	16,204,462
Written off during the period	-	-	(44,050)	(44,050)	-	-	(17,158,054)	(17,158,054)
Currency translation difference	-	-	(642,019)	(642,019)	-	-	(26,599)	(26,599)
At 30 June	<u>11,402,979</u>	<u>4,730,026</u>	<u>14,307,966</u>	<u>30,440,971</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>46,467,139</u>	<u>19,274,856</u>	<u>58,304,962</u>	<u>124,046,957</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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

*Measurement of ECL (continued)*

*Loss allowance (continued)*

Financial guarantee contracts	30 June 2021				31 December 2020
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	Total US\$
<b>The Group</b>					
At 1 January	154,907	-	-	154,907	207,479
Reversal of allowance for impairment loss during the period	(124,149)	-	-	(124,149)	(54,156)
Currency translation difference	(62)	-	-	(62)	1,584
At 30 June	30,696	-	-	30,696	154,907
<i>In KHR'000 equivalent (Note 5)</i>	<u>125,086</u>	<u>-</u>	<u>-</u>	<u>125,086</u>	<u>626,599</u>
<b>The Bank</b>					
At 1 January	525,324	-	-	525,324	655,822
Reversal of allowance for impairment loss during the period	(157,422)	-	-	(157,422)	(132,082)
Currency translation difference	(61)	-	-	(61)	1,584
At 30 June	367,841	-	-	367,841	525,324
<i>In KHR'000 equivalent (Note 5)</i>	<u>1,498,952</u>	<u>-</u>	<u>-</u>	<u>1,498,952</u>	<u>2,124,936</u>

(h) Covid-19 Outbreak and Impact on ECL

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

Models will be recalibrated over time in order to overcome observed impacts of Covid-19. The recalibration and re-modelling exercise in 2020 has not fully absorbed the impact yet by leaving small loan, home improvement, and medium loan exposures to be re-calibrated again in 2021. Meanwhile, even though Cambodia's economy is gradually recovering and is projected to grow 4 percent in 2021 after contracting 3.1 percent in 2020, the recovery remains uneven and volatile, due in part to the reintroduction of a domestic lockdowns to control the spread of COVID-19. Therefore, we anticipate significant post-model adjustments over 2021.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.1 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.

##### 37.2 Market risk

The Group and the Bank take on exposure to market risk, which is the risk of changes in the level or volatility of market rates or prices such as interest rates, 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 is not applicable at the moment given that 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. The market risk is managed based on the following principles and internal targets.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 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 30 June 2021, the Group and the Bank did not have financial instruments carried at fair value (31 December 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

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

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

## 37. Financial risk management (continued)

### 37.2 Market risk (continued)

#### (i) Interest rate risk (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 30 June 2021</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	655,575,404	655,575,404
Deposits and placements with other banks, net	176,631,473	17,723,927	25,707,841	-	-	427,129,280	647,192,521
Statutory deposits	-	43,316,302	-	-	-	342,921,569	386,237,871
Financial investments	503,239,571	100,000,000	-	-	-	237,002	603,476,573
Loans and advances, net							
- Performing	124,985,694	240,920,681	866,228,527	2,922,098,227	537,990,192	-	4,692,223,321
- Non performing	-	-	-	-	-	120,491,260	120,491,260
- Loss allowance	-	-	-	-	-	(42,669,024)	(42,669,024)
Other assets	-	-	-	-	-	6,493,211	6,493,211
<b>Total financial assets</b>	<b>804,856,738</b>	<b>401,960,910</b>	<b>891,936,368</b>	<b>2,922,098,227</b>	<b>537,990,192</b>	<b>1,510,178,702</b>	<b>7,069,021,137</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	88,148,267	14,620,614	145,830,311	26,550,518	73,150,000	132,890,511	481,190,221
Deposits from customers	2,050,678,111	239,063,922	1,154,826,536	612,915,805	17,591,160	669,967,909	4,745,043,443
Other liabilities	-	-	-	-	-	39,766,033	39,766,033
Lease liabilities	1,202,937	1,647,898	7,841,867	16,377,680	1,620,547	-	28,690,929
Borrowings	1,508,624	48,934,989	102,902,534	362,646,100	38,382,753	7,554,382	561,929,382
Subordinated debts	-	-	25,721,932	91,144,714	50,040,085	407,877	167,314,608
<b>Total financial liabilities</b>	<b>2,141,537,939</b>	<b>304,267,423</b>	<b>1,437,123,180</b>	<b>1,109,634,817</b>	<b>180,784,545</b>	<b>850,586,712</b>	<b>6,023,934,616</b>
<b>Net interest sensitivity gap</b>	<b>(1,336,681,201)</b>	<b>97,693,487</b>	<b>(545,186,812)</b>	<b>1,812,463,410</b>	<b>357,205,646</b>	<b>659,591,991</b>	<b>1,045,086,521</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>(5,446,975,894)</b>	<b>398,100,960</b>	<b>(2,221,636,259)</b>	<b>7,385,788,396</b>	<b>1,455,613,007</b>	<b>2,687,837,362</b>	<b>4,258,727,572</b>
Unused portion of overdrafts	-	-	-	-	-	150,463,268	150,463,268
Guarantees, acceptances and other financial facilities	-	-	-	-	-	52,936,584	52,936,584
Foreign exchange spot transactions	-	-	-	-	-	180,963	180,963
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203,580,815</b>	<b>203,580,815</b>
<b>In KHR'000 equivalent (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>829,591,821</b>	<b>829,591,821</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Group						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2020</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	412,759,051	412,759,051
Deposits and placements with other banks, net	234,738,355	4,076,310	-	-	-	295,838,481	534,653,146
Statutory deposits	-	-	43,316,302	-	-	317,060,706	360,377,008
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances, net							
- 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
<b>Total financial assets</b>	<b>915,549,627</b>	<b>243,941,892</b>	<b>888,733,388</b>	<b>2,744,589,864</b>	<b>454,249,545</b>	<b>1,105,621,882</b>	<b>6,352,686,198</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	68,526,232	8,347,174	40,716,070	18,855,000	71,556,029	109,008,954	317,009,459
Deposits from customers	1,998,279,203	254,562,597	923,043,532	532,634,286	21,296,683	564,469,747	4,294,286,048
Other liabilities	-	-	-	-	-	28,699,228	28,699,228
Lease liabilities	1,722,414	1,483,344	7,104,107	16,334,766	1,973,271	-	28,617,902
Borrowings	1,784,756	74,857,377	121,085,450	332,042,951	5,860,858	6,767,524	542,398,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
<b>Total financial liabilities</b>	<b>2,070,312,605</b>	<b>339,250,492</b>	<b>1,102,922,750</b>	<b>998,620,003</b>	<b>157,684,051</b>	<b>709,380,275</b>	<b>5,378,170,176</b>
<b>Net interest sensitivity gap</b>	<b>(1,154,762,978)</b>	<b>(95,308,600)</b>	<b>(214,189,362)</b>	<b>1,745,969,861</b>	<b>296,565,494</b>	<b>396,241,607</b>	<b>974,516,022</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>(4,671,016,246)</b>	<b>(385,523,287)</b>	<b>(866,395,969)</b>	<b>7,062,448,088</b>	<b>1,199,607,423</b>	<b>1,602,797,300</b>	<b>3,941,917,309</b>
Unused portion of overdrafts	-	-	-	-	-	120,937,607	120,937,607
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,900,984	54,900,984
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,838,591</b>	<b>175,838,591</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>711,267,100</b>	<b>711,267,100</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 30 June 2021</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	639,434,223	639,434,223
Deposits and placements with other banks, net	179,131,474	17,723,927	23,705,521	-	-	400,047,079	620,608,001
Statutory deposits	-	43,316,302	-	-	-	340,337,801	383,654,103
Financial investments	503,239,571	100,000,000	-	-	-	237,002	603,476,573
Loans and advances, net							
- Performing	114,854,948	225,538,595	815,883,686	2,825,432,497	530,821,817	-	4,512,531,543
- Non performing	-	-	-	-	-	115,428,387	115,428,387
- Loss allowance	-	-	-	-	-	(30,440,971)	(30,440,971)
Other assets	-	-	-	-	-	6,433,986	6,433,986
<b>Total financial assets</b>	<b>797,225,993</b>	<b>386,578,824</b>	<b>839,589,207</b>	<b>2,825,432,497</b>	<b>530,821,817</b>	<b>1,471,477,507</b>	<b>6,851,125,845</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	84,929,142	10,940,344	131,067,050	24,336,029	73,150,000	134,556,978	458,979,543
Deposits from customers	2,014,186,233	231,953,294	1,124,874,469	592,935,981	11,566,621	660,016,033	4,635,532,631
Other liabilities	-	-	-	-	-	39,678,282	39,678,282
Lease liabilities	1,152,780	1,495,480	7,325,755	15,349,511	671,181	-	25,994,707
Borrowings	196,629	44,757,887	85,649,907	354,375,849	37,441,775	7,084,479	529,506,526
Subordinated debts	-	-	25,721,932	91,144,714	50,040,085	407,877	167,314,608
<b>Total financial liabilities</b>	<b>2,100,464,784</b>	<b>289,147,005</b>	<b>1,374,639,113</b>	<b>1,078,142,084</b>	<b>172,869,662</b>	<b>841,743,649</b>	<b>5,857,006,297</b>
Net interest sensitivity gap	(1,303,238,791)	97,431,819	(535,049,906)	1,747,290,413	357,952,155	629,733,858	994,119,548
<i>In KHR'000 equivalent (Note 5)</i>	(5,310,698,073)	397,034,662	(2,180,328,366)	7,120,208,434	1,458,655,028	2,566,165,475	4,051,037,160
Unused portion of overdrafts	-	-	-	-	-	149,695,156	149,695,156
Guarantees, acceptances and other financial facilities	-	-	-	-	-	52,700,648	52,700,648
Foreign exchange spot transactions	-	-	-	-	-	180,963	180,963
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,576,767</b>	<b>202,576,767</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>825,500,326</b>	<b>825,500,326</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (i) Interest rate risk (continued)

	The Bank						Total US\$
	Up to 1 month US\$	1 - 3 months US\$	3 - 12 months US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	
<b>As at 31 December 2020</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	400,816,126	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
<b>Total financial assets</b>	<b>906,777,907</b>	<b>223,918,625</b>	<b>831,641,709</b>	<b>2,656,562,739</b>	<b>451,329,271</b>	<b>1,061,215,942</b>	<b>6,131,446,193</b>
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	67,683,651	6,356,000	22,429,557	18,855,000	71,556,029	109,884,317	296,764,554
Deposits from customers	1,955,317,026	246,232,704	896,537,310	511,760,130	17,564,763	552,856,804	4,180,268,737
Other liabilities	-	-	-	-	-	28,488,959	28,488,959
Lease liabilities	1,620,943	1,443,572	6,647,364	15,123,119	937,387	-	25,772,385
Borrowings	193,560	71,157,818	107,238,207	318,846,331	3,753,850	6,163,150	507,352,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
<b>Total financial liabilities</b>	<b>2,024,815,180</b>	<b>325,190,094</b>	<b>1,043,826,029</b>	<b>963,337,580</b>	<b>150,809,239</b>	<b>697,828,052</b>	<b>5,205,806,174</b>
Net interest sensitivity gap	(1,118,037,273)	(101,271,469)	(212,184,320)	1,693,225,159	300,520,032	363,387,890	925,640,019
<i>In KHR'000 equivalent (Note 5)</i>	(4,522,460,769)	(409,643,092)	(858,285,574)	6,849,095,768	1,215,603,529	1,469,904,016	3,744,213,878
Unused portion of overdrafts	-	-	-	-	-	120,108,962	120,108,962
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,694,480	54,694,480
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,803,442</b>	<b>174,803,442</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>707,079,923</b>	<b>707,079,923</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

(i) *Interest rate risk (continued)*

###### **Fair value sensitivity analysis for fixed-rate instruments**

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

###### **Cash flow sensitivity analysis for variable-rate instruments**

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

(ii) *Foreign exchange risk*

The Group operates in Cambodia, Lao PDR, and Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to Khmer Riel, Euro, Thai Baht, LAK, JPY, AUD, VND, CAD, 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 30 June 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (ii) Foreign exchange risk (continued)

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 30 June 2021</b>								
<b>Financial assets</b>								
Cash on hand	102,650,425	519,381,686	15,788,585	2,895,280	464,517	7,941,845	6,453,066	655,575,404
Deposits and placements with other banks, net	205,307,426	416,551,430	4,131,788	830,055	79,680	19,316,245	975,897	647,192,521
Statutory deposits	54,233,129	330,037,622	328,791	-	-	1,638,329	-	386,237,871
Financial investments	85,921,244	517,555,329	-	-	-	-	-	603,476,573
Loans and advances, net	638,873,059	3,933,537,846	25,175,867	-	-	147,470,399	24,988,386	4,770,045,557
Other assets	264,857	6,150,461	6	-	-	55,280	22,607	6,493,211
<b>Total financial assets</b>	<b>1,087,250,140</b>	<b>5,723,214,374</b>	<b>45,425,037</b>	<b>3,725,335</b>	<b>544,197</b>	<b>176,422,098</b>	<b>32,439,956</b>	<b>7,069,021,137</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	43,439,236	412,980,579	250,226	-	-	24,520,180	-	481,190,221
Deposits from customers	961,909,932	3,640,492,113	39,130,700	3,703,972	-	96,693,880	3,112,846	4,745,043,443
Other liabilities	3,036,328	36,481,984	17,689	26,250	-	87,990	115,792	39,766,033
Lease liabilities	-	28,121,632	91,814	-	-	357,938	119,545	28,690,929
Borrowings	39,767,289	499,003,868	-	-	-	15,312,193	7,846,032	561,929,382
Subordinated debts	-	167,314,608	-	-	-	-	-	167,314,608
<b>Total financial liabilities</b>	<b>1,048,152,785</b>	<b>4,784,394,784</b>	<b>39,490,429</b>	<b>3,730,222</b>	<b>-</b>	<b>136,972,181</b>	<b>11,194,215</b>	<b>6,023,934,616</b>
<b>Net on-balance sheet position</b>	<b>39,097,355</b>	<b>938,819,590</b>	<b>5,934,608</b>	<b>(4,887)</b>	<b>544,197</b>	<b>39,449,917</b>	<b>21,245,741</b>	<b>1,045,086,521</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>159,321,722</b>	<b>3,825,689,829</b>	<b>24,183,528</b>	<b>(19,915)</b>	<b>2,217,603</b>	<b>160,758,412</b>	<b>86,576,393</b>	<b>4,258,727,572</b>
Unused portion of overdrafts	2,956,560	145,542,906	1,195,690	-	-	768,112	-	150,463,268
Guarantees, acceptances and other financial facilities	5,223,748	44,584,436	2,646,012	-	-	234,573	247,815	52,936,584
Foreign exchange spot transactions	-	180,963	-	-	-	-	-	180,963
<b>Credit commitment</b>	<b>8,180,308</b>	<b>190,308,305</b>	<b>3,841,702</b>	<b>-</b>	<b>-</b>	<b>1,002,685</b>	<b>247,815</b>	<b>203,580,815</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>33,334,755</b>	<b>775,506,343</b>	<b>15,654,936</b>	<b>-</b>	<b>-</b>	<b>4,085,941</b>	<b>1,009,845</b>	<b>829,591,820</b>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 31 December 2020</b>								
<b>Financial assets</b>								
Cash on hand	103,488,247	284,892,098	12,247,160	2,967,502	226,620	7,446,734	1,490,690	412,759,051
Deposits and placements with other banks, net	78,882,898	431,103,914	4,323,331	1,200,340	78,488	15,945,738	3,118,437	534,653,146
Statutory deposits	43,584,672	313,941,072	662,559	-	-	2,188,705	-	360,377,008
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances net	605,355,296	3,653,522,729	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
<b>Total financial assets</b>	<b>863,786,339</b>	<b>5,224,433,602</b>	<b>44,850,825</b>	<b>4,167,842</b>	<b>305,108</b>	<b>166,561,705</b>	<b>48,580,777</b>	<b>6,352,686,198</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	34,696,856	260,231,181	272,131	-	-	21,809,291	-	317,009,459
Deposits from customers	731,620,195	3,415,853,729	39,841,991	3,824,001	-	94,515,122	8,631,010	4,294,286,048
Other liabilities	1,156,153	27,287,797	34,800	112,286	-	96,196	11,996	28,699,228
Lease liabilities	-	27,913,335	141,356	-	-	410,237	152,974	28,617,902
Borrowings	40,101,721	477,440,120	-	-	-	10,910,412	13,946,663	542,398,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
<b>Total financial liabilities</b>	<b>807,574,925</b>	<b>4,375,884,785</b>	<b>40,290,278</b>	<b>3,936,287</b>	<b>-</b>	<b>127,741,258</b>	<b>22,742,643</b>	<b>5,378,170,176</b>
<b>Net on-balance sheet position</b>	<b>56,211,414</b>	<b>848,548,817</b>	<b>4,560,547</b>	<b>231,555</b>	<b>305,108</b>	<b>38,820,447</b>	<b>25,838,134</b>	<b>974,516,022</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>227,375,170</b>	<b>3,432,379,965</b>	<b>18,447,413</b>	<b>936,640</b>	<b>1,234,162</b>	<b>157,028,708</b>	<b>104,515,251</b>	<b>3,941,917,309</b>
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	828,645	-	120,937,607
Guarantees, acceptances and other financial facilities	5,551,196	45,784,145	2,810,817	349,515	-	205,141	200,170	54,900,984
<b>Credit commitment</b>	<b>7,882,943</b>	<b>162,489,420</b>	<b>3,882,757</b>	<b>349,515</b>	<b>-</b>	<b>1,033,786</b>	<b>200,170</b>	<b>175,838,591</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>31,886,504</b>	<b>657,269,704</b>	<b>15,705,752</b>	<b>1,413,788</b>	<b>-</b>	<b>4,181,664</b>	<b>809,688</b>	<b>711,267,100</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (ii) Foreign exchange risk (continued)

	The Bank							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 30 June 2021</b>								
<b>Financial assets</b>								
Cash on hand	102,639,798	517,527,010	14,116,046	2,894,502	464,370	3,315	1,789,182	639,434,223
Deposits and placements with other banks, net	205,307,427	412,526,196	1,078,738	830,055	79,680	-	785,905	620,608,001
Statutory deposits	53,987,730	329,666,373	-	-	-	-	-	383,654,103
Financial investments	85,921,244	517,555,329	-	-	-	-	-	603,476,573
Loans and advances net	638,873,059	3,933,470,033	25,175,867	-	-	-	-	4,597,518,959
Other assets	264,857	6,169,123	6	-	-	-	-	6,433,986
<b>Total financial assets</b>	<b>1,086,994,115</b>	<b>5,716,914,064</b>	<b>40,370,657</b>	<b>3,724,557</b>	<b>544,050</b>	<b>3,315</b>	<b>2,575,087</b>	<b>6,851,125,845</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	43,439,236	414,073,147	1,467,160	-	-	-	-	458,979,543
Deposits from customers	962,301,861	3,636,864,840	32,661,958	3,703,972	-	-	-	4,635,532,631
Other liabilities	3,027,245	36,503,309	17,689	26,250	-	-	103,789	39,678,282
Lease liabilities	-	25,994,707	-	-	-	-	-	25,994,707
Borrowings	39,767,289	489,739,237	-	-	-	-	-	529,506,526
Subordinated debts	-	167,314,608	-	-	-	-	-	167,314,608
<b>Total financial liabilities</b>	<b>1,048,535,631</b>	<b>4,770,489,848</b>	<b>34,146,807</b>	<b>3,730,222</b>	<b>-</b>	<b>-</b>	<b>103,789</b>	<b>5,857,006,297</b>
<b>Net on-balance sheet position</b>	<b>38,458,484</b>	<b>946,424,216</b>	<b>6,223,850</b>	<b>(5,665)</b>	<b>544,050</b>	<b>3,315</b>	<b>2,471,298</b>	<b>994,119,548</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>156,718,322</b>	<b>3,856,678,682</b>	<b>25,362,189</b>	<b>(23,085)</b>	<b>2,217,004</b>	<b>13,509</b>	<b>10,070,539</b>	<b>4,051,037,160</b>
Unused portion of overdrafts	2,956,560	145,542,906	1,195,690	-	-	-	-	149,695,156
Guarantees, acceptances and other financial facilities	5,223,748	44,583,073	2,646,012	-	-	-	247,815	52,700,648
Foreign exchange spot transactions	-	180,963	-	-	-	-	-	180,963
<b>Credit commitment</b>	<b>8,180,308</b>	<b>190,306,942</b>	<b>3,841,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,815</b>	<b>202,576,767</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>33,334,755</b>	<b>775,500,789</b>	<b>15,654,936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,009,846</b>	<b>825,500,326</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (ii) Foreign exchange risk (continued)

	The Bank							Total
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	
<b>As at 31 December 2020</b>								
<b>Financial assets</b>								
Cash on hand	103,480,325	283,028,828	9,927,044	2,965,106	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
<b>Total financial assets</b>	<b>863,530,587</b>	<b>5,223,421,299</b>	<b>38,135,208</b>	<b>4,165,446</b>	<b>304,511</b>	<b>3,227</b>	<b>1,885,915</b>	<b>6,131,446,193</b>
<b>Financial liabilities</b>								
Deposits and placements of other banks and financial institutions	34,696,856	261,794,286	273,412	-	-	-	-	296,764,554
Deposits from customers	731,889,478	3,411,404,278	33,150,980	3,824,001	-	-	-	4,180,268,737
Other liabilities	1,150,276	27,196,955	29,335	112,286	-	-	107	28,488,959
Lease liabilities	-	25,772,385	-	-	-	-	-	25,772,385
Borrowings	40,101,721	467,251,195	-	-	-	-	-	507,352,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
<b>Total financial liabilities</b>	<b>807,838,331</b>	<b>4,360,577,722</b>	<b>33,453,727</b>	<b>3,936,287</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>5,205,806,174</b>
<b>Net on-balance sheet position</b>	<b>55,692,256</b>	<b>862,843,577</b>	<b>4,681,481</b>	<b>229,159</b>	<b>304,511</b>	<b>3,227</b>	<b>1,885,808</b>	<b>925,640,019</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>225,275,176</b>	<b>3,490,202,269</b>	<b>18,936,591</b>	<b>926,948</b>	<b>1,231,747</b>	<b>13,053</b>	<b>7,628,094</b>	<b>3,744,213,878</b>
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	-	-	120,108,962
Guarantees, acceptances and other financial facilities	5,551,196	45,782,782	2,810,817	349,515	-	-	200,170	54,694,480
<b>Credit commitment</b>	<b>7,882,943</b>	<b>162,488,057</b>	<b>3,882,757</b>	<b>349,515</b>	<b>-</b>	<b>-</b>	<b>200,170</b>	<b>174,803,442</b>
<i>In KHR'000 equivalent (Note 5)</i>	<b>31,886,504</b>	<b>657,264,191</b>	<b>15,705,752</b>	<b>1,413,788</b>	<b>-</b>	<b>-</b>	<b>809,688</b>	<b>707,079,923</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

## 37. FINANCIAL RISK MANAGEMENT (continued)

### 37.2 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.

### 37.3 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 operations division 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 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
- 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.

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

*Internal targets of the liquidity risk: (continued)*

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

The Bank has put in place a robust and comprehensive liquidity risk management framework in accordance with National Bank of Cambodia's Prakas No. B7-017-301 dated on 27 September 2017 on Liquidity Risk Management Framework (LRMF), which consists of risk appetite, risk tolerance, policies, early warning indicators, and monitoring mechanism which are reviewed and endorsed by 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 liquidity plan (CLP) is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The objective of contingency liquidity plan is to ensure that the bank has a framework for managing the liquidity sufficiently and robustly in the event of liquidity crisis based on the result of liquidity stress testing.

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Liquidity Coverage Ratio (LCR).

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

## 37. Financial risk management (continued)

### 37.3 Liquidity risk (continued)

#### c) Non-derivative cash flows (continued)

	The Group						
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
<b>As at 30 June 2021</b>							
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	219,084,048	15,582,730	18,933,115	135,210,049	49,790,895	104,417,490	543,018,327
Deposits from customers	2,685,756,885	255,003,179	445,834,901	790,018,148	678,845,921	22,590,513	4,878,049,547
Other liabilities	39,517,006	39,750	65,619	143,658	-	-	39,766,033
Lease liabilities	1,203,369	1,664,305	2,907,726	5,255,443	19,238,745	4,252,754	34,522,342
Borrowings	4,755,959	57,238,601	8,588,948	111,422,490	394,291,586	38,810,180	615,107,764
Subordinated debts	-	41,666	15,567,198	20,094,412	117,143,723	60,501,261	213,348,260
<b>Total financial liabilities (contractual maturity dates)</b>	<b>2,950,317,267</b>	<b>329,570,231</b>	<b>491,897,507</b>	<b>1,062,144,200</b>	<b>1,259,310,870</b>	<b>230,572,198</b>	<b>6,323,812,273</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>12,022,542,863</u>	<u>1,342,998,691</u>	<u>2,004,482,341</u>	<u>4,328,237,615</u>	<u>5,131,691,795</u>	<u>939,581,707</u>	<u>25,769,535,012</u>
<b>Assets held for managing liquidity risk (contractual maturity dates)</b>	<b>1,933,301,885</b>	<b>441,916,352</b>	<b>423,203,978</b>	<b>790,646,059</b>	<b>3,664,168,017</b>	<b>1,111,069,987</b>	<b>8,364,306,278</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>7,878,205,181</u>	<u>1,800,809,134</u>	<u>1,724,556,210</u>	<u>3,221,882,690</u>	<u>14,931,484,669</u>	<u>4,527,610,197</u>	<u>34,084,548,081</u>
<b>As at 31 December 2020</b>							
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	175,970,349	9,215,069	13,017,546	33,584,422	40,747,725	103,351,755	375,886,866
Deposits from customers	2,531,089,539	272,332,376	336,468,086	653,630,934	592,339,778	25,243,282	4,411,103,995
Other liabilities	28,620,226	63,785	12,677	2,540	-	-	28,699,228
Lease liabilities	1,170,306	1,535,260	2,503,107	5,053,229	20,581,294	3,816,462	34,659,658
Borrowings	3,385,091	64,831,199	10,292,464	67,477,276	445,672,141	5,985,745	597,643,916
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
<b>Total financial liabilities (contractual maturity dates)</b>	<b>2,740,235,511</b>	<b>348,023,523</b>	<b>366,852,476</b>	<b>776,525,323</b>	<b>1,227,308,516</b>	<b>207,953,623</b>	<b>5,666,898,972</b>
<i>In KHR'000 equivalent (Note 5)</i>	<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>
<b>Assets held for managing liquidity risk (contractual maturity dates)</b>	<b>1,669,790,702</b>	<b>317,803,320</b>	<b>423,641,084</b>	<b>718,599,200</b>	<b>3,405,850,353</b>	<b>980,859,187</b>	<b>7,516,543,846</b>
<i>In KHR'000 equivalent (Note 5)</i>	<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>



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 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\$	
<b>As at 30 June 2021</b>							
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	217,926,988	11,700,438	15,134,216	123,444,881	47,307,304	104,417,490	519,931,317
Deposits from customers	2,640,617,953	247,237,566	437,641,577	765,359,475	653,709,442	13,645,025	4,758,211,038
Other liabilities	39,459,657	39,750	59,625	119,250	-	-	39,678,282
Lease liabilities	1,153,210	1,510,312	2,764,212	4,857,361	17,998,715	1,003,961	29,287,771
Borrowings	3,073,372	52,378,269	3,583,198	97,557,391	384,387,724	37,827,475	578,807,429
Subordinated debts	-	41,666	15,567,198	20,094,412	117,143,723	60,501,261	213,348,260
<b>Total financial liabilities</b> (contractual maturity dates)	<b>2,902,231,180</b>	<b>312,908,001</b>	<b>474,750,026</b>	<b>1,011,432,770</b>	<b>1,220,546,908</b>	<b>217,395,212</b>	<b>6,139,264,097</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>11,826,592,054</u>	<u>1,275,100,104</u>	<u>1,934,606,356</u>	<u>4,121,588,538</u>	<u>4,973,728,650</u>	<u>885,885,489</u>	<u>25,017,501,191</u>
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)	<b>1,880,109,858</b>	<b>422,087,808</b>	<b>396,162,535</b>	<b>749,510,290</b>	<b>3,539,617,324</b>	<b>1,106,482,307</b>	<b>8,093,970,122</b>
<i>In KHR'000 equivalent (Note 5)</i>	<u>7,661,447,671</u>	<u>1,720,007,818</u>	<u>1,614,362,330</u>	<u>3,054,254,432</u>	<u>14,423,940,595</u>	<u>4,508,915,401</u>	<u>32,982,928,247</u>
<b>As at 31 December 2020</b>							
<b>Financial liabilities</b>							
Deposits and placements of other banks and financial institutions	176,671,075	7,124,445	2,186,170	25,015,940	40,747,725	103,351,754	355,097,109
Deposits from customers	2,477,890,696	263,366,379	325,733,156	635,073,701	567,433,640	19,756,459	4,289,254,031
Other liabilities	28,434,359	54,600	-	-	-	-	28,488,959
Lease liabilities	1,082,083	1,494,995	2,374,137	4,704,387	18,888,896	655,929	29,200,427
Borrowings	1,442,209	60,301,229	3,999,653	58,135,533	430,242,996	3,753,850	557,875,470
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
<b>Total financial liabilities</b> (contractual maturity dates)	<b>2,685,520,422</b>	<b>332,387,482</b>	<b>338,851,712</b>	<b>739,706,483</b>	<b>1,185,280,835</b>	<b>197,074,371</b>	<b>5,478,821,305</b>
<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>
<b>Assets held for managing liquidity risk</b> (contractual maturity dates)	<b>1,622,393,307</b>	<b>296,587,899</b>	<b>398,341,665</b>	<b>685,014,808</b>	<b>3,318,881,281</b>	<b>971,740,867</b>	<b>7,292,959,827</b>
<i>In KHR'000 equivalent (Note 5)</i>	<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>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

(d) Off-balance sheet items

*i. Loan commitments and guarantee*

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

	The Group					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
<b>At 30 June 2021</b>						
Unused portion of overdrafts	150,463,268	-	-	-	-	150,463,268
Bank guarantees	4,214,908	5,518,069	20,191,830	15,827,957	1,463	45,754,227
Letters of credit	1,618,683	2,996,141	2,567,533	-	-	7,182,357
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(181,816)	-	-	-	-	(181,816)
- Outflow	180,963	-	-	-	-	180,963
Net	(853)	-	-	-	-	(853)
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(61,096)	(326,462)	(564,764)	-	(952,322)
- Outflow	-	567,380	2,394,307	3,839,551	-	6,801,238
Net	-	506,284	2,067,845	3,274,787	-	5,848,916
<b>Total</b>	<b>156,296,006</b>	<b>9,020,494</b>	<b>24,827,208</b>	<b>19,102,744</b>	<b>1,463</b>	<b>209,247,915</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

(d) 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\$	
<b>At 31 December 2020</b>						
Unused portion of overdrafts	120,937,607	-	-	-	-	120,937,607
Bank guarantees	2,525,862	8,901,002	20,652,127	14,959,175	-	47,038,166
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
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
<b>Total</b>	<b>125,489,463</b>	<b>14,900,149</b>	<b>22,663,632</b>	<b>18,438,778</b>	<b>5,014</b>	<b>181,497,036</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
<b>At 30 June 2021</b>						
Unused portion of overdrafts	149,695,156	-	-	-	-	149,695,156
Bank guarantees	4,214,908	5,518,069	19,957,257	15,826,594	1,463	45,518,291
Letters of credit	1,618,683	2,996,141	2,567,533	-	-	7,182,357
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	(181,816)	-	-	-	-	(181,816)
- Outflow	180,963	-	-	-	-	180,963
Net	(853)	-	-	-	-	(853)
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(61,096)	(326,462)	(564,764)	-	(952,322)
- Outflow	-	567,380	2,394,307	3,839,551	-	6,801,238
Net	-	506,284	2,067,845	3,274,787	-	5,848,916
<b>Total</b>	<b>155,527,894</b>	<b>9,020,494</b>	<b>24,592,635</b>	<b>19,101,381</b>	<b>1,463</b>	<b>208,243,867</b>

## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. *Loan commitments and guarantee (continued)*

	The Bank					Total US\$
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
<b>At 31 December 2020</b>						
Unused portion of overdrafts	120,108,962	-	-	-	-	120,108,962
Bank guarantees	2,525,862	8,901,002	20,446,986	14,957,812	-	46,831,662
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (Foreign exchange spot transactions - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Net	-	-	-	-	-	-
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
<b>Total</b>	<b>124,660,818</b>	<b>14,900,149</b>	<b>22,458,491</b>	<b>18,437,415</b>	<b>5,014</b>	<b>180,461,887</b>

ii. *Other financial facilities*

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 37. Financial risk management (continued)

#### 37.3 Liquidity risk (continued)

(e) COVID-19 pandemic and impact on liquidity

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

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

### 38. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities disclosed on Note 37. 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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 38. Fair value of financial instruments (continued)

#### Determination of fair value:

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 38. Fair value of financial instruments (continued)

#### Determination of fair value: (continued)

(a) Financial instruments measured at fair value

The Group and the Bank did not have significant amounts of financial instruments measured at fair value.

(b) Financial instruments not measured at fair value

As at the reporting date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

*i. Deposits and placements with other banks*

Deposits and placements with other banks include current accounts which are non-interest bearing, savings deposits and short-term deposits. The fair value of deposits and placements with other banks approximate their carrying values at the reporting date due to the relatively short maturity of these instruments.

*ii. Financial investments*

- *Financial investments at FVOCI*

This represents the Bank's investment in Credit Bureau Holding (Cambodia) Ltd. with 5% as equity cash investment and 1% through the Association of Banks in Cambodia. No fair value disclosures are provided for equity investment securities of US\$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 investment.

Bank's Investment in SWIFT amounting \$34,858 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.

*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.



## ACLEDA BANK PLC. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

#### 38. Fair value of financial instruments (continued)

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

*iii. Loans and advances (continued)*

Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

*iv. Deposits and placements of other banks and financial institutions and deposits from customers*

The fair value of deposits and placements of other banks and financial institutions and deposits from customers with maturities of less than one year approximates their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from customers with remaining maturities of more than one year are expected to 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 & reserved requirement represents the minimum reserve required by NBC. These deposit, are not available for use in the Bank's day-to-day operations is refundable should the Bank voluntarily cease 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.

*vii. Borrowings, subordinated debts and lease liabilities*

The fair value of borrowings, subordinated debts and lease liabilities are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Group and the Bank believed 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 on the Group's and the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximates their carrying values at the reporting date.

# ACLEDA BANK PLC. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

### 39. Capital risk management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirement set by the 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 ratio, liquidity coverage ratio 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 separate financial statements as at 30 June 2021 and for the period then ended.

	The Bank			
	30 June 2021 US\$	31 December 2020 US\$	30 June 2021 KHR'000 (Note 5)	31 December 2020 KHR'000 (Note 5)
<b>Tier 1 capital</b>				
Share capital	433,163,019	433,163,019	1,765,139,302	1,752,144,412
Share Premium	11,706,215	11,706,215	47,702,826	47,351,640
Retained earnings	140,543,989	138,414,769	572,716,755	559,887,741
General reserves based on NBC Prakas	510,741,556	455,413,629	2,081,271,841	1,842,148,129
Less: Intangible assets	(12,406,601)	(13,884,558)	(50,556,899)	(56,163,037)
Less: Loans to related parties	(13,120,923)	(19,436,759)	(53,467,761)	(78,621,690)
	<u>1,070,627,255</u>	<u>1,005,376,315</u>	<u>4,362,806,064</u>	<u>4,066,747,195</u>
<b>Tier 2 complementary capital</b>				
General provision based on NBC Prakas	46,986,284	44,467,660	191,469,107	179,871,685
Subordinated debts (*)	166,906,731	166,723,802	680,144,929	674,397,779
Less: Equity participation in banking or financial institutions	(71,312,716)	(71,310,571)	(290,599,318)	(288,451,260)
	<u>142,580,299</u>	<u>139,880,891</u>	<u>581,014,718</u>	<u>565,818,204</u>
	<u>1,213,207,554</u>	<u>1,145,257,206</u>	<u>4,943,820,782</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 INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

#### **40. Tax contingencies**

On 24 December 2018, the Bank obtained the letter on Tax Reassessment for the financial years ended 2009 to 2013 from Department of Enterprise Tax Audit of the GDT which has requested the Bank to pay the tax liabilities on various tax matters.

On 11 January 2019, the Bank lodged the administrative protests against the reassessment in accordance with the tax provisions. The protest letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate.

On 17 September 2019, the Bank received Notification Letter for Tax Collection from GDT, requesting for payment on tax in arrears resulted from above Tax Reassessment. On 23 September 2019, the protest letter was prepared by the Bank again and submitted to the GDT on the grounds that the reassessment is not appropriate. On 10 February 2020, the Bank received the Notification Letter from GDT on the temporary delay over tax collection related to above tax re-assessment.

Additionally, on 6 March 2020, the Bank received the Notification Letter from GDT to conduct tax audit for the fiscal years from 2015 to 2018 in which the Bank provided some requested documents to GDT on 2 July 2020. There has been no official response on the protest letter above as well as the outcome of the tax audit for the fiscal years from 2015 to 2018 from GDT as at date of these financial statements. Management believes that the tax liability recorded by the Bank is adequate.

#### **41. Events after reporting period**

Except for the ongoing impact of Covid-19 to the Group and the Bank as disclosed in Note 3 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.

#### **42. Authorisation of the interim financial statements**

The consolidated and separate interim financial statements as at 30 June 2021 and for the period then ended were approved for issue by the Board of Directors on 4 August 2021.