



**TOGETHER, WE ARE FOCUSED ON
EXCEEDING EXPECTATIONS**

through innovative, customer-centric financial products that cater to both your present and future needs. Our promise is to offer secure, easy financial solutions tailored to provide excellent service and support as your needs evolve.

**ANNUAL REPORT
2023**

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Chairman and CEO Message

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The Chairman's Message

NEAK OKNHA CHEN ZHI

*Shareholder and Chairman of the Board of Directors,
Prince Bank*

As the Chairman of Prince Bank, I am proud to address our esteemed customers, partners, and the broader community as we navigate the evolving banking and finance landscape. Our journey at Prince Bank has been marked by a steadfast commitment to innovation and excellence, recognizing early on the transformative potential of digital banking in addressing the demands of a fast-paced, globalized world. Our relentless pursuit of providing seamless, convenient digital banking solutions is deeply informed by a keen understanding of our customers' changing needs, ensuring that we stay relevant and ahead of the curve.

In an era where digital technology reshapes every aspect of our lives, we have made substantial investments to ensure that our digital platforms are intuitive and user-friendly and embody the highest standards of security and efficiency. This commitment to digital innovation forms the cornerstone of our strategy to maintain leadership in the

digital banking sphere.

However, our vision extends well beyond digital excellence. We equally cherish the timeless value of traditional banking methods and the irreplaceable nature of face-to-face interactions. In a world increasingly leaning towards impersonal transactions, Prince Bank stands out by blending the efficiency of digital banking with the warmth and personal attention of traditional banking. This dual approach is central to our mission, ensuring a comprehensive banking experience that is comprehensive and deeply attuned to our customers' varied preferences and needs.

Looking to the future, Prince Bank is not merely focused on excelling in digital banking but is deeply committed to empowering our customers to achieve their financial aspirations. This ambition is underpinned by our unwavering commitment to continuous improvement and innovation across all operations. Our goal to be recognized as the "Cambodian Bank of Choice" is a testament to our dedication to transparency, fairness, and operational excellence, striving to set new benchmarks in the banking industry.

Sustainability and corporate social responsibility are the bedrock of our philosophy. Acknowledging our significant role in Cambodia's socioeconomic advancement, we are dedicated to

initiatives that drive meaningful change, foster community development, and promote environmental stewardship. Our efforts in this direction reflect our commitment to a sustainable future and our belief in creating lasting value for our community and the planet.

As we enter 2024, I wish to reaffirm Prince Bank's dedication to upholding the highest standards of excellence. With a robust capital base and a team of skilled professionals, we are uniquely positioned to deliver reliable, effective financial solutions tailored to our clients' needs. The journey ahead is one of perpetual innovation, seeking new ways to enrich our customers' experiences and enhance their value.

I sincerely thank the National Bank of Cambodia, our shareholders, executive management, staff, business partners, and, most importantly, our customers for their unwavering support. Your trust and loyalty are the driving force behind our relentless pursuit of excellence. Together, we are committed to building on our foundation of trust and professionalism, enhancing the financial well-being of our customers and stakeholders, and ensuring a prosperous, sustainable future for all involved.

Thank you for being a pivotal part of our journey.



The CEO's Message



With profound gratitude and a sense of accomplishment, I proudly present the Prince Bank annual report for the fiscal year ending 2023. This period has been one of remarkable achievements and steadfast resilience, marking a significant chapter in our quest for banking excellence and societal empowerment.

In the face of global economic uncertainties, Prince Bank has exhibited exceptional adaptability and strength. Our steadfast dedication to innovation, superior customer service, and sustainable growth has cemented our status as a premier financial institution in our region and contributed to a solid financial performance that further solidifies our market leadership.

MR. HONN SORACHNA

Non-Independent Executive Director / Chief Executive Officer

This year's financial achievements reflect our robust performance, even amidst tough market conditions. We recorded a notable increase in net profits, a testament to our diversified revenue sources and astute risk management practices. Our asset growth has been substantial, mirroring the trust our customers place in us. Furthermore, our capital adequacy ratio comfortably exceeds regulatory requirements, affirming our enduring stability and resilience.

Our commitment to innovation has driven us to make significant progress in our digital transformation initiatives. We introduced a range of digital banking services designed to offer our customers a frictionless and secure banking experience. Our technological investments have not only improved our operational effectiveness but have also unveiled new opportunities for growth and customer interaction.

Sustainability and community involvement remain central to our ethos. This year, we have redoubled our efforts to champion sustainable projects and make a positive impact in the communities we operate in. Through diverse programs and partnerships, we are dedicated to enhancing financial literacy, bolstering small and medium-sized enterprises, and promoting environmental conservation.

Looking ahead, we are enthusiastic about the prospects before us. We are devoted to our strategic goals of delivering unparalleled value to our clients, investing in our workforce, and contributing to the economic and social betterment of our communities. We are confident that, with our robust foundation and the collective dedication of our team, Prince Bank is poised for even greater successes.

In conclusion, I extend my heartfelt thanks to our customers, employees, shareholders, and partners for their unwavering trust and support. Together, we will face the future with optimism and determination.

02

Overview

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About Prince Bank Plc.

Prince Bank Plc. began operating in 2015 as a private micro-finance institution called "Prince Finance Plc." On July 18th, 2018, the National Bank of Cambodia granted the bank a commercial banking license. Our head office is located on the 1st, 15th & 18th floor, Prince Phnom Penh Tower, No. 445, Monivong Blvd., Sangkat Boeng Proluet, Khan Prampir Meakkakra, Phnom Penh. The bank is registered as a public limited company under registration number 00014627 at the Ministry of Commerce.

Prince Bank Plc. is ambitiously positioned to become the premier digital bank in Cambodia. Our strategy hinges on deploying cutting-edge digital platforms and technology to offer innovative financial solutions. These channels are designed to be both convenient and secure, ensuring that our customers' banking needs are met with the highest service standards. Our commitment extends beyond our technological advancements; we are actively expanding our strategic partnerships and enhancing our local and international presence. This approach aims to create a comprehensive and seamless banking experience for our customers, whether they are longstanding clients or newly onboarded.

Our vision places us in direct competition with the leading banks in Cambodia, as we aim to be acknowledged not just locally but as a formidable international bank. This ambition is driven by our highly experienced management team and Board of Directors, who are dedicated to steering Prince Bank Plc. towards becoming the best financial service provider in the region.

By the end of 2023, Prince Bank Plc. has established a strong physical presence with 36 branches across Cambodia, including 13 in Phnom Penh and 23 in other provinces. In addition to our branches, we've enhanced our banking accessibility through the deployment of 85 Cash Deposit Machines and ATM locations. This network includes a pioneering service in Cambodia – the country's first drive-through ATM, underscoring our commitment to innovation and customer convenience.

By focusing on technological innovation, strategic expansion, and customer-centric services, Prince Bank Plc. is on a clear path to redefine the banking experience in Cambodia and beyond.

Vision, Mission, and Core Value



Our Vision

To be the financial institution of choice for our target customers.



Our Mission

To help our customers succeed through professional financial services.

Core value

P

PASSIONATE

We are passionate about excellence and helping our customers succeed.

Passion is at the heart of all we do – we are passionate about helping our customers succeed by doing the right things right the first time and every time. We aim for excellence, always moving forward, innovating, and improving. At the same time, we value, promote, and fiercely protect the Prince Bank brand and reputation.

R

RESULTS-ORIENTED

We do what we do with the end in mind, with a strong sense of urgency and a steady focus on completing what we start.

Our customers trust us to deliver solutions that make their lives better, and we take that responsibility seriously. We do what we do with the end in mind, with a strong sense of urgency and a steady focus on getting what needs to be done. We expect to overcome challenges and persist in pursuing our goals as one team.

INNOVATIVE

We value a culture of innovation where we experiment with fresh solutions in a safe and collaborative environment.

We never want to be complacent and accept the status quo because that is how things have always been done. We seek adventure and the freedom to be creative in our solutions. We value a culture of innovation where people experiment with fresh solutions in a safe and highly collaborative environment. At the same time, we are disciplined when experimenting and hold each other accountable for outcomes.

E

ENTREPRENEURIAL

We see beyond our current situation and resources and have the courage to make tough “yes or no” decisions.

We are bold and daring but not reckless. We are not afraid to take risks and make mistakes. We have the vision to see beyond the current situation and limited resources to appreciate the potential of a new venture. We have ‘Edge’ – the courage to make tough “yes or no” decisions even without all the information. And very importantly, we have the fortitude to finish what we start.

C

COLLABORATIVE

We build strong and lasting ties with colleagues, partners, and customers to drive success jointly.

Prince Bank is made up of exceptional people, but it is only through teamwork that we achieve greatness. We connect with and build strong, lasting ties with colleagues, partners, and customers to drive success. To do this, we build trust and discover shared goals and common ground with our collaborators.

N

NOBLE

We are honest, transparent, and committed to doing what is best for our customers and the bank.

We are honest, transparent, and committed to doing what is best for our customers and the bank. We conduct ourselves with integrity in all we do, and our reputation as individuals and a company is paramount. Our word is our bond – we say what we mean and do what we say. We have no tolerance for politics, hidden agendas, or self-serving behaviors.

2023 Business Highlight

Prince Bank is dedicated to becoming the preferred Cambodian Bank of Choice. The bank has continuously enhanced its banking products and services to meet the varied needs of its customers. It has also strategically positioned its branch locations to guarantee ease of access and convenience for its clients. By the end of 2023, Prince Bank aims to have 36 branches and 85 ATM machines operational nationwide.

The bank has introduced new products and services across its channels to provide customers with the best possible service and support future growth. Prince Bank has partnered with AIA Cambodia to launch a new savings product for retail customers called the “Clever Savings account”. This account is tailored to meet customers’ savings targets and offers a high interest rate on monthly savings along with free medical insurance of up to USD 30,000. Additionally, the bank has collaborated with CGCC on the Portfolio Guarantee Scheme program to offer special loans to Cambodian women-owned enterprises.

Prince Bank has a paid-up capital of USD 250 million, which is well above the minimum regulatory requirement of USD 75 million for a commercial bank. The bank has total assets of USD 997 billion and provides customer loans of USD 732 million and customer deposits of USD 589 million. The bank’s operating income is USD 77.8 million, and its net profit after tax is USD 3.68 million. Thanks to its strong capital base, the bank has strengthened its financial position and has become one of Cambodia’s most highly capitalized and fastest-growing banks.

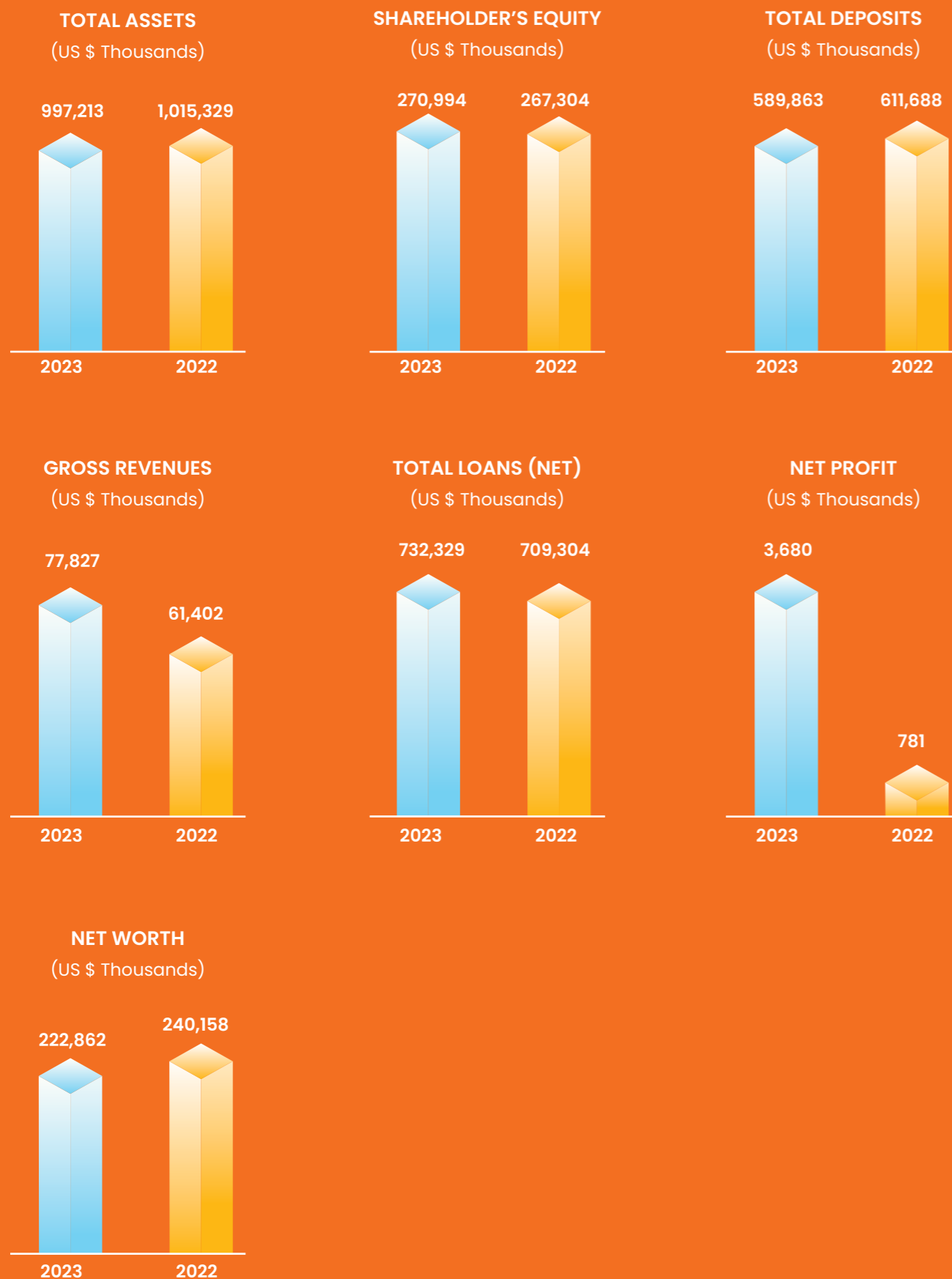
Prince Bank received 12 international awards in various categories in 2023, such as “Best Bank for SMEs in Cambodia 2023” and “Best Bank for CSR in Cambodia 2023” from the Asiamoney Awards, “Best Corporate Governance Bank Cambodia 2023” and “Most Innovative Retail Banking App Cambodia 2023” by Global Finance & Banking, “Best Corporate Governance Bank Cambodia 2023” by International Finance Magazine, “Best Corporate Governance Bank Cambodia 2023” by World Economic Magazine, the “Best Commercial Bank” and “The Best Innovation in Retail Banking Cambodia” from International Banker (Four consecutive years), “Leadership in Credit Volume for 2023” and “Leadership in Credit Growth for 2023” from Mastercard Awards, “Leadership in Debit Activation Rate for 2023” and “Leadership in Spend Per Active Card for Visa Credit in the Affluent Segment for 2023” from VISA.

Prince Bank has set its sights on becoming the preferred financial institution for Cambodians by consistently striving for excellence. To achieve this goal, the bank aims to leverage technology transformation to offer customers a seamless and efficient financial experience. By strengthening and promoting its business prudently and investing in the latest technology and product innovation, Prince Bank is committed to meeting the evolving needs of its customers and delivering exceptional service.

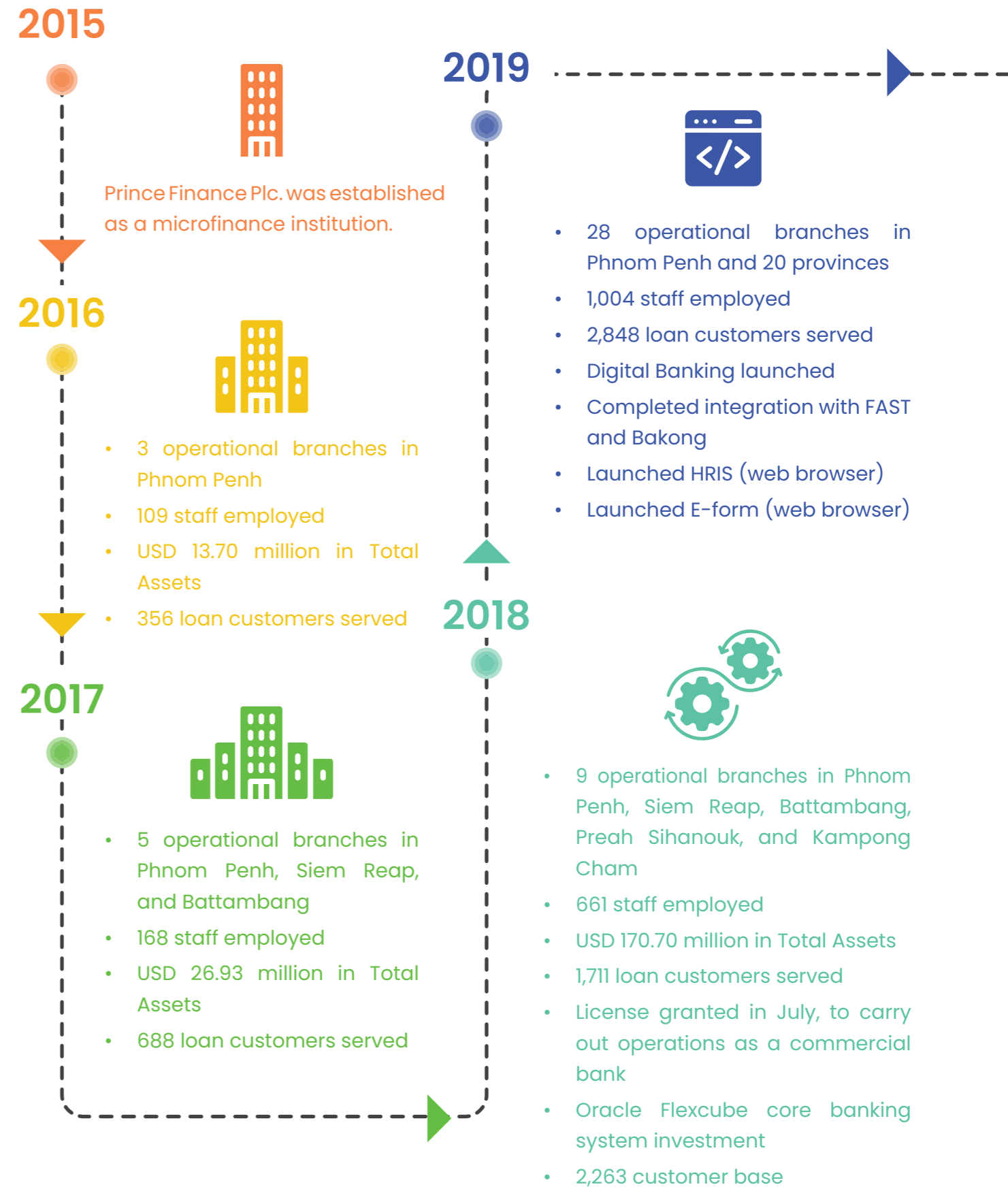
Key Financial Highlights

| Year End 31 st December | 2023 | 2022 |
|---------------------------------------|---------|---------|
| KEY PERFORMANCE INDICATORS (%) | | |
| Return on Shareholders’ Equity (ROE) | 1.36% | 0.29% |
| Return on Assets (ROA) | 0.37% | 0.08% |
| Solvency Ratio | 26.85% | 28.82% |
| Liquidity Coverage Ratio (LCR) | 160.91% | 119.68% |

Simplified Financial Results



Milestones



2020



- 31 operational branches in Phnom Penh and 21 provinces
- 1,011 Staff employed
- 4,062 loan customers served
- Launched Priority Banking Lounges
- Launched Visa & Mastercard
- Completed integration with CSS and Retail Pay
- Become a direct member of National Clearing House
- Launched Overseas Transfer via Kasikorn Bank (Currency USD, EUR & THB)
- Launched PRINCE Pay (QR scanning)



- 32 operational branches in Phnom Penh and 21 provinces
- 1,038 staff employed
- 5,130 loan customers served
- 3 operational Priority Banking Lounges
- Launched Special Number Account
- Launched PRINCE eAccount
- Launched special function E-Red Pocket
- Launched Virtual Mastercard and Visa card Creation Function
- Launched Instant Mastercard and Visa card
- Launched Overseas Funds Transfer via SWIFT on Mobile Banking app (PRINCE Mobile app)
- Launched KHQR payment
- Launched Loan Management system
- Launched Trade Finance
- Launched PRINCE MobileBiz app
- Launched PRINCE Merchant app
- Launched the First Drive Thru ATM in Cambodia
- Update and enhance on the new functions on E-Learning, HRIS, and HR In The Pocket
- 24 billers available on Mobile Banking app (PRINCE Mobile app)
- 11,742 active PRINCE Pay merchants outlets

2021

2022



- 33 operational branches in Phnom Penh and 21 provinces
- 1,075 staff employed
- 6,770 loan customers served
- 4 operational Priority Banking Lounges
- 22,136 merchant outlets are activated with our PRINCE Pay (QR scanning)
- 24 billers are available in PRINCE Mobile app
- Bancassurance with AIA (Cambodia) Life Insurance Plc.
- UPI Payment Card (Issuing) launched
- RIA International Remittance Services launched
- MTA International Remittance Services launched
- Partnership renewal with Major Cineplex
- Term Deposit Upfront launched
- Unsecured Personal Loan launched
- Personal KHQR launched, enable to receive money from other Bakong members.
- Mobile Payment for Public Services (Ministry of Public Work and Transport)
- Mobile Payment for Your Insurance (AIA, CB Insurance, and People & Partners)



- 36 operational branches in Phnom Penh and 21 provinces
- 1,015 staff employed
- 8,365 loan customers served
- 4 operational Priority Banking Lounges
- 26,246 merchant outlets are activated with our PRINCE Pay (QR scanning)
- 27 billers are available in PRINCE Mobile app
- Clever Savings Account Launched
- Auto Loan Launched
- Launched new features on PRINCE Mobile App
 - Create a UPI Virtual Card
 - Create a Virtual Card without a physical card
 - Link accounts
 - Change card limits
 - E-statement
 - Make top-up payment for PPSHV
 - EDC payment enhancement

2023



Branch Network

As of December 31st, 2023, Prince Bank Plc. had 36 operational branches.

1. Prince Bank Plc. Head office

Building N°445, 1st, 15th & 18th Floor, Monivong Blvd. ⊥ street 232, Sangkat Boeng Proluet, Khan Prampir Meakkakra, Phnom Penh.

2. Prince Bank Plc. Khan Chrouy Changvar – Sangkat Preaek Lieb Branch

N° 8 & 10, National Road N° 6A, Phum Khtor Village, Sangkat Preaek Lieb, Khan Chrouy Changvar, Phnom Penh.

3. Prince Bank Plc. Khan Prampir Meakkakra – Sangkat Veal Vong Branch

Building The Olympia City, N° S2-01, Preah Monireth Blvd N° 217 & Tep Phan Street N° 182, Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh.

4. Prince Bank Plc. Khan Chamkar Mon – Sangkat Tonle Basak Branch

Bloc A-1, Slot. N° 71, Preah Norodom Blvd, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh.

5. Prince Bank Plc. Khan Chbar Ampov – Sangkat Nirouth Branch

Building N° 218-218A, National Road N° 1, Phum Ruessei Sras, Sangkat Nirouth, Khan Chbar Ampov, Phnom Penh.

6. Prince Bank Plc. – Khan Chamkar Mon – Sangkat Phsar Daeum Thkov Branch

N° 363, Street N° 271, Phum 3, Sangkat Phsar Daeum Thkov, Khan Chamkar Mon, Phnom Penh.

7. Prince Bank Plc. Khan Boeng Keng Kang – Sangkat Tuol Svay Prey Ti Muoy Branch

N° 175 A B C & D, Mao Tse Toung Blvd, Phum Phum 5, Sangkat Toul Svay Prey Ti Muoy, Khan Boeng Keng Kang, Phnom Penh.

8. Prince Bank Plc. Khan Mean Chey – Sangkat Stueng Mean Chey 2 Branch

Lot N° 2950 & 2951 and N° 32A & 33A, Preah Monireth Blvd., Phum Damnak Thum Mouy, Sangkat Stueng Mean Chey 2, Khan Mean Chey, Phnom Penh.

9. Prince Bank Plc. Khan Russey Keo – Sangkat Tuol Sangkae 2 Branch

211E0, Street 598, Sangkat Tuol Sangkae 2, Khan Russey keo, Phnom Penh.

10. Prince Bank Plc. Khan Pur Senchey – Sangkat Chaom Chau 3 Branch

2111, National Road 4, Phum Prey Pring Khang Cheung 1, Sangkat Chaom Chau 3, Khan Pur Senchey, Phnom Penh.

11. Prince Bank Plc. Khan Toul Kouk – Sangkat Boeng Kak Ti Muoy Branch

TK Star International Building, Ground Floor, Street N° 516, Sangkat Boeng Kak Ti Mouy, Khan Tuol Kouk, Phnom Penh.

12. Prince Bank Plc. – Ta Khmau – Sangkat Ta Khmao Branch

N° 38E0, National Road N° 21, Phum Thmei, Sangkat Ta Khmau, Krong Ta Khmau, Kandal Province.

13. Prince Bank Plc. – Battambang Provincial Branch

Lot N° AI 2469, Phum Prek Moha Tep, Sangkat Svay Por, Krong Battambang, Battambang Province.

14. Prince Bank Plc. – Siemreap Provincial Branch

Phum Sala Kanseng, Sangkat Svay Dankum, Krong Siem Reap, Siemreap Province.

15. Prince Bank Plc. – Kampong Cham Provincial Branch

Lot N° 62, Phum Ti Buon, Sangkat Veal Vong, Krong Kampong Cham, Kampong Cham Province.

16. Prince Bank Plc. – Preah Sihanouk Provincial Branch

Lot N° 233, Phum Mouy, Sangkat Pir, Krong Preah Sihanouk Preah Sihanouk Province.

17. Prince Bank Plc. – Prey Veng Provincial Branch

Lot N° 237, Phum Lekh Prampir, Sangkat Kampong Leav, Krong Prey Veng, Prey Veng Province.

18. Prince Bank Plc. – Svay Rieng Provincial Branch

Lot N° Sor.Vor 009318 (All 0266), Phum Suon Thmei, Sangkat Prey Chhlak, Krong Svay Rieng, Svay Rieng Province.

19. Prince Bank Plc. – Kratie Provincial Branch

Lot N° AXII 0763, Phum Doun Chroam, Sangkat Kracheh, Krong Kracheh, Kratie Province.

20. Prince Bank Plc. – Ratanak Kiri Provincial Branch

Lot N° 1053, Phum Chey Chumnas, Sangkat Labansiek, Krong Ban Lung, Ratanak Kiri Province.

21. Prince Bank Plc. – Kampong Speu Provincial Branch

Lot N° 884, Phum Peanicheakkam, Sangkat Rokar Thum, Krong Chbar Mon, Kampong Speu Province.

22. Prince Bank Plc. – Takeo Provincial Branch

Lot N° 792, LPhum Louri, Sangkat Roka Knong, Sangkat Roka, Krong Doun Kaev, Takeo Province.

23. Prince Bank Plc. – Preah Vihear Provincial Branch

Phum Andoung Pou, Sangkat Kampong Pranak, Krong Preah Vihear, Preah Vihear Province.

24. Prince Bank Plc. – Kampong Chhnang Provincial Branch

Lot N° T2 0916, Phum La Tuek Trei, Sangkat Kampong Chhnang, Krong Kampong Chhnang, Kampong Chhnang Province.

25. Prince Bank Plc. – Kampong Thom Provincial Branch

Lot N° 1200, Phum Kampong Thum, Sangkat Kampong Roteh, Krong Stueng Saen, Kampong Thom Province.

26. Prince Bank Plc. – Sangkat Paoy Paet Branch Provincial Branch

Phum Baliley 1, Sangkat Paoy Paet, Krong Paoy Paet, Banteay Meanchey Province.

27. Prince Bank Plc. – Tboung Khmum Provincial Branch

Lot N° 0819, National Road N° 7, Phum Cheung Lang, Sangkat Suong, Krong Suong, Tboung Khmum Province.

28. Prince Bank Plc. – Pursat Provincial Branch

Lot N° 0532, National Road N° 5, Phum Sthani, Sangkat Svay At, Krong Pursat, Pursat Province.

29. Prince Bank Plc. – Stung Treng Provincial Branch

Lot N° 45, Road N° 63, Phum Preaek, Sangkat Stueng Traeng, Krong Stueng Traeng, Stung Treng Province.

30. Prince Bank Plc. – Banteay Meanchey Provincial Branch

Lot N° AIII 1188, National Road N° 6A, Phum Muoy, Sangkat Preah Ponlea, Krong Serei Saophan, Banteay Meanchey Province.

31. Prince Bank Plc. – Kampot Provincial Branch

Lot N° AI 0687, Soun Chnar Krong Street, Phum Muoy Ousaphea, Sangkat Kampong Kandal, Krong Kampot, Kampot Province.

32. Prince Bank Plc. – Mondul Kiri Provincial Branch

Lot N° 618, Phum Kandal, Sangkat Spean Mean Chey, Krong Saen Monourom, Mondul Kiri Province.

33. Prince Bank Plc. – Krong Siem Reap – Sangkat Svay Dankum Branch

Lot N° 1526, Sivutha Blvd, Phum Vihear Chen, Sangkat Svay Dankum, Krong Siem Reap, Siemreap province.

34. Prince Bank Plc. Khan SaenSokh – Sangkat Tuek Thla Branch

Prince International Plaza, Building N° 616, Russian Federation Blvd, Sangkat Tuek Thla, Khan Saensokh, Phnom Penh.

35. Prince Bank Plc. Chhuk District – Chhuk Commune Branch

Lot N° 2771 & 2830, Chheu Teal Village, Chhuk Commune, Chhuk District, Kampot Province

36. Prince Bank Plc. Khan Praek Pnov – Sangkat Samraong Branch

Lot N° 898 & 899, Phum Samraong Kandal, Sangkat Samraong, Khan Praek Pnov, Phnom Penh.



ATM Network

As of December 31st, 2023, Prince Bank Plc. had 85 ATM locations.

PHNOM PENH NETWORK

1. Head Office
2. Khan Chraoy Chongvar – Sangkat Preaek Lieb Branch
3. Khan Prampir Meakkakra – Sangkat Veal Vong Branch
4. Khan Chamkar Mon – Sangkat Tonle Basak Branch
5. Khan Chbar Ampov – Sangkat Nirouth Branch
6. Khan Chamkar Mon – Sangkat Phsar Daeum Thkov Branch
7. Khan Boeng Keng Kang – Sangkat Toul Svay Prey Ti Mouy Branch
8. Khan Meanchey – Sangkat Stueng Mean Chey 2 Branch
9. Khan Russey Keo – Sangkat Toul Sangkae 2 Branch
10. Khan Pur Senchey – Sangkat Chaom Chau 3 Branch
11. Khan Toul Kouk – Sangkat Boeng Kak Ti Muoy Branch
12. Khan SaenSokh – Sangkat Teuk Thla Branch
13. Khan Praek Pnov – Sangkat Samraong Branch
14. AEON Sen Sok
15. TK roundabout
16. Koh Pich
17. SKY Tree Residence
18. PTT gas station Road 6A
19. AEON MALL PHNOM PENH
20. NORODOM PRIMARY SCHOOL
21. Total Gas Station Phnom Penh Thmey
22. Toul Tompong Market
23. Caltex Station St.271 corner st.371
24. Amazon Drive Thru
25. PENG HUOT EURO PARK
26. TELA STATION TEUK THLA
27. RULE UNIVERSITY
28. PENG HOUT THE STAR PTERMIER St.598
29. CAMBODIA RUSSIA FREINDSHIP HOSPITAL
30. Garden City Hotel
31. Krou Sar Mall Chhouk Meas
32. Gong Cha BKK
33. TELA STATION MAO TSE TONG
34. CITY TOWER

- 35. Phnom Penh Parking Centre
- 36. Cambodia Post (EMS)
- 37. Chroy Changva 6a Park
- 38. PTT Station Street 2004
- 39. Caltex Station Steng Mean Chey
- 40. Paiks Noodle Bkk

PROVINCIAL NETWORK

- 46. Krong Ta Khmao Branch
- 47. Battambang Branch
- 48. Krong Siemreap Branch
- 49. Siem Reap Branch
- 50. Kampong Cham Branch
- 51. Preah SihaNouk Branch
- 52. Prey Veng Branch
- 53. Svay Rieng Branch
- 54. Kratie Branch
- 55. Ratanak Kiri Branch
- 56. Kampong Speu Branch
- 57. Takeo Branch
- 58. Preah Vihear Branch
- 59. Kampong Chhnang Branch
- 60. Kampong Thom Branch
- 61. Krong Paoy Paet Branch
- 62. Tboung Khmum Branch
- 63. Pursat Branch
- 64. Stung Treng Branch
- 65. Banteay Meanchey Branch
- 66. Kampot Branch

- 41. AEON Mean Chey (AEON 3)
- 42. Baby World
- 43. AEON Mall Phnom Penh
- 44. AEON Mall Sen Sok
- 45. 7eleven Mart Phsar Kandal
- 67. Mondul Kiri Branch
- 68. Chhuk Branch (Kampot)
- 69. Caltex Station Takhmao
- 70. U-care Pharmacy old Market -Siem Reap
- 71. Hong Hout Pharmacy
- 72. Prince Huan Yu Mall
- 73. Maverlinn Apartment Siem Reap
- 74. Classy Hotel BTB
- 75. Amber Angkor Hotel Siem Reap
- 76. Battambang Caltex Gas Station
- 77. Jin Bei Casino & Hotel
- 78. Jin Bei Artisan Hotel
- 79. AAA Market Siem Reap1
- 80. Jin Bei Palace Hotel
- 81. Baby Outlet Sivutha Siem Reap
- 82. CCJ Bavut Svay Rieng 1
- 83. CCJ Bavut Svay Rieng 2
- 84. White Sand Hotel
- 85. Mei Li Shop

Products and Promotions

RETAIL PRODUCTS AND SERVICES

We provide a wide range of products and services to meet all the needs of retail consumers. Our product offerings include Loans, Deposits, Cards, Remittances, and others. Additionally, we strive to provide an exceptional customer experience by developing and improving our products and services through various digital and non-digital platforms, payment solutions, and launching new branches.

- **Retail Loan**

Our dedication to addressing the evolving needs of our customers remains unwavering. We continuously work to improve our primary product offerings and implement strategic initiatives to increase customer acquisition. We have focused on updating our existing retail loan products to match customer demands, and we have also introduced promotional campaigns designed to attract and engage our target customers.

Moreover, we have recognized the high demand for convenient transportation solutions and the desire of customers to own a car. Hence, we have developed an auto loan product that offers competitive financing options and lower interest rates, making car ownership more affordable for our customers. This newly launched Auto Loan product, introduced in December 2023, reinforces our commitment to supporting our customers' mobility needs.





• Deposit

Prince Bank uses strategic campaigns and promotions to attract customers. In celebration of its 8th anniversary, the bank launched a promotion where customers who deposited \$5,000 or more received three benefits: 500 points equivalent to \$5 or an extra interest rate, life insurance, and travel packages.

Prince Bank offers attractive interest rates for Term Deposits, with shorter terms than other financial institutions. For a 6-month term, the interest rate is 6% per annum. For an 8-month and 9-month term, the interest rate is 6.88% and 6.99% per annum, respectively. Additionally, the bank has partnered with AIA Insurance to offer a unique Term Deposit product called Clever Savings Product. This product provides a high fixed saving interest rate of up to 12% p.a. and includes medical care insurance benefits with a sum insured coverage of up to \$30,000.

The Payroll account has also been enhanced by offering a higher interest rate of 2.75% p.a. specifically for payroll customers. Special offers are also provided for sending and receiving money from abroad. Customers can use RIA Money Transfer to send money to ASEAN countries for only \$3 per transaction. Additionally, for SWIFT money transfers, the bank charges a lower fee of 0.13% for Remittance and a 0% receipt fee.

• Bancassurance

Prince Bank Plc and AIA (Cambodia) Life Insurance Plc have formed a partnership in the field of bancassurance on January 12, 2022, marking a significant milestone. The partnership aims to offer customers an all-in-one service that is convenient and provides easy access to a diverse range of high-quality banking and insurance solutions.

• Card Products and Promotions



In 2023, we received four awards from Visa and Mastercard. Visa recognized our Leadership in Debit Activation Rate and Leadership in Spend per Active Card for Visa Credit in the Affluent Segment. Meanwhile, Mastercard awarded us for our Leadership in Credit Volume and Leadership in Credit Growth.

Additionally, we have launched various promotions to provide more benefits and special privileges to existing and new Visa/Mastercard and UPI cardholders. These promotions include cashback, discounts, or cash vouchers in collaboration with popular merchants such as AEON Malls, AEON Online, AEON MaxValu Express, Megadis Store, Caltex Stations, Major Cineplex by Smart, foodpanda app, Grab Transport & Grab Food app, TADA Transport App, Nham24 Taxi, Agoda, G2000, Pho Sovanphum, Viva Fine Mexican & Khmer Cuisine, Siem Reap City Lounge & Café, Amigos Brazilian Steak House, Texas Chicken, Plaza Premium Lounge, Cambodia Angkor Air, Malaysia Airlines, Singapore Airlines, and Phnom Penh - Preah Sihanouk Expressway.

Card Promotions in 2023

- Save up to \$1.5 on your ride with Nham24 Taxi by paying with Prince Bank Mastercard.
- Instant 6% discount on your Agoda payments with Prince Bank Cards.
- Get up to 15% off flights in Economy class and up to 10% off flights in Business class on Malaysia Airlines by booking your flight ticket using Prince Bank Mastercard.
- Get up to 23% cashback per transaction or capped at \$33 per month every time you fuel at any of 38 Caltex Station and pay with Prince Bank Mastercard.
- Get up to 15% off on your lunch or dinner with Prince Bank's Visa card at popular restaurants in town.
- Get instant up to 15% off for Dinner and Lunch at Amigos Brazilian Steak House by paying with Prince Bank Visa Cards.
- Get instant 10% off on food & beverage at Pho Sovanphum by paying with Prince Bank Visa Cards.
- Get instant 5% off on food & beverage for a minimum expense of \$20 at Viva Fine Mexican and Khmer Cuisine by paying with Prince Bank Visa Cards.
- Get instant \$2 off on food & beverage for a minimum expense of \$15 at Siem Reap City Lounge & Cafe by paying with Prince Bank Visa Cards.
- Get 5% off or capped at \$5 instantly by paying with Prince Bank UnionPay card at all branches of AEON MaxValu Express.
- Instant 50% discount on all 2D / 3D / VIP / IMAX / 4DX movie tickets every day at all Major Cineplex by Smart branches by paying with Prince Bank Mastercard.
- Wednesday Special! Get 50% off instantly for your pick-up order at the store on foodpanda app by paying with Prince Bank Visa cards and using the promo code: VISA4PU.
- Shop at G2000 with your Prince Bank Visa Platinum for amazing deals on fashion! Get \$20 voucher for spending \$200 or more.
- Take advantage of Grab's special discounts every Monday, Wednesday, and Friday! Enjoy an instant 30% off using your Prince Bank Visa card to pay for your Grab Ride and Express.

- Enjoy a discount of 250 Baht at Big C supercenters when you pay with your Prince Bank UnionPay cards.
- Great benefit for frequent travelers looking for a comfortable and relaxing experience at Plaza Premium Lounge.
- Use a Prince Bank Visa Card to pay for your ride with the TADA App every Friday, Saturday, and Sunday to enjoy an instant discount of 50% or up to 8,000 riel.
- You can now enjoy special discounts of up to 40% on any product at all Megadis Store branches simply by paying with your Prince Bank card.
- Enjoy a 5% or \$5 rebate per transaction when you pay with your Prince Bank UnionPay card while traveling across the ASEAN countries.
- You can enjoy discounted airfare with Prince Bank Mastercard and fly with Singapore Airlines for as low as \$257.
- Get a special discount of 25% on your next flight booking at the Cambodia Angkor Air website! Enjoy this fantastic offer with the exclusive promo code MASTERCARD23 and pay with your Prince Bank Mastercard.
- Get KHR 4,000 OFF instantly on your travel booking on the Grab app and enjoy up to 15 times discount by paying with any type of Prince Bank Visa card.
- Get an instant USD 2 OFF when you spend USD 6 or more on the food ordering on foodpanda app by paying with any type of Prince Bank Mastercard and using Promo Code: MCPRINCE.
- Spend from KHR 15,000 up, get an instant discount of KHR 12,000 by paying with Prince Bank Mastercard, and use promo code "MAKH" when you order food on the Grab app.
- Spend from KHR 20,000 up, get an instant discount of KHR 10,000 by paying with Prince Bank Mastercard, and use promo code "MAKH" when you order food on the Grab app.
- Happy Water Festival! Offer extra codes! You can enjoy instant USD 2 OFF for orders from USD 6 or more for up to 15 times on the food and grocery orders on the foodpanda app by paying with any type of Prince Bank Mastercard and using Promo Code: MCPRINCE.
- At Texas Chicken, Prince Bank Mastercard holders enjoy up to 20% off on any food and beverage, including the Ala Carte and combo set.
- You can save up to 8% on your accommodation booking on Agoda by paying with a Prince Bank Visa Card.

BUSINESS PRODUCTS AND SERVICES

Prince Bank’s Business Financial Service offer corporate banking products, Lending and Deposit. Loan comprises of Term Loan, Overdraft, and Trade Finance Loan and Services. We also partner with CGCC to avail general, and portfolio guaranteed schemes for our clients who do not have sufficient collateral for their borrowing. Deposit consists of Business Check Account and Business Plus Account, and Merchant Services to fulfill the financial need of our customers. With our vision “To be the financial institution of choice for our target customer”, we have been offering the campaigns and promotions on our product to support our clients from all scales of businesses, Small, Medium and Large Business to ensure they have sufficient solutions for their business operation.

- **Business Loan**



Refinance Business Loan Campaign launched on March 27, 2023

Refinance Business Loan Campaign: Prince Bank offered the special interest rate and provide additional loan amount to expand their business.

Portfolio Guarantee Schem Program (PGS1-WE) launched on August 01, 2023

Business term Loan with Portfolio Guarantee Scheme program (PGS1-WE) for women owned enterprise (MSMEs) to support the women to run their business in a more sustainable way through easy way to access to finance via bank with the special designed feature without collateral needs



- **Business Deposit**

We offered special promotions during the launch of our Tuek Thla and Chhouk branches. The first 50 new Business Check and Business Plus account customers received 3% cashback on their initial deposit (up to USD 50), one free checkbook per month for 12 months, and a special discount of up to USD 1,000 on a special account number.

- **Trade Finance**

Prince Bank seeks to expand its trade finance products and has introduced the Trade Finance Facility with the CGCC Scheme. This facility is designed to assist trade customers who lack collateral by offering a trade finance facility limit of 100% loan against their collateral value. In addition to marketing campaigns aimed at customers, the bank promotes its Business Loan, Business Account, and Trade Finance Products through social media and its branches.

- **Merchant Service**

The purpose of this campaign was to promote Prince Bank KHQR along with the official announcement of National Bank of Cambodia about KHQR payment service. It was also an encouragement to our existing customers and the public use and chose PRINCE KHQR as the first option for the payment channel and on-board new customers & new merchants.

Merchant Partnership Discount

In 2023, Prince Bank has partnered with nearly 19000 merchants. Out of these, 95 merchants have provided special discounts to customers who make payments using PRINCE KHQR. These merchants belong to different industries such as coffee and bakery shops, restaurants, hospitals, salon shops, eye optic shops, schools, and more.



PRIORITY FINANCIAL SERVICES

Prince Bank operates four Priority Banking Lounges in Phnom Penh. Our Priority Lounges offer a welcoming and comfortable environment for Priority Banking customers. As a Priority Banking customer, you will receive an instant welcome gift upon opening an account. You will also enjoy personalized banking services from your dedicated relationship manager and exclusive offers from our local and global partners. For the upcoming year of 2024, we will launch a new top-tier savings product exclusively for Priority Banking customers that offers high savings rates and medical insurance packages of up to \$1.32 million.

ON-GROUND MARKETING ACTIVITIES

During major festivals such as Chinese New Year, Khmer New Year, and Pchum Ben, Prince Bank is thrilled to engage with the community through on-ground marketing activations at AEON Malls, one of the most bustling shopping centers. These activations are designed to bring the spirit of each festival to life, offering mall-goers an interactive and enjoyable banking experience. At our specially designed booths, visitors can learn about our latest products and promotions, participate in fun activities, and even win exclusive prizes. These festive occasions provide us with a unique opportunity to connect with our customers face-to-face, understand their financial needs, and offer personalized banking solutions that can help make their festival celebrations even more memorable.

In addition to seasonal festivities, Prince Bank is proud to extend its presence through booth activations at various sponsored events. These activations are a cornerstone of our engagement strategy, allowing us to reach out to diverse audiences across different interests and communities. Whether it's a sports event, a financial literacy workshop, or a business conference, our team is on the ground, ready to introduce attendees to our innovative banking services and demonstrate how we can support their financial aspirations. These events not only enable us to strengthen our relationship with existing customers but also to introduce Prince Bank to potential new clients, showcasing our commitment to excellence, innovation, and community support.



Human Resource Aspect

HR BUSINESS PARTNERS, PEOPLE ENGAGEMENT AND ORGANIZATIONAL DEVELOPMENT

- **HR Business Partner**

Our HRBP team has been strengthening their capacity to be stronger in supporting business team to manage people issues more efferently. They have been able to accomplish people projects, including staff retention, staff mobility, performance improvement plans, and people engagement, which have improved relationships among people in the team and across the bank. We designed various programs to engage better with people, especially the people at the branch, as they are the key contributors to the bank's revenue.

- **People Engagement**

As we shared earlier, in 2023, our Bank has invested resources to grow people both technical and soft skills while the bank keeps engaging our people across the branches network and head office with assistants from the HRBP team and L&D team. The activities of engagement not only conducted from branch to branch, department to within divisions to motivate stronger performer but also include individual counseling to improve staff performance and productivities especially helping poor performers.

- **Organizational Development**

While spending resources to grow our people, we have also invested our time and energy to improve our internal HR process, such as approval authority for employee hiring, transferring, promoting, demoting, leave application, new employee onboard, orientation program, performance management guideline, exit interview, and personnel documentation process.

LEARNING AND PEOPLE DEVELOPMENT

At Prince Bank, people development is always one of our top agendas. We are committed to investing in continuous learning and development to equip our employees with the necessary knowledge and skills to deliver exceptional customer service, drive our business growth, and grow their careers with us.

In 2023, we continued to build and enhance our people's capability and capacity by developing and providing various training courses for our employees. Like every year, new products and product refresher training are always on our priority list for our sales employees to strengthen and enhance their product knowledge to provide trusted financial services to our customers. Among the product refresher training sessions, Credit Quality Refresher is the one that helps our sales employees reinforce their understanding of credit policy, process, and analysis to ensure that Prince Bank provides loans to the right customers with high quality and responsibility.

Also, we initiated numerous new training programs such as Mobile Financial Consultant (MFC) Program, Credit Program, Tele-sales Program, and SMART Selling Program. These programs, categorized under our Core Banking Program Segment, are intended to equip our employees with the necessary knowledge and skills to perform their roles effectively and support the business goals.

Besides, we enrolled 94 lending employees for the 2nd batch of mandatory Responsible Lending Certification, and we received a fantastic result in which 100% of all the enrolled employees passed the exam. We are on the right track for ensuring our related employees will have completed this mandatory program by the end of 2024 according to the guideline from the National Bank of Cambodia.

In addition, we continued our signature leadership program named "Prince Bank LEAP (Leadership Excellence And Performance)" after rolling it out since last July. In 2023, we provided LEAP Program Level 1 (First Time Manager Program) to 131 team leaders and LEAP Level 2 (Leading Managers) to 52 middle managers.

To strengthen the hiring quality, we introduced a Hiring Skills for Manager Program to hiring managers to enhance their ability to conduct interviews and hire people effectively. Similarly, we also delivered a Train-The-Trainer Program to our trainers to continuously improve the quality of training provided to our employees.

Last but not least, the Learning and Development Department collaborated with HR Business Partner Department to conduct 15 sessions of Employee Engagement and Culture Embedment to 11 divisions and 23 branches nationwide.

COMPENSATIONS AND BENEFITS

As one of the Best Companies to work for, Prince Bank has maintained its strong position as one of the industry leaders, providing attractive remuneration packages to our employees despite side effects of Covid-19 pandemic and local economic slowdown.

In 2023, we changed our people strategy to be more performance-driven to ensure we remain competitive in this increasingly challenging banking environment. Our performance bonus and sales incentive scheme were improved for a more robust and dynamic performance-base system.

We always take care of our employee's well-being and wellness. Prince Bank covers medical insurance, life insurance, and medical claims for all staff and medical insurance for dependents. Our people and culture team has initiated the PRINCE Fun Run & WALK Group to encourage our employees to live healthy through regular exercise and participate in fun activities such as various Marathon events. We also organized a virtual seminar to promote awareness and prevention of Gastrointestinal Disease among our employees.

TALENT ACQUISITION AND PERFORMANCE MANAGEMENT

- **Talent Acquisition**

To ensure that we can support the business on time with the right approach, a recruitment process was analyzed to identify areas that could be streamlined and improved. We have improved the average hiring Service Level Agreement (SLA) to align with the hiring SLA standard of 36 working days. As a result, by 2023, improvements in the average time-to-hire was 30 working days compared to SLA 36 days.

To support the initiative of fastening hiring, we also improved the hiring authority approval to make it clearer and simpler for implementation.

The Bank continues to expand its business and also attract diverse and talented people from a variety of backgrounds and proactively executed talent acquisition strategies to fill a total of 308 vacancies.

From after becoming the full-fledged commercial bank in July 2018, Prince Bank has been focusing on Employer Branding which we aim to be the Employer of Choice for not only in Cambodian Market, but also in Asia and around the Globe with our great leadership and initiatives, that Prince Bank won 2 HR awards in 2023



**Cambodia Best Employer Brand
Award 2023**
in January 2023



**Global HR Excellent Awards-Awarded for
Excellent in Learning and Development**
in February 2023.

Digitalization Projects

In 2023, PRINCE Mobile underwent a significant transformation in not only revamping but also redefining the digital banking experience in Cambodia. Driven by a commitment to financial empowerment and innovation, PRINCE Mobile made great strides in putting the user in complete control of their finances. This report highlights how PRINCE Mobile's digital solutions are not only making banking seamless but also fostering financial inclusion and a more sustainable future.

Below are the features that we introduced:

- **Enhanced User Experience:** PRINCE Mobile V1.50 has a sleek, modern design that makes navigation more intuitive and enjoyable.
- **Enhanced Card Management:** Users can link up to four accounts to a debit card, set spending limits, and change the PIN - all from the app!
- **Virtual Card Freedom:** Enjoy the convenience of online payments with a virtual card, even without a physical card.
- **Financial Independence for All:** Joint account holders can now make independent KHQR payments, fostering shared responsibility and financial autonomy.
- **Paperless Convenience:** Users can download real-time account statements in PDF format, accessible anytime, anywhere.
- **Seamless Bill Payments & PPO:** Users can pay bills effortlessly with integrated real-time payments to various partners, including government services and major billers. These payment functions include payment to Phnom Penh-Sihanoukville Expressway, Électricité du Cambodge (EDC) - real-time, L2R Parking, and others.
- **Smarter Savings:** Users can manage a Clever Savings account directly on the app. They can view details, top-up their account, and receive convenient notifications at their fingertips.

We believe in more than just customer empowerment and are committed to sustainable progress. The banking app reduces paper usage and environmental impact by streamlining internal processes.

Below are the steps that we took to ensure environmental responsibility:

- **Flexi Services:** PRINCE Bank's revolutionary customer onboarding process eliminates complexities. They further enhanced accessibility by introducing offsite account opening through tablets.

With also the new initiations of employment branding, we have created the Career@prince via telegram channel which we spent 6 months to reach 3,000 subscribers. In return, we increased the number of applicants to populate our candidates' pipeline and reserved more pools for any replacement roles. More importantly, this outreach also engages the young potential to engage in our Recruitment Events such as Career Fairs, On Spot Hiring, etc.

• Performance Management

To support the bank's strategic growth in 2023, the annual KPI Setting and Appraisal have been revised to make it more practical, standard, and aligned with business strategies. The KPI setting must follow the SMART Approach, which ensures all employees set the right KPIs that impact individual employees and businesses. To ensure employees can follow our approach, we also provided knowledge sharing of Why and How they are doing it with extended support from our internal Learning and Development team and HRBPs.

Annual appraisal is one of the crucial agendas to focus on, which we need to ensure transparency and align performance-based culture. We have revised our scoring scales to align bank-wide and individual performances. Following the new strategies of revising scoring scales, line managers would have to take more responsibilities and be accountable for employees' performance by providing coaching and strong monitoring of daily performance, especially continuously sharing constructive feedback for better performance.

Since Prince Bank is focusing on Performance Base Culture, we have also revised our strategies to reward good and high performers while Performance Improvement Plan (PIP) for and poor performers and Performance Notifications for Non-performers were reinforced.

With all that improvement, 99% of employees hired in 2023 passed probations, this is a very rewarding result.

- Digital Transformation: PRINCE Bank has implemented in-house solutions to optimize operations. This includes an improved eForm system with features like change flow requests, dispute logs, and a new form sharing center. Additionally, their enhanced eProcess Payment systems provide comprehensive reports for better financial management. Finally, they also launched a PRINCE Wiki, a site where all PRINCE Bank staff can access all information and updates.

With a focus on user empowerment, financial inclusion, and environmental responsibility, PRINCE Mobile is redefining the digital banking landscape in Cambodia. They are committed to continuous innovation to build a robust and accessible financial ecosystem for the nation.

Compliance Policy

In compliance with prevailing laws and regulations, professional and ethical standard, and to ensure Bank fully compliance, Prince Bank Plc. has developed Compliance Policy in line with the pPrakas on Internal Control of Bank and Financial Institutions to assist management and Board in identifying, measuring, monitoring, and controlling non-compliance risk and to promote sound management of the bank, in accordance with relevant laws and regulations particularly with National Bank of Cambodia.

This Policy is intended to present how the Bank defines compliance functions that is the critically important in identifying, evaluating, and addressing compliance and regulatory risks and will help Prince Bank to mitigate and eliminate the risk of violations of law, regulations, and ethical behavior.

Anti-Money Laundering, Combating Financing of Terrorism and Combating Financing of Proliferation of Weapons of Mass Destruction (AML, CFT AND CPF)

Prince Bank Plc. is strongly committed to anti-money laundering, financing of terrorism and combating financing of proliferation of weapons of Mass Destruction "AML, CFT and CPF" measures by establishing an AML, CFT and CPF Policy seeks to protect Prince Bank from being used, intentionally or unintentionally, for money laundering, terrorist financing and financing of proliferation of weapons of mass destruction in line with the applicable laws and Prakas on AML, CFT and CPF. Moreover, the Bank has invested in the "CORAL iSEM AML/CFT System" that automates the control work and ensures effectiveness and efficiency of risk mitigation and prevention of ML, FT and PF.

More importantly, the Bank has an on-going conducting employee training program to all new and existing staff, especially all operation staff are required to attend the AML, /CFT and CPF refresher training once a year and pass the post-training test. This training requirement is one of the compliance strategies to strengthen staff's AML, /CFT and CPF education and awareness that is a key deterrent to any attempt to improperly use the Bank's services and products.

Whistle Blowing Policy

To be aware of inappropriate behavior or any unethical action likely to occur at any time and in line with the Prakas on Internal Control of Bank and Financial Institutions, Prince Bank has established a Whistleblowing Policy to determine the responsible person and receiving the information of employees' serious concerns through creating security communication channel where employees will be able to report serious concerns related to practices, behaviors, and conduct that may lead to adverse effects on the Bank's activities.

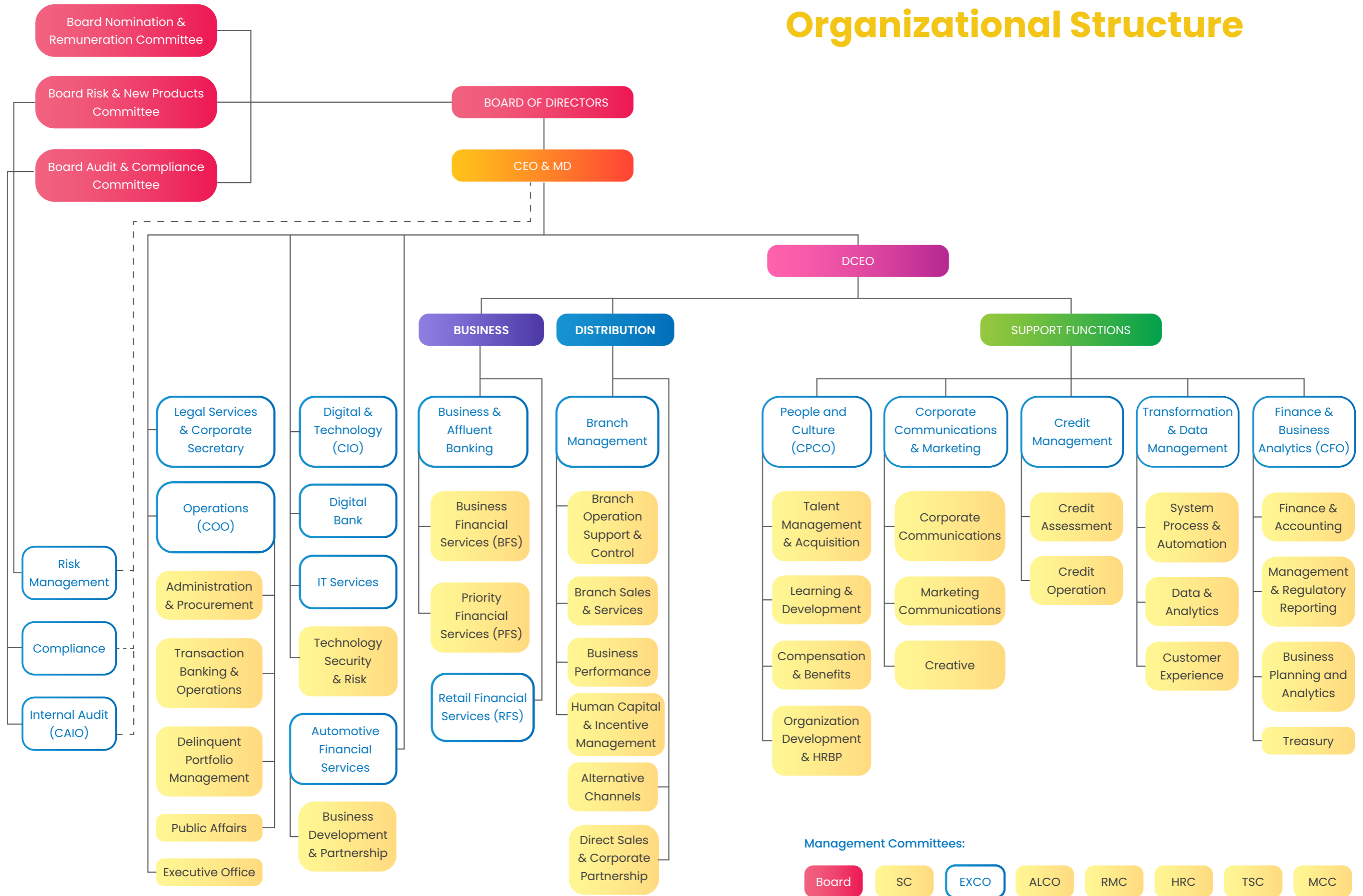
This Whistleblowing Policy is designed to encourage employees to raise serious internal concerns, without fear of reprisal or victimization, in a responsible and effective manner rather than overlooking a problem or blowing the whistle outside. This policy will also help management to take action to address or prevent any misconduct in a timely manner. It is also crucial that the implementation of the whistleblowing policy is transparent and accountable (so that employees trust the process), which ensures the reporter's confidentiality and the information reported.

03

Corporate Structure

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Organizational Structure



Management Committees:



Corporate Governance

Prince Bank clearly understands that effective corporate governance is critical for the Bank to function properly. Therefore, the Bank has adopted the best corporate governance practice in the banking industry with a check and balance mechanism whereby the Board oversees business operations that are performed by management.

The Bank is structured to ensure the separation of duties between business functions that directly control business operations and the oversight function comprising compliance and risk, which independently challenge the business function by reporting directly to the Board Committee via the Board Risk and New Products Committee and the Board Audit and Compliance Committee. Furthermore, the internal audit function ensures the control of the business function and the oversight by compliance and risk. It reports directly to the Board Committee via the Board Audit and Compliance Committee.

CODE OF CONDUCT

The trust and confidence that customers and the public have in the Bank are crucial for its continued growth and success. Prince Bank Plc. actively seeks to conduct itself and abide by the Bank's code of conduct. The directors, staff, contractors, and suppliers are required to acknowledge and implement the Bank's code of conduct with which the Bank requires strict compliance.

Shareholders

Currently, Prince Bank Plc. has two shareholders. Neak Oknha Chen Zhi, a Cambodian citizen, is the majority shareholder of Prince Bank Plc. He participates in the Bank's core decision-making process which includes increasing capital and expanding business operations. Mr. Guy Chhay, a Cambodian citizen is the second shareholder of Prince Bank Plc. He is a passionate entrepreneur with expertise and experience in a range of industries such as real estate, hotels, resorts, restaurant development and management information technology, and transportation.

Board Of Directors

The Board of Directors (the "Board") is composed of six members, three of whom are independent directors and all directors are appointed by the shareholders.

The Board is the ultimate decision-making body of the Bank apart from matters requiring the shareholders' approval as provided in the Memorandum of Association and Law on Commercial Enterprise. The Board takes full responsibility for leading, governing, guiding, and monitoring the entire performance of the Bank, and enforces standards of accountability to enable management to execute its responsibilities effectively and efficiently.

The Board holds a meeting every quarter and holds an ad hoc meeting whenever it deems necessary and adopts a collective decision-making process in all aspects of its judgment. With this effort, the Board benefits from the in-depth knowledge and contribution of each of its Directors in all areas of the Bank's businesses and operations. In addition to their wide range of skills and expertise, the Independent Directors bring independent judgment in the deliberations on key issues regarding strategy, audit, performance, and risk.

The Board has always ensured regulatory compliance as provided in the laws and regulations, particularly with respect to all the Prakas issued by the National Bank of Cambodia ("NBC"). In this regard, the structure and composition of the Board is aligned with NBC requirements. This guarantees that the Bank benefits from the balance of authority which increases accountability and provides greater capacity for independent decision making.

The Board believes that strong corporate governance is vital and essential to successfully undertake the Bank's mission. The corporate governance framework adopted by the Bank is developed on the basis of principles provided by the Prakas No. B7-08-211 on Governance in Banks and Financial Institutions dated 25-November-2008 ("Prakas on Governance"), the Prakas No. B7-08-212 on Fit and Proper Regulatory Requirements for Applying to Entities and Licensed Banks and Financial Institutions dated 25-November-2008 ("Prakas on Fit and Proper"), and Prakas No. B7-010-1072 on the Internal Control of Bank and Financial Institutions dated 28-September-2010 ("Prakas on Internal Control") issued by the NBC, together with other international and best practices in corporate governance, where applicable.

Three committees have been set up at the Board level:

BOARD AUDIT AND COMPLIANCE COMMITTEE (“BACC”)

Composition:

- Mr. THEN SAMVISOTH, Chairman (Non-Executive, Independent Director)
- Mr. MUHAMMAD BIN IBRAHIM, Member (Non-Executive, Independent Director)
- Mr. GUY CHHAY, Member

Key Duties and Responsibilities

a) Internal Process and Controls

1. Endorse for Board’s Approval on principles, policies, processes, and control frameworks for management of the Bank’s business operations.
2. Review adequacy of internal controls, including financial, operational, and compliance controls established by the management.
3. The BACC should ensure that a review of the effectiveness of internal control is conducted on a regular basis.
4. Review the compliance with laws, regulations, and the Bank’s code of conduct. Consider the major findings of any relevant internal investigations into control weakness, fraud or misconduct, and management’s response (in the absence of management where applicable).
5. Direct the relevant units to update the BACC and advise on implications of any possible or actual changes in the regulatory environment.
6. Recommend taking appropriate actions to address any adverse impact that the above may have on the Bank’s operations or capitalize on opportunities provided.

b) Financial Reporting

To oversee the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible. This could include, but is not limited to the following:

1. Review accounting policies.
2. Review significant financial reporting issues and judgements to ensure the integrity of the financial statements.
3. Report to the Board in a timely manner all issues that could significantly impact the financial condition.
4. Review the quarterly, half-yearly, and annual financial statements before submission to the Board focusing primarily on:

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgement by management.
- Qualifications, if any, in draft audit report.
- Significant adjustments arising out of audit.
- Representation letter to the auditor.
- Going concern assumption.
- Compliance with the accounting standards
- Compliance with legal and regulatory requirements concerning financial statements.
- Any related party transactions, i.e. transactions of material nature with promoters or the management, their related/associated companies or relatives, etc. that may have potential conflict with the interest of the institution at large.

c) External Audit

1. Review the scope of the audit and its cost effectiveness, and the independence and objectivity of external auditors. Where the auditors also supply a substantial volume of non-audit services, The BACC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity, and value for money.
2. Make recommendations to the Board on the appointment, re-appointment and removal of external auditor and approve the remuneration and terms of engagement of external auditor.
3. Review the findings of the audit with the external auditor, considering the external auditor’s management letter and management’s response to the auditor’s findings and recommendations.

d) Internal Audit

1. Review the scope, activities, and effectiveness of internal audit function.
2. Review the annual internal audit plan and ensure that the internal audit function is adequately resourced and has appropriate access to information standing within the institution.
3. Review quarterly reports and recommendations from internal auditors and ensure that corrective actions are properly taken by the management within the deadlines.
4. Recommend to the Board the appointment of or removal of the executive in charge of Internal Audit Function.

5. Review the findings of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

e) Compliance

1. Monitor and proactively review the Bank's adherence to both legal and regulatory compliance requirements applicable to the business and operations of the Bank including without limitation to the control over Anti-Money Laundering and Combating the Financing of Terrorism, and regularly report to the Board in a timely basis on any non-compliance issue with appropriate recommendation or corrective action.
2. Review any related party transaction and conflict of interest situation that may arise within the Bank including any transaction, procedure or course of conduct that arises questions of management integrity.

f) Others

1. Coordinate with the Board Risk and New Products Committee to ensure that the Business Continuity Plan is effectively implemented.
2. Perform other duties and activities that it or the Board considers appropriate in the context of these terms of reference.

BOARD RISK AND NEW PRODUCTS COMMITTEE ("BRNPC")

Composition:

- Mr. MUHAMMAD BIN IBRAHIM, Chairman (Non-Executive, Independent Director)
- Mr. SIM HOY CHHOUNG, Member (Non-Executive, Independent Director)
- Mr. GUY CHHAY, Member

Key Duties and Responsibilities

a) Risk

1. Review management reports detailing the adequacy and overall effectiveness of the Bank's risk management functions and its implementation by management, and reports on internal control, any recommendations, and confirm that appropriate action has been taken.

2. Review the risk philosophy, framework, strategy and policies as recommended by management, ensuring compliance with such policies, and with the overall risk profile of the Institution. Risk in the broadest sense includes market risk, credit risk, liquidity risk, operational risk and commercial risk.
3. Review adequacy of insurance coverage.
4. Review risk identification and measurement methodologies.
5. Have due regard for the principles of governance and codes of best practice.
6. Detailed items that should be published in the Bank's Annual Report relating to the activities of the BRNPC, including the Risk Framework and Methodologies.
7. Obtain external independent advice, in writing or orally, as necessary.
8. Form sub-risk committees from its membership to address specific aspects of its duties.
9. Review and assess the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
10. Ensure infrastructure, resources and systems are in place for risk management i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of the Bank's risk originating activities.
11. Review periodic reports from the Risk Management Department on risk exposures, risk portfolio composition and risk management activities.

b) New Products

1. Review and recommend new products including but not limited to features, terms and conditions, strategy and target segments as well as risk management strategies, policies and risk tolerance for BRNPC's endorsement and the Board's approval.
2. Monitor and review the performance of new products introduced to customers and ensure that the new products are consistent with the short and long-term strategic goals as set by the Board.
3. To monitor and evaluate business conditions and developments in the financial markets on an ongoing basis and evaluate the impact arising from changes in legislation and regulation.

BOARD NOMINATION AND REMUNERATION COMMITTEE (“BNRC”)

Composition:

- Mr. SIM HOY CHHOUNG, Chairman (Non-Executive, Independent Director)
- Mr. GUY CHHAY, Member
- Mr. THEN SAMVISOTH, Member (Non-Executive, Independent Director)

Key Duties and Responsibilities

- To establish the minimum requirements for the Board i.e.) required mix of skills, experience, qualifications, and other core competencies required of a director;
- To establish minimum requirements for the CEO and Executive Committee members; and
- To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole, each director’s effective contribution to the Board, the various committees’ contributions to the Board, the CEO, and Executive Committee members’ performances; and
- To recommend and assess the nominees for directorship, board committee members, the CEO, and Executive Committee members.
- To assess directors for reappointment, before an application for approval is submitted to the National Bank of Cambodia (“NBC”);
- To oversee the overall composition of the Board, in terms of the appropriate size and experience, and the balance between Executive Directors, Non-Executive Directors and Independent Directors by conducting an annual review;
- To oversee the appointment, management, succession planning, and performance evaluation of key senior management officers; and
- To recommend a framework of remuneration for directors, the CEO, and key senior management officers for the Board’s full approval;
- To recommend specific remuneration packages for executive directors, the CEO, and Executive Committee members;

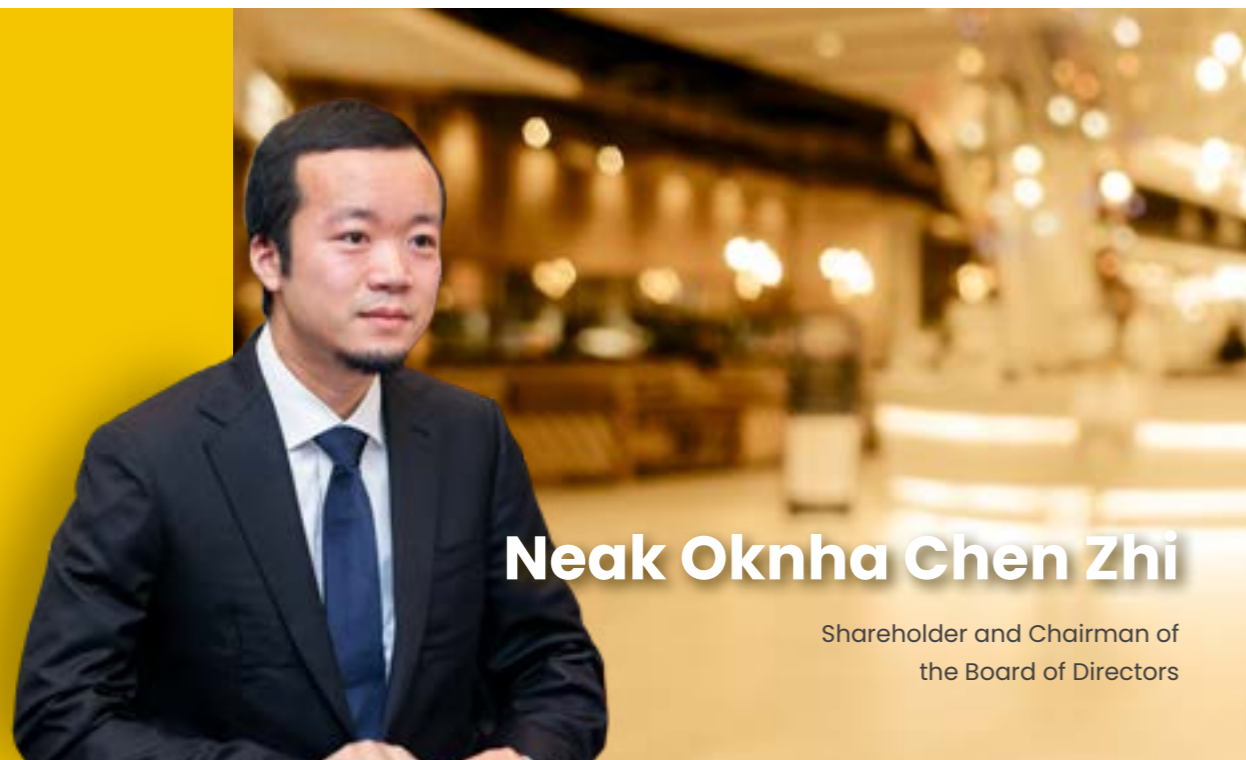
EXECUTIVE COMMITTEE

The Executive Committee (EXCO) serves as the highest executive management-decision making of the Bank at the executive management level. In addition, there are Management Committees that are an extension of the EXCO, established to assist the EXCO in discharging its duties and responsibilities. Those committees include the Strategy Committee (SC), the Human Resources Committee (HRC), Risk Management Committee (RMC), Credit Committee (CC), Credit Quality Committee (CQC), Technology Steering Committee (TSC), and the Assets and Liabilities Committee (ALCO).

At the executive management level, the committee is composed of:

1. **Mr. Honn Sorachna**, Chief Executive Officer (CEO), as a Chairman of Executive Committee.
2. **Mr. Looi Kok Soon**, Deputy Chief Executive Officer (DCEO), as member.
3. **Mr. Ngow E Van**, Chief People and Culture Officer (CPCO), as member.
4. **Mr. Liong Khai Sim**, Chief Financial Officer (CFO), as member.
5. **Mr. Leng Senglan**, Chief Operating Officer (COO), as member.
6. **Mrs. Peng Liya**, Head, Business and Affluent Banking, as member.
7. **Mrs. Keo Rosnisay**, Head, Legal Services and Corporate Secretary (HLCS), as member.
8. **Mrs. Sea Soklin**, Head, Compliance (HC), as member.
9. **Mr. Khoo Hun Khim**, Chief Information Officer (CIO), as member.
10. **Mr. Ly Panha**, Head, Retail Financial Services (HRF), as member.
11. **Mrs. Te Muyny**, Head, Branch Management (HBM), as member.
12. **Ms. Haing Huy**, Head, Credit Management Department (HCM), as member.
13. **Mr. Ong Pisey**, Head, Technology Services (HTS), as member.
14. **Mr. Lim Eng Keat**, Head, Corporate Communications (HCC), as member.
15. **Mrs. Leang Soklang**, Head, Transformation and Data Management (HTDM), as member.
16. **Mr. Ky Vannroath**, Head, Digital Bank (HDB), as member.
17. **Mrs. Kong Sonitraranya**, Head (Acting), Risk Management (HRM), as member.

Director Profiles



Neak Oknha Chen Zhi is a shareholder and the Chairman of the Board of Directors of Prince Bank Plc. He participates in making core decisions for the Bank that include strategies on how to increase and expand business operations.

In addition to his investment in the banking industry, Neak Oknha Chen Zhi has other business interests that encompass various sectors. He has investments across the real estate sector such as architectural decoration, hotel properties, property development, and property management.

In terms of media-related businesses, he invests in marketing agencies and internet service providers.

Neak Oknha Chen Zhi also has interests in businesses that provide services in yacht management, retail chain, gardening, and equity investments.



After years in the private sector, Mr. Guy Chhay decided to set up his own business with the collaboration of his business partners in early 2010. His focus at that time was on real estate development. With strong support from his investment partners, he was able to expand his investments across various sectors, especially within the finance sector. Mr. Chhay established Prince Finance Plc. with the goal of using it as a starting point for the current commercial bank that we know today.

Mr. Chhay is a businessman with great vision who understands the economic potential of any business endeavor and seizes every opportunity that arises. Additionally, he is very knowledgeable about Cambodia's domestic business environment, especially the potential opportunities within the trade sector.

Mr. Chhay has other businesses in marketing and printing services, internet service provisions, the distribution of fast-moving consumer goods, and real estate investment.



Mr. Honn Sorachna

Non-Independent Executive
Director / Chief Executive Officer

Mr. Honn Sorachna is the Non-Independent Executive Director / Chief Executive Officer, and one of the founding members of Prince Bank Plc. Mr. Sorachna has more than 10 years of experience in insurance, education and banking. He has great vision for Prince Bank Plc. and is focused on strategy and management to lead the Bank towards a bright future.

He holds an M.A. in International Management from the Audencia Nantes Business School of Management in Nantes, France.



Mr. Then Samvisoth

Independent Non-Executive Director

Mr. Then Samvisoth is an Independent Non-Executive Director. He was a lecturer of Accounting and Taxation for various universities here in Cambodia as well as in France.

In addition to being an educator, Mr. Samvisoth is also the successful Director-Owner of AT&B Consulting Co. Ltd., His company offers tax advisory and services, accounting services, and training. Prior to this, he was the financial director of Meas Development Holding Co. Ltd., a company that manages various food related establishments. He is presently also an independent director at Huione Insurance Plc.

Mr. Samvisoth holds a B.A. in Business Administration from the Royal University of Law and Economics in Phnom Penh, a B.A in Law from Norton University, and an M.B.A. from the Asian Institute of Technology (AIT) in Bangkok, Thailand. He also holds a master's in financial management from the IAE at the Université Pierre Mendès-Grenoble 2 in France.



Mr. Sim Hoy Chhoung

Independent Non-Executive Director

Mr. Sim Hoy Chhoung is an Independent Non-Executive Director of Prince Bank Plc. He has over 20 years of work experience in the fields of accounting and finance, risk management, internal control, and banking from several financial institutions in Cambodia.

He holds both a B.A. and an M.A. in Economics from the Royal Academy of Cambodia. He earned an additional M.A. in Business Administration with a concentration on International Finance from the prestigious International Business School of Brandeis University in Massachusetts, USA.

Mr. Chhoung is also a certified public accountant who received his professional certificate from the Association of Chartered Certified Accountants (ACCA), based in the United Kingdom.

Advisor Profile



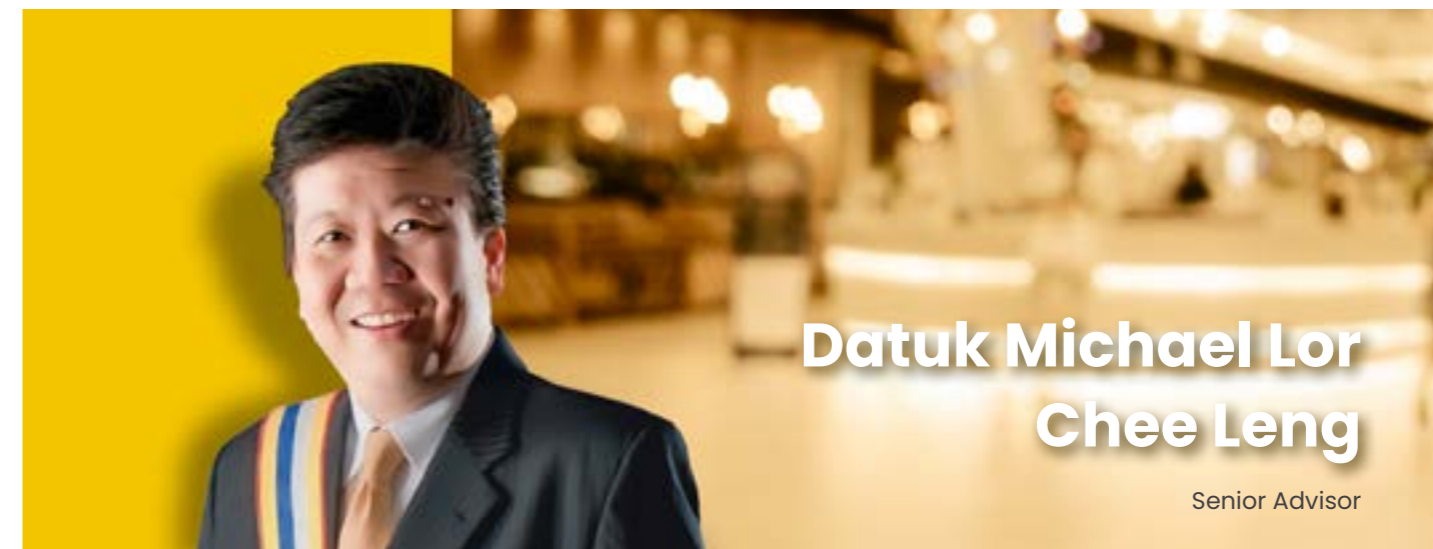
Tan Sri Muhammad Bin Ibrahim is an Independent Non-Executive Director of Prince Bank Plc. He has over 30 years of experiences in banking, insurance, finance, monetary policy and financial stability. He was appointed as the Deputy Governor of Bank Negara Malaysia (BNM), the central bank of Malaysia in 2010 and served two terms before being appointed as the 8th Governor of the central bank of Malaysia from May 2016 to June 2018. During his time at the central bank, he pioneered many developmental initiatives, including leading the taskforce to modernize the payment system, handling of monetary policy, financial stability, banking, insurance, foreign exchange, banking regulation and supervision, investment operations, international reserve management, and financial markets.

As Governor, Tan Sri Muhammad sought to strengthen the outreach of financial services to the Malaysian public in the areas of financial education, fintech and financial inclusion. He championed the use of technology in finance, putting the Fintech agenda to the forefront. Tan Sri Muhammad also pushed for greater professionalism in the financial sector through greater commitment to ethical conduct and lifelong education.

Given his expertise, he had the privilege to serve as Director on various Boards, including the Petronas, Malaysian Deposit Insurance Corporation, Chairman of the Asian Institute of Finance, the Financed Accreditation Agency, Labuan Financial Services Authority and the International Centre for Education in Islamic Finance.

He is presently also the Chairman of the Board of Directors at GDEX Berhad and Hexstar Technology Solutions Berhad.

He is a chartered accountant of Malaysian Institute of Accountant and also a fellow Chartered Banker. He holds an M.A in Public Administration at Harvard University and an M.A of Science in Islamic Banking and Finance at International Islamic University.



Datuk Michael Lor is the Senior Advisor to the Board of Directors of Prince Bank Plc. He has built a distinguished track-record of over 30 years across the Southeast Asian region as a senior-level banker with extensive experience in strategic business transformation, risk management and corporate governance, organization, and human capital development.

He is presently an Advisor to Cambodia's Ministry of Economy and Finance.

Datuk Michael Lor has held various professional appointments: he was previously the CEO of Canadia Bank Plc. in Cambodia, and prior to that, the Group CEO of EON Bank Group in Malaysia. He was also the Group Head of Consumer Banking for RHB Bank in Malaysia before joining Hewlett Packard as the Worldwide Director for Banking Solutions.

Datuk Michael Lor was a Managing Director with DBS Bank Singapore for 17 years, serving in various senior management capacities in both their Singapore and Thailand banking operations.

During his professional career, he has been involved in both the banking and technology industries, and has led businesses in Singapore, Thailand, Malaysia, Cambodia, Laos, Myanmar and China, respectively.

As a passionate advocate of digital transformation and innovation in the region's financial services industry, Datuk Michael Lor presently serves in various advisory functions and roles.

Management Profiles



MR. KY VANNROATH | Head, Digital Bank

MR. NGOW E VAN | Chief People and Culture Officer

MR. LY PANHA | Head, Retail Financial Services

MR. ALEX LIM ENG KEAT | Head, Corporate Communications & Marketing

MR. KEO VUTHY | Chief Internal Audit Officer

MR. LOOI KOK SOON | Deputy Chief Executive Officer

MR. HONN SORACHNA | Non-Independent Executive Director / Chief Executive Officer

MR. KHOO HUN KHIM (REMY) | Chief Information Officer

MR. LIONG KHAI SIM | Chief Financial Officer

MR. LEE KOK SENG (ERIC) | Head, Automotive Financial Services

MR. LENG SENGLAN | Chief Operating Officer

MR. ONG PISEY | Head, Information and Technology Services

MRS. KONG SONITRARANYA | Head, Risk Management

MRS. KEO ROSNISAY | Head, Legal and Corporate Secretary

MRS. SEA SOKLIN | Head, Compliance

MRS. TE MUYNY | Head, Branch Management

MRS. LEANG SOKLANG | Head, Transformation and Data Management

MS. HAING HUY | Head, Credit Management

MRS. PENG LIYA | Head, Business and Affluent Banking



MR. HONN SORACHNA

Non-Independent Executive Director / Chief Executive Officer

He is currently Non-Independent Executive Director / Chief Executive Officer at Prince Bank Plc. since 2015. He has a long-term and clear vision and pragmatic strategies to manage and lead Prince to grow remarkably. Besides that, he used to work for more than 10 years in senior management in the banking and insurance sector.

He holds an M.A. in International Management, Audencia Nantes, Business School of Management, Nantes, France in 2008 and a B.A. Computer Science from Royal University of Phnom Penh, Phnom Penh, Cambodia in 2003.

MR. LOOI KOK SOON

Deputy Chief Executive Officer

Kok Soon has over 30 years of experience as a banker & entrepreneur in Southeast Asia. He held various positions in distribution and operations at OCBC Bank Malaysia, EON Bank Malaysia, and Standard Chartered Bank in Southeast Asia (SEA) before leading his own renewable energy business.

KS, as he is widely known, built his banking career with OCBC Malaysia, where he spent 16 years, and later with EON Bank Bhd where he transformed the branch network, making them sales & service oriented. At Standard Chartered Bank, he was responsible for leading and managing 123 branch networks with 600 self-service terminals across Southeast Asia. He then went on to become an entrepreneur in year 2015, starting a renewable energy business.

KS holds a Bachelor of Economics (Accounting) from the University of Adelaide, South Australia.



MR. LIONG KHAI SIM

Chief Financial Officer

Mr. Liong Khai Sim is a seasoned banker with 35 years of experience in the finance industry across Malaysia and Cambodia. Having worked in Cambodia from 2012-2018, Khai Sim is back and ready to utilize his core skills and local knowledge covering key areas of commercial banking.

Previously, Khai Sim held senior finance roles in Maybank Group, Maybank (Cambodia) PLC, Panda Commercial Bank PLC, and various roles in Commercial Lending and Branch Management in Maybank Group.

Khai Sim brings with him many years of functional experience in both business and support functions such as bank lending, branch management, sales management, core finance, operations, and audit. Additionally, his various job exposures have equipped him with leadership, transformation, and management skills to manage resources to implement projects and deliver organizational results.

He is also a Fellow member of the Australian CPA, Australia, and a Member of the Malaysian Institute of Accountants, Malaysia.



MR. KEO VUTHY

Chief Internal Audit Officer

He is currently serving as the Chief Internal Audit Officer at Prince Bank Plc. Prior to his current role, he gained extensive experience over 9 years working in various capacities, including Senior Internal Auditor, Manager, and Head of the Internal Audit Department. His professional expertise extends to the fields of accounting, finance, investigation, and other associated sectors, with a total experience spanning over 10 years.

He holds three master's degrees – a Master of Accounting & Master of Auditing at Vanda Institute of Accounting (Cambodia) and a Master of Business Administration in Finance, at the University of Business and Finance (Switzerland). He also holds a Postgraduate Diploma in Finance, from the University of Wales (UK). Moreover, he obtains many professional certificates from international professional institutions/associations such as CND, WVTS, CCII, GCMA, QIA, CAME, FCPA, CFIP, CAIP, CBFA, CFE, CIA.

**MR. LENG SENGLAN**

Chief Operating Officer

He is currently working as the Chief Operating Officer at Prince Bank Plc. He has 17 years of experience in banking, insurance, and finance and securities market. He is also experienced with management system development, risk management, finance, and taxation.

He holds one master's degree and two bachelor's degrees: One master's in finance, ESCP-EAP, France and Asian Institute of Technology, Thailand (2005), a BBA and a bachelor's in economics, RULE, and a bachelor's in computer science, Norton, Cambodia (2010).

**MR. NGOW E VAN**

Chief People and Culture Officer

Evan is Chief People and Culture Officer at Prince Bank Plc. Evan is a passionate developer and leader of people, with over 25 years of leadership experience in corporate, consulting, and coaching roles. His work involves the strategic intervention and embedment of high-performance cultures within organizations by developing programs to hack both corporate systems and individual mindsets and behaviors.

A renowned engagement specialist, Evan has helped organizations create bespoke strategic leadership and team intervention programs with objectives ranging from personal to strategic enterprise outcomes such as motivation, conflict, emotional intelligence, decision-making, culture, leadership, communication, succession, growth, and performance.

Evan has coached and trained various corporate leaders across Southeast Asia, including numerous GLCs, TLCs, MNCs, and SMEs like KWAP, American Express, OCBC Bank, and RHB Bank in Malaysia, Singapore, and Cambodia. He holds a Bachelor of Education (TESL) from the University of Malaya and a Master of Arts (Applied Linguistics) from Curtin University of Technology, Australia



MR. KHOO HUN KHIM (REMY)

Chief Information Officer

Mr. Remy Khoo is the Chief Information Officer of Prince Bank Plc., overseeing technology and digital, with over 20 years of experience across IT, telecommunications, and financial services.

Passionate about enriching lives via technology, Remy has held various leadership positions in digital throughout his career from expanding the prepaid alternate channels at Maxis to driving digital innovation at Maybank by helping launch QR payments, eKYC, MAE e-wallet and growing Maybank2u internet & mobile banking to 6 million users, prior to running the retail digital business at AmBank.

He holds a Bachelor of Science (Forestry) from the Universiti Putra Malaysia (UPM).

**MRS. PENG LIYA**

Head, Business and Affluent Banking

Mrs. Peng Liya is the Head of Business and Affluent Banking at Prince Bank Plc. She oversees Prince Bank's Corporate business, which includes Loan & Deposit Portfolio Management, Business Product Development, and Trade Financing Products among others. Affluent Banking is also under her management and supervision. She was Head of Retail Financial Services prior to being appointed as Head of Business and Affluent Banking where she took charge of Retail Products & Service Development, Banca, and Card.

She has over 16 years of experience in the financial and banking sectors where she led various marketing strategies and was involved in product development initiatives including bancassurance business. Prior to joining Prince Bank Plc., Mrs. Liya held various positions at Hong Leong Bank (Cambodia) Plc. and WING Cambodia.

She holds an accounting degree from Guang Zhou China, and a Bachelor of Science in Computer Science from Norton University. Additionally, she has extensive academic qualifications in English including a diploma from PUC and several English for Business classes offered by leading Cambodian educational institutions like the Institute of Foreign Languages (IFL) and the Australian Centre for Education (ACE).

Mrs. Liya is also multilingual—she is fluent in Khmer, English, Mandarin, and Cantonese.

**MRS. TE MUYNY**

Head, Branch Management

Mrs. Muyny is the Head of Branch Management at Prince Bank Plc. She oversees the Prince Bank's operations and business at branches. A veteran of the banking industry, Mrs. Muyny has over 15 years of professional experience with international and regional banks. Her main skills include Retail and Commercial Banking as well as Credit and Premier Customer Relationship Management.

She holds a bachelor's in business administration, majoring in Finance and Banking from the National University of Management. She also holds a Diploma in English and a Diploma in Chinese Mandarin.





MR. ONG PISEY

Head, Information and Technology Services

Mr. Ong Pisey is a Head of Information and Technology Services at Prince Bank Plc. He's had professional jobs in banking field for over 14 years. He has experienced migration Core Banking System, Networks Security, conducting research and other projects as well as strategic planning development.

He spent nearly 10 years working at Bank for Investment and Development of Cambodia. In his job there, he participated in installing technology systems and organizing teams to meet the vision of the bank.

In December 2018, he started his job at Prince Bank as a Senior Manager of Technology Program. Presently, he has been taking important responsibilities leading system such as Core Banking Systems, Network infrastructures, enlarging ATM System and developing the linking projects of big systems of the bank.

Pisey graduated a Bachelor of Computer Science and Engineering from Royal University of Phnom Penh of Cambodia and obtaining the certificates from Oracle University, Efma, Saïd Business School, University of Oxford, and National University of Singapore Business School Executive Education.

MR. LY PANHA

Head, Retail Financial Services

He is the Head of Retail Financial Services at Prince Bank Plc. Panha is responsible for overseeing retail businesses of the Bank ranging from deposits, mortgages, auto loans, personal loans, and credit cards.

Panha has more than 12 years of professional experience in several industries and sectors, including finance and banking, education, business, and entrepreneurship.

He is educated in Cambodia, Malaysia, and the United Kingdom and holds a bachelor's degree in English Language/Linguistics with Financial Management from the University of Sunderland, the United Kingdom.



MS. HAING HUY

Head, Credit Management

Ms. Haing Huy is the Head of Credit Management at Prince Bank Plc. She has more than 10-year experience in the banking industry while intensively focusing on credit risk analysis. Particularly, she is certified for the specialization of credit assessment skills by Moody's Analytics. Ms. Huy is a specialist in business and financial analysis, risk identification, and loan valuation compliance to the country's regulation for both retail and corporate loan.

She holds a bachelor's degree in accounting and a master's degree in finance at Pannasastra University of Cambodia.



MRS. SEA SOKLIN

Head, Compliance

She is the Head of Compliance at Prince Bank Plc. She has more than 20 years of experience in the banking sector and has held management roles in several areas: internal audit, financial accounting, risk management, and compliance.

Additionally, her expertise extends to AML and CFT system development.

She holds a B.A. in Accounting and Finance. She's currently pursuing an ACCA qualification at CamEd Business School. She has achieved a Revelatory Compliance Certificate from IBF and an ICA International Advance Certificate in Anti Money Laundering, UK. She has received certificate of participation for ESG Risk Management under ASEAN Low Carbon Energy Program partnership with NBC of Cambodia in 2022.

**MRS. KEO ROSNISAY**

Head, Legal and Corporate Secretary

She is the Head of Legal and Corporate Secretary at Prince Bank Plc. She has extensive experience handling corporate and commercial affairs, real estate transactions, and dispute resolution matters. She provided legal advice on market entry and exit strategies, company formation and corporate governance, real estate acquisition structures, and the negotiation, drafting, and preparation of sales and purchase agreements related to land, land development, and condominiums.

She also reviewed real estate documents for short-term and long-term leases, and advised clients on civil and criminal litigation, arbitration, and other matters related to dispute resolutions.

She holds a B.A. in Law from the Royal University of Law and Economics (RULE), an M.A. from Lyon 2 University in France, and a JD (Juris Doctor) from Florida State University College of Law in Florida, USA.

**MR. ALEX LIM ENG KEAT**

Head, Corporate Communications and Marketing

He is the Head of Corporate Communications and Marketing at Prince Bank Plc. Alex is a seasoned marketing & corporate communications specialist with over 20 years of work experience in banking, property development, and advertising agencies. His experience covers the breadth and depth across markets in Malaysia, Singapore, Thailand, and Indonesia.

He started his communications formative years in branding, advertising, CRM/Direct marketing, telemarketing, and activation in international agencies such as Ogilvy, Euro RSCG, Young & Rubicam, and Draft-Lowe before slipping over to the 'client side' with the banking industry in RHB Bank and Hong Leong Bank. He then joins KSK Berhad, an investment holding company with interest in general insurance, property development, hospitality, Insurtech & Autotech. He was recently with two property developers with seafront to township projects to mix developments including branded residences.

He holds an MBA from the University of Bath, United Kingdom, and a BSc from Campbell University, USA. In addition, he is a certified Chartered Marketer by the Chartered Institute of Marketing, United Kingdom where he holds a Post Graduate Diploma in Marketing, and a Certificate in Public Relations from the Institute of Public Relations Malaysia.



MRS. LEANG SOKLANG

Head, Transformation and Data Management

She is Head of Transformation and Data Management at Prince Bank Plc. Soklang is responsible for coordinating the transformation of business, technology, and digital solution and process including the review for robotic process automation (RPA). And participates changes and obstacles along the way. Oversee a range of data-related functions that include data management, ensuring data quality, and creating data strategy.

Soklang has more than 20 years of banking experience. Her key competencies are banking application solution, system flow and analysis. Improving banking solution based on industry trends and professional. Fully utilizing banking solution capabilities in order to support business.

Improve data asset functionality, using advance analytics techniques to address more complex business problem and opportunity.

She holds a bachelor's degree in management information systems (MIS) from the National University of Management (NUM) and a master's degree in financial management from Royal University of Law and Economics.

**MRS. KONG SONITRARANYA**

Head, Risk Management

She is currently working as the Head of Risk Management at Prince Bank Plc. She has 10 Years of experience in the banking and insurance sector. She is also experienced with project management, system development life cycle (SDLC), business analysis, portfolio analysis, quality assurance, branch operations management, and risk management. Prior to Prince Bank, she worked at Hong Leong Bank and AIA Insurance.

She holds a master's degree in Banking, Insurance, and Risk Management from Panha Chet University (2014), Cambodia with a bachelor's degree in Banking and Finance (2012) from the Royal University of Laws and Economics.

She also completed a certified program of Certified Expert in Risk Management through online (CERM in 2021) from the Frankfurt School of Business, Germany.





MR. LEE KOK SENG (ERIC)

Head, Automotive Financial Services

Eric brings 25 years of experience in the banking industry coupled with 10 years of experience in managing automotive brands and he is now the Head of Automotive Financial Services at Prince Bank Plc., Cambodia.

He started his banking career as a credit officer and took on various positions in sales and operations before becoming the Head of the Automobile Finance Division – first at EON Bank, followed by Hong Leong Bank. As Head of the Automobile Finance Division, he manages the third largest automobile loan business amongst Malaysian financial institutions at US\$ 4.8 billion. Upon leaving the banking industry, Eric ran automotive sales and service dealerships for European and Japanese marqueses for a decade including Volkswagen, Toyota, Mazda, and Proton.

Eric holds an Associate Diploma in Business Administration from the Institute Training & Development College, Malaysia and he is also a Certified Credit Professional (CCP) by The Institute of Bankers Malaysia.



MR. KY VANNROATH

Head, Digital Bank

He is an experienced banking executive with over a decade of work experience, gained in both domestic and international environments. He currently serves as the Head of Digital Bank at Prince Bank Plc., bringing extensive technical knowledge in core systems of the bank and customer experience. He is also experienced with the latest advancements in AI and big data where he developed a predictive analytics and anomaly detection so-called smart factory solution with his previous employer. He has a strong dedication to innovation and customer satisfaction.

He holds an associate degree in Banking and Finance from the Centre of Banking Studies of the National Bank of Cambodia, a bachelor's degree in computer science from the University of Cambodia, and a master's degree in engineering from the Gyeongsang National University in South Korea.

Mr. Vannroath is fluent in English and Korean.

04

Corporate Social Responsibility

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Sustainable Finance Implementation

As a member of the Association of Banks in Cambodia (ABC), Prince Bank Plc. has adopted the Cambodia Sustainable Finance Principles. Adhering to these principles can help banks reduce investment risks and discover new business opportunities while preserving the environment and supporting local communities.

To support our business decision-making at all levels and provide a framework for dealing with business opportunities and risks in the context of sustainability impacts, we have developed a sustainable finance policy framework comprising a general policy, four core policies, two theme policies, and nine sensitive sector policies. Each policy outlines the key environmental and social issues, our solution commitments, and what we expect our clients and business partners to do.

Environmental and social risk management procedures have also been implemented to provide step-by-step guidance on identifying, assessing, and managing environmental and social risks. Along with incorporating environmental and social risks in our credit and procurement process, we are committed to promoting financial literacy and inclusion, developing capacity building and awareness related to sustainable finance, developing a green finance policy to provide affordable products and services for renewable energies and green innovation, and reducing our own environmental and social footprints.

The nine sustainable finance principles include the following:



2023 CSR Activities

HEALTH

Co-Financing Samdech Techo Volunteer Youth Doctor Association (TYDA) Signing Ceremony

From January to March 2024, Prince Bank proudly partnered with the Samdech Techo Voluntary Youth Doctor Association (TYDA) to provide free general health check-ups to approximately 10,000 residents in the Tboung Khmum and Kampong Cham provinces. Our dedicated staff was on hand to provide exceptional support and assistance to all residents who came for treatment. We are committed to making a positive impact on the communities we serve, and our participation in this health initiative is just one example of that. By providing free health check-ups and distributing gifts, we hope to inspire and encourage residents to prioritize their health and well-being.



SPORT

Extended Sponsorship to Visakha Football Club

On September 11, 2023, Prince Bank's Non-Independent Executive Director / Chief Executive Officer, Mr. Honn Sorachna, and Visakha Football Club's Managing Director, Ms. Ou Panha Soketcha, signed a MOU at Prince Stadium. The ceremony was witnessed by H.E. Ke Suon Sophy, along with the senior management of Prince Bank, Visakha Football Club, and various media representatives. This agreement aims to strengthen the partnership between the two entities and support football in Cambodia and Visakha Football Club. The renewed sponsorship is for the 2023-2025 season and is part of the Bank's CSR initiative for Sports Excellence.



Sponsorship to the Soccer League 2023

Prince Bank is honored to be the Main Sponsor of Soccer League 2023, organized by the Union of Youth Federations of Cambodia. This is our second time sponsoring this prestigious event. We are delighted to see many Cambodian youth participating in this event, which is vital to Sport Development in Cambodia.



Sponsorship to the Garden City Golf Club's 10th Anniversary Tournament and Club Championship Qualifying

On August 26, 2023, Prince Bank sponsored the Garden City Golf Club's 10th Anniversary Tournament and Club Championship Qualifying as a Platinum Sponsor. We are thrilled to have been a part of this significant occasion, which brought together both amateur and professional golfers to enjoy a morning on the green with sportsmanship and camaraderie.



Sponsorship to the Diplomatic-Business Friendship Golf Tournament

Prince Bank is honored to be a platinum sponsor the "Diplomatic-Business Friendship Golf Tournament" on October 3, 2023, at Garden City Golf Club. This event is part of the Ministry of Foreign Affairs and International Cooperation's initiative to promote economic diplomacy and foster stronger connections between the public, private and business sectors, also provides a remarkable opportunity to cultivate trade, investment, and goodwill in Cambodia. At Prince Bank, we are committed to fostering growth and development in Cambodia, and we look forward to making a meaningful impact through this exciting initiative.



Sponsorship to the Red Hornet Chairman Cup 2023 – Drive for Charity Edition Golf Tournament

Prince Bank is honored to sponsor the “Red Hornet Chairman Cup 2023 – Drive for Charity Edition” golf tournament on September 01, 2023, at Garden City Golf Club. This tournament aims to promote camaraderie among golfers and support local communities in the Kingdom through CSR activities. The fundraising program donates all proceeds to the Cambodian Mine Action and Victim Assistance Authority (CMAA).



Sponsorship to the IMG TROPHY Golf Tournament 2023

On December 09, 2023, Prince Bank Plc. was honored to be the Platinum Sponsor of the IMG TROPHY Golf Tournament 2023, organized by Garden City Golf Club. This is the fourth consecutive year that Prince Bank is sponsoring this exciting tournament. The IMG Trophy 2023 provides a platform for golfers from all sectors and nationalities to participate in golf tournaments and foster friendships as well as strengthen connections.



Sponsorship to Cambodian Distance Runner Bou Samnang

During the SEA Games 2023 hosted by Cambodia, Bou Samnang, a female distance runner, won the hearts of millions of people for her persistent spirit and determination to keep running until the finish line in the 5,000m competition. Prince Bank learned about her life story and financial struggles and sponsored her for two years to support her living expenses, nutrition, and training. This sponsorship is part of Prince Bank’s One Billion Riel CSR Sport project, which aims to support talented athletes and the sports sector.



EDUCATION

Prince Bank Plc. has sponsored AIESEC in Wat Phnom for the Diamond Sponsoring workshop proposal on the topic of “Green Business” aimed at the Youth Academy. The vision behind this initiative is to activate the leadership skills of youth by developing sustainable cities and community awareness and building their capacity to find solutions to address the issue by putting their minds into the concept of creating business. The program and projects that they are running strive to develop youth both locally and internationally through a practical work environment and teamwork. The sponsorship comes under the Education Pillar of their CSR Guiding Principles. By leveraging this sponsorship, they aim to generate awareness and build the public image/branding of Prince Bank.

BUSINESS AND FINANCE

Sponsorship to the National Bank of Cambodia on the 43rd anniversary of the Re-introduction of the Riel celebration



Prince Bank extended its support to the National Bank of Cambodia as a Premium Sponsor of the event. In promoting and supporting the usage of our national currency - the Riel, we offer special savings rates on Riel accounts with additional interest for our valued customers. The Bank also joined the NBC for the “Riel, Financial Literacy and Bakong” seminar and the Riel Day Road Show to provinces such as Kampong Spue, Preah Sihanouk, Kampong Thom.

Sponsorship to National Enterprise Award 2023

On November 15, 2023, Prince Bank continued to support the National Entrepreneurship Awards 2023 (NEA), which was organized by the National Institute of Entrepreneurship (NIEI) and the Khmer Enterprise (KE). The NEA event aims to support Cambodian entrepreneurs by allowing them to exchange knowledge, gain experience, develop relationships, and expand their businesses.

As a main sponsor of the NEA for the second consecutive year, Prince Bank is honored to be part of this meaningful initiative. We believe that partnerships between the public sector, private sector, and local entrepreneurs can significantly contribute to driving the economic development of our country.



Sponsorship to Business Exhibition 2023 with Cambodian Chamber of Commerce (CCC)

Prince Bank participated as a gold sponsor at a Business Exhibition to promote and support SMEs, handicraft/cottage industry businesses, and business owners in Battambang and the surrounding province. The exhibition was organized by the Cambodian Chamber of Commerce (CCC) to connect these businesses and help them promote their products in the Cambodian market.

Sponsorship to ASEAN SAVINGS DAY organized by NBC

On October 31, 2023, Prince Bank is honored to participate as a Gold Sponsor of the annual ASEAN Savings Day, organized by the Association of Banks in Cambodia (ABC), the National Bank of Cambodia (NBC), and the Cambodian Microfinance Association (CMA). The event was held at a public park along the Stung Sen River in Kampong Thom Province. It was graced by distinguished guests, including H.E. Yim Leat, Deputy Governor of the National Bank of Cambodia, Mr. Rath Sophorn, Vice President of the Banking Association of Cambodia, Mr. Sok Voeun, Chairman of the Board of the Microfinance Association of Cambodia, and H.E. Lum Kuntheary, Deputy Governor of Kampong Thom Province.

This annual event aims to promote and educate people about the importance of financial literacy and saving culture. Prince Bank is fully committed to supporting the National Bank of Cambodia’s initiatives to promote financial literacy and improve financial inclusion among Cambodians.



05

Establishing Recognition

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Company News

34th New Branch Official Launch – Prince Bank Plc. Khan Saen Sokh – Sangkat Tuek Thla Branch

On February 16, 2023, Prince Bank officially launched a brand new 34th branch, Prince Bank Plc. Khan Saen Sokh – Sangkat Tuek Thla Branch! Our brand-new branch is equipped to provide you with professional and seamless banking services. Whether you need to open a new account or perform any banking transaction, our dedicated team is ready to serve you. We invite you to visit our new branch and experience our top-notch services. As a token of appreciation, new customers opening accounts with us will receive special promotions and gifts.



35th New Branch Official Launch – Prince Bank Plc. – Chhuk District Branch (Kampot province)

On July 25, 2023, our brand new 35th branch, Prince Bank Plc. – Chhuk District Branch (Kampot province) is officially open for business! We are committed to providing you with professional and seamless banking services at this new location. As a special welcome offer, new customers who open an account with us will receive exclusive promotions and gifts.



36th New Branch Official Launch – Prince Bank Plc. – Khan Praek Pnov Branch (Samroang Village)

On December 18, 2023, our brand new 36th branch, Prince Bank Plc. – Khan Praek Pnov Branch (Samroang Village) is now officially open for business! Our team is committed to providing top-notch banking services that are professional and seamless to all our customers. But that’s not all! We have some amazing special promotions and gifts for all new customers who open new accounts, apply for new cards, or sign up to be Prince Merchants with us.



MOU Signing Ceremony with the Innovation & Development Investors Association and ID Capital Plc.

On July 10, 2023, Prince Bank Plc. and the Innovation & Development Investors Association (IDI) and ID Capital Plc. (IDC) have formed the partnership today to offer more outstanding financing support to Cambodian entrepreneurs and SME owners who are members of the IDI association and IDC for business growth across industries with business innovation support.

The MOU signing was signed between Mr. Honn Sorachna, Managing Director and CEO of Prince Bank Plc., and Dr. Hor Sereyvath, Chairman of IDI and IDC, at the Head Office of Prince Bank located at Prince Phnom Penh Tower.



MOU Signing Ceremony with Credit Guarantee Corporation of Cambodia on Portfolio Guarantee Scheme for Women Entrepreneurs

On July 13, 2023, Prince Bank Plc. and Credit Guarantee Corporation of Cambodia (CGCC) ink their partnership on the Portfolio Guarantee Scheme (PGS) for Women Entrepreneurs, in which Prince Bank is the lending institution to provide loans to our targeted women-owned enterprises with attractive interest rate and tenure of up to 6 years and the CGCC as the state-owned enterprise providing credit guarantee to business loans for up to 80% of the loan amount.

This PGS agreement was signed between Mr. Honn Sorachna, Managing Director and CEO of Prince Bank Plc. and Mr. Wong Keet Loong, CEO of CGCC and witnessed by Her Excellency Keo Mom, President of Cambodia Women Entrepreneurs Association (CWEA), five board members of CWEA and senior management of Prince Bank Plc. and CGCC.



Awards & Recognition

Prince Bank has been distinguished with numerous awards from prestigious international institutions, spanning innovation, human resources, corporate governance, CSR, and commercial banking sectors. Our commitment to delivering exceptional banking services and prioritizing our employees' welfare has been resoundingly affirmed through these accolades. These recognitions are a powerful testament to our unwavering commitment and relentless pursuit to position Prince Bank as a frontrunner in Cambodia's commercial banking landscape. These accolades are a direct result of the unparalleled efforts and dedication of our entire team at Prince Bank, along with our esteemed business partners. Motivated by these honors, we pledge to redouble our efforts, buoyed by the steadfast support of our customers and business partners. We express our deepest gratitude for your unwavering support and trust in us. Looking ahead, we are excited to innovate and introduce the most cutting-edge products and services to meet your future financial needs.

Best Bank for SMEs in Cambodia 2023

Date: August 2023

From: Asiamoney

Prince Bank has once again received the prestigious title of "The Best Bank for SMEs in Cambodia 2023" from the Asiamoney Awards. This is our second time receiving this honor, proving our continued commitment to providing exceptional banking services to SMEs.



Best Bank for CSR in Cambodia 2023

Date: August 2023

From: Asiamoney

With a commitment to be a responsible corporate citizen, Prince Bank has placed CSR activities as one of its main priorities in supporting sustainability efforts, community development, and environmental issues in Cambodia. These three critical areas are guided by the Environmental, Sustainability & Governance (ESG) principles which are vital in our corporate strategy and our contribution towards Cambodia's economic growth, social development, and safeguarding the environment. We are proudly to win this award for Cambodian.

Best Commercial Bank Cambodia 2023

Date: August 2023

From: International Banker

For four consecutive years, the bank has been honored with an esteemed award that underscores its leadership and prominent position in the Cambodian financial community. This recognition highlights the bank's unwavering commitment to shaping the future of banking in Cambodia and becoming the preferred financial institution for its customers. The bank's dedication to delivering a seamless, professional, and innovative banking experience is evident in its range of simple, convenient, and secure products and services.



Best Innovation in Retail Banking Cambodia 2023

Date: August 2023

From: International Banker

For the fourth year in a row, the bank has been recognized with the Best Innovation in Retail Banking award. This prestigious accolade is a testament to the bank's tireless efforts and unwavering commitment to investing in cutting-edge digital banking technology, as well as developing innovative products and services that cater to the diverse needs of its customers. By leveraging these state-of-the-art resources, the bank has been able to provide its customers with a seamless, convenient, and secure banking experience, regardless of their location or the time of day.



Most Innovative Retail Banking App Cambodia 2023

Date: July 2023

From: Global Banking & Finance

This accolade is a testament to our dedication to providing cutting-edge banking solutions that meet the needs of our modern customers. Our app is designed for ease of use, offering instant account access, real-time transactions, and personalized financial insights, all within a secure and intuitive interface. We constantly innovate, adding new features to enhance user experience and security, demonstrating our commitment to redefining the banking landscape in Cambodia. This award reflects our continuous effort to deliver excellence and innovation in the financial sector.



Best Corporate Governance Bank Cambodia 2023

Date: July 2023

From: Global Banking & Finance



Prince Bank has received the prestigious title of Best Corporate Governance Bank Cambodia 2023 for our unwavering dedication to corporate governance. These accolades affirm our commitment to accountability, transparency, fairness, responsibility, and risk management. Our success is attributed to the efforts of a capable board of directors and management team who have established a strong foundation for the bank's growth. We will persist in earning and retaining the trust and confidence of our stakeholders while providing sustained value to our customers and the wider community.

Best Corporate Governance Bank Cambodia 2023

Date: July 2023

From: International Finance Magazine



This award highlights Prince Bank's dedication to implementing robust governance structures, ensuring that all decisions and activities align with the best interests of their stakeholders, including customers, employees, and the broader community. By prioritizing corporate governance, Prince Bank has not only set a standard for banking excellence in Cambodia but has also reinforced its reputation as a trustworthy and reliable financial institution. This recognition is a testament to the bank's unwavering commitment to upholding the highest standards of conduct and its role in fostering a sustainable and prosperous financial landscape in Cambodia.

Best Corporate Governance Bank Cambodia 2023

Date: September 2023

From: World Economic Magazine

This prestigious accolade recognizes the bank's outstanding commitment to transparency, ethical practices, and a robust governance framework that ensures accountability at all levels. Through its adherence to international best practices and a proactive approach to corporate governance, Prince Bank continues to set benchmarks for excellence, fostering trust among investors, customers, and the community it serves.



Leadership in Credit Volume for 2023 and Leadership in Credit Growth for 2023

Date: December 2023

From: Mastercard

These awards are a recognition of Prince Bank's exceptional performance in Credit Volume and Credit Growth and its leadership and innovation in the credit industry.



Cambodia Best Employer Brand Awards 2023

Date: January 2023

From: World HRD Congress

This recognition is a testament to the bank's commitment to excellence in fostering an outstanding work culture, driving innovation, and implementing effective leadership practices that motivate and inspire its workforce. Prince Bank's dedication to creating a supportive and dynamic environment for its employees has set it apart as a leader in the industry, earning it this esteemed accolade.



Leadership in Debit Activation Rate for 2023 and Leadership in Spend Per Active Card for Visa Credit in the Affluent Segment for 2023

Date: February 2024

From: Visa Inc.

This marks the second consecutive year we have received these prestigious awards from Visa, a leading global payment and technology company. These awards are a testament to the bank's efforts to promote and offer benefits to encourage customers to spend with their Prince Bank Visa cards.

Global HR Excellence Awards 2023 for "Excellence in Learning and Development"

Date: March 2023

From: World HRD Congress

This award recognizes Prince Bank's demonstrated outstanding achievements in promoting and implementing learning and development initiatives. Winning this prestigious award indicates Prince Bank's dedication to fostering an environment where employees are encouraged to grow their skills, knowledge, and competencies, ultimately contributing to the overall success and competitiveness of the organization.



06

Financial Statements

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Report of The Board of Directors

The Board of Directors (“the Directors”) has the pleasure in submitting its report and the audited financial statements of Prince Bank Plc. (“the Bank”) as at 31 December 2023 and for the year then ended.

THE BANK

Prior to 18 July 2018, Prince Bank Plc. was named as Prince Finance PLC, which was a private limited company formed under the Laws of the Kingdom of Cambodia to operate as a micro-finance institution in the Kingdom of Cambodia under registration number 00014627 dated 28 April 2015, issued by the Ministry of Commerce. On 18 July 2018, the National Bank of Cambodia (“NBC” or “the Central Bank”) issued the new license for the Bank to become a private commercial bank with the name changed to Prince Bank Plc. The transaction was also acknowledged and endorsed by the Ministry of Commerce on 21 August 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Bank consist of the provision of various types of banking and related financial services.

RESULTS OF OPERATIONS AND DIVIDEND

The results of financial performance for the year ended 31 December 2023 are set out in the statement of profit or loss and other comprehensive income on page 108.

There were no dividends declared or paid during the year.

SHARE CAPITAL

The Bank has share capital of US\$250 million with 250,000 ordinary shares of US\$1,000 par value per share.

BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of 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 allowance for impairment losses and satisfied themselves that all known bad loans and advances had been written off and that adequate loss allowance has 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 allowance for impairment losses in the financial statements of the Bank inadequate to any material extent.

ASSETS

Before the financial statements of the Bank were prepared, 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 Bank, have been written down to an amount which they might be expected to realise.

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

The financial performance of the Bank for the financial year was not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature. There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material

and unusual nature likely, in the opinion of the Directors, to affect substantially the financial performance of the Bank for the current financial year in which this report is made.

THE BOARD OF DIRECTORS

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

| | |
|--------------------------|---|
| Mr. Chen Zhi | Chairman |
| Mr. Guy Chhay | Vice Chairman and Director |
| Mr. Honn Sorachna | Chief Executive Officer and Managing Director |
| Mr. Then Samvisoth | Independent Director |
| Mr. Sim Hoy Chhoung | Independent Director |
| Mr. Muhammad Bin Ibrahim | Independent Director |

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year then ended.

In preparing these financial statements, the Directors are required to:

- i) Adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") and guidelines of the National Bank of Cambodia, 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, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) Maintain adequate accounting records and an effective system of internal control;
- iv) Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue its operations in the foreseeable future; and,
- v) Control and direct effectively the Bank in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors are also responsible for safeguarding the assets of the Bank and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that the bank has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, have been properly drawn up and, present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the CIFRSs, were approved by the Directors.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

MR. HONN SORACHNA

Chief Executive Officer and Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 27 March 2024

Report of the Independent Auditors

TO THE SHAREHOLDERS PRINCE BANK PLC.

Opinion

We have audited the financial statements of Prince Bank Plc. (“the Bank”), which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out on pages 107 to 192.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards. (“CIFRSs”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibility under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Bank for the year ended 31 December 2022 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 23 March 2023.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the Management is responsible for assessing 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 Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank’s financial reporting process.

Auditors’ Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or condition may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For **Fii&Associates Co., Ltd.**



SENG CHANTHAN

Audit Partner

Phnom Penh, Kingdom of Cambodia

Date: 27 March 2024

Statement of financial Position

AS AT 31 DECEMBER 2023

| Notes | 2023 | | 2022 | | |
|---|------|-------------------------|----------------------|-------------------------|----------------------|
| | US\$ | KHR'000 (Note 4.1.c) | US\$ | KHR'000 (Note 4.1.c) | |
| ASSETS | | | | | |
| Cash on hand | 6 | 27,883,725 | 113,905,017 | 18,816,833 | 77,468,901 |
| Deposits and placements with the Central Bank | 7 | 53,723,117 | 219,458,933 | 75,282,666 | 309,938,736 |
| Deposits and placements with other banks | 8 | 36,179,501 | 147,793,262 | 66,058,736 | 271,963,816 |
| Loans and advances | 9 | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |
| Investment securities | 10 | 46,224,521 | 188,827,168 | 46,110,240 | 189,835,858 |
| Statutory deposits with the Central Bank | 11 | 69,279,326 | 283,006,047 | 69,321,742 | 285,397,612 |
| Other assets | 12 | 11,504,536 | 46,996,030 | 6,881,957 | 28,333,017 |
| Property and equipment | 13 | 4,280,933 | 17,487,611 | 5,452,804 | 22,449,194 |
| Right-of-use assets | 14 | 10,099,916 | 41,258,157 | 11,842,870 | 48,757,096 |
| Intangible assets | 15 | 5,708,646 | 23,319,819 | 6,120,115 | 25,196,513 |
| Deferred tax assets | | - | - | 136,885 | 563,556 |
| TOTAL ASSETS | | 997,212,903 | 4,073,614,710 | 1,015,328,744 | 4,180,108,439 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| Deposits from customers | 16 | 589,863,482 | 2,409,592,324 | 611,687,919 | 2,518,319,163 |
| Borrowings | 17 | 114,653,030 | 468,357,628 | 111,796,042 | 460,264,305 |
| Lease liabilities | 14 | 12,196,224 | 49,821,575 | 13,805,389 | 56,836,787 |
| Current income tax liabilities | 18 | - | - | 562,267 | 2,314,853 |
| Employee benefits | 19 | 18,491 | 75,536 | 32,284 | 132,913 |
| Other liabilities | 20 | 8,070,445 | 32,967,768 | 10,140,665 | 41,749,118 |
| Deferred tax liabilities | 21 | 1,417,173 | 5,789,152 | - | - |
| TOTAL LIABILITIES | | 726,218,845 | 2,966,603,983 | 748,024,566 | 3,079,617,139 |
| EQUITY | | | | | |
| Share capital | 22 | 250,000,000 | 1,029,250,000 | 250,000,000 | 1,029,250,000 |
| Capital contribution | 22 | 12,669,783 | 52,161,497 | 12,669,783 | 52,161,497 |
| Accumulated losses | | (26,286,550) | (107,809,650) | (8,913,906) | (36,367,189) |
| Regulatory reserves | | 34,610,825 | 141,769,860 | 13,548,301 | 55,202,886 |
| Other reserves | | - | (8,360,980) | - | 244,106 |
| TOTAL EQUITY | | 270,994,058 | 1,107,010,727 | 267,304,178 | 1,100,491,300 |
| TOTAL LIABILITIES AND EQUITY | | 997,212,903 | 4,073,614,710 | 1,015,328,744 | 4,180,108,439 |

The accompanying notes form an integral part of these financial statements

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

| Notes | 2023 | | 2022 | | |
|---|------|-------------------------|---------------------|-------------------------|---------------------|
| | US\$ | KHR'000 (Note 4.1.c) | US\$ | KHR'000 (Note 4.1.c) | |
| Interest income | 23 | 71,830,137 | 295,221,863 | 58,085,219 | 237,394,290 |
| Interest expense | 23 | (27,718,625) | (113,923,549) | (22,269,737) | (91,016,415) |
| Net interest income | 23 | 44,111,512 | 181,298,314 | 35,815,482 | 146,377,875 |
| Fee and commission income | 24 | 5,187,063 | 21,318,829 | 3,119,078 | 12,747,672 |
| Fee and commission expense | 24 | (141,020) | (579,592) | (152,950) | (625,107) |
| Net fee and commission income | 24 | 5,046,043 | 20,739,237 | 2,966,128 | 12,122,565 |
| Other operating income | | 207,522 | 852,915 | 197,637 | 807,742 |
| Other gains / (losses) - net | 25 | 602,536 | 2,476,423 | (631,052) | (2,579,110) |
| Total other operating income / (losses) | | 810,058 | 3,329,338 | (433,415) | (1,771,368) |
| Credit impairment losses - net | 26 | (12,721,617) | (52,285,845) | (4,221,681) | (17,254,010) |
| Net other operating losses | | (11,911,559) | (48,956,507) | (4,655,096) | (19,025,378) |
| Personnel expenses | 27 | (17,078,366) | (70,192,084) | (17,229,321) | (70,416,235) |
| Depreciation and amortisation | 28 | (5,203,325) | (21,385,664) | (5,443,284) | (22,246,700) |
| Other operating expenses | 29 | (9,730,317) | (39,991,605) | (9,077,765) | (37,100,827) |
| Profit before income tax | | 5,233,988 | 21,511,691 | 2,376,144 | 9,711,300 |
| Income tax expense | 30 | (1,554,058) | (6,387,178) | (1,595,162) | (6,519,427) |
| Net profit for the year | | 3,679,930 | 15,124,513 | 780,982 | 3,191,873 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Currency translation difference | | - | (8,605,086) | - | 182,604 |
| Total comprehensive income for the year | | 3,679,930 | 6,519,427 | 780,982 | 3,374,477 |
| Profit attributable to: | | | | | |
| Owners of the Bank | | 3,679,930 | 15,124,513 | 780,982 | 3,191,873 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Bank | | 3,679,930 | 6,519,427 | 780,982 | 3,374,477 |

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

| | Share capital | | Capital contribution | | Accumulated losses | | Regulatory reserves | | Other reserves | | Total | |
|---|--------------------|----------------------|----------------------|-------------------|---------------------|----------------------|---------------------|--------------------|----------------|--------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | |
| Balance at 1 January 2023 | 250,000,000 | 1,029,250,000 | 12,669,783 | 52,161,497 | (8,913,906) | (36,367,189) | 13,548,301 | 55,202,886 | - | 244,106 | 267,304,178 | 1,100,491,300 |
| Net profit for the year | - | - | - | - | 3,679,930 | 15,124,513 | - | - | - | - | 3,679,930 | 15,124,513 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | (8,605,086) | - | (8,605,086) |
| Total comprehensive income for the year | - | - | - | - | 3,679,930 | 15,124,513 | - | - | - | (8,605,086) | 3,679,930 | 6,519,427 |
| Transactions with owners in their capacity | | | | | | | | | | | | |
| as owners: | | | | | | | | | | | | |
| Transfer to regulatory reserves | - | - | - | - | (2,062,524) | (86,566,974) | 2,062,524 | 86,566,974 | - | - | - | - |
| Currency translation differences | - | - | - | - | 9,950 | - | - | - | - | - | 9,950 | - |
| Total transactions with owners | - | - | - | - | (2,052,574) | (86,566,974) | 2,062,524 | 86,566,974 | - | - | 9,950 | - |
| Balance at 31 December 2023 | 250,000,000 | 1,029,250,000 | 12,669,783 | 52,161,497 | (26,286,550) | (107,809,650) | 34,610,825 | 141,769,860 | - | (8,360,980) | 270,994,058 | 1,107,010,727 |
| Balance at 1 January 2022 | 250,000,000 | 1,018,500,000 | 12,669,783 | 51,616,696 | (3,021,145) | (12,290,018) | 6,876,159 | 27,933,842 | - | 61,502 | 266,524,797 | 1,085,822,022 |
| Net profit for the year | - | - | - | - | 780,982 | 3,191,873 | - | - | - | - | 780,982 | 3,191,873 |
| Other comprehensive Income | - | - | - | - | - | - | - | - | - | 182,604 | - | 182,604 |
| Total comprehensive income for the year | - | - | - | - | 780,982 | 3,191,873 | - | - | - | 182,604 | 780,982 | 3,374,477 |

| | Share capital | | Capital contribution | | Accumulated losses | | Regulatory reserves | | Other reserves | | Total | |
|--|--------------------|----------------------|----------------------|-------------------|--------------------|---------------------|---------------------|-------------------|----------------|----------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | | (Note 4.1.c) | |
| Transactions with owners in their capacity as owners: | | | | | | | | | | | | |
| Transfer to regulatory reserves | - | - | - | - | (6,672,142) | (27,269,044) | 6,672,142 | 27,269,044 | - | - | - | - |
| Currency translation differences | - | 10,750,000 | - | 544,801 | (1,601) | - | - | - | - | - | (1,601) | 11,294,801 |
| Total transactions with owners | - | 10,750,000 | - | 544,801 | (6,673,743) | (27,269,044) | 6,672,142 | 27,269,044 | - | - | (1,601) | 11,294,801 |
| Balance at 31 December 2022 | 250,000,000 | 1,029,250,000 | 12,669,783 | 52,161,497 | (8,913,906) | (36,367,189) | 13,548,301 | 55,202,886 | - | 244,106 | 267,304,178 | 1,100,491,300 |

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | For the year ended 31 December 2023 | | For the year ended 31 December 2022 | |
|--|------|-------------------------------------|-------------------------|-------------------------------------|-------------------------|
| | | US\$ | KHR'000 (Note 4.1.c) | US\$ | KHR'000 (Note 4.1.c) |
| Cash flows from operating activities | | | | | |
| Net profit for the year | | 3,679,930 | 15,124,513 | 780,982 | 3,191,873 |
| Adjustments for: | | | | | |
| Income tax expense | 30 | 1,554,058 | 6,387,178 | 1,595,162 | 6,519,427 |
| Depreciation-tangible | 13 | 1,970,597 | 8,099,154 | 2,531,928 | 10,347,990 |
| Amortisation-intangible | 15 | 840,300 | 3,453,633 | 764,932 | 3,126,277 |
| Amortisation-right-of-use assets | 14 | 2,392,428 | 9,832,879 | 2,146,424 | 8,772,435 |
| Expected credit losses on: | | | | | |
| Loans and advances | | 12,667,468 | 52,063,293 | 4,135,160 | 16,900,399 |
| Credit commitment and financial guarantee | | 80,472 | 330,740 | 64,034 | 261,707 |
| Balances with other banks | | (39,281) | (161,445) | 6,132 | 25,061 |
| Investment securities | | - | - | - | - |
| Other financial assets | | 12,958 | 53,257 | 12,121 | 49,539 |
| Other advances | | - | - | 4,234 | 17,304 |
| Disposals/write off property and equipment and intangible assets | | 12,803 | 52,620 | 1,625 | 6,641 |
| Interest expenses on lease liabilities | | 893,035 | 3,670,374 | 927,027 | 3,788,759 |
| Finance charged on capital contribution | | 2,629,145 | 10,805,786 | 4,889,298 | 19,982,561 |
| Provision for employee benefits | | 603,399 | 2,479,970 | 766,905 | 3,134,341 |
| Changes in: | | | | | |
| Statutory deposits | | 42,416 | 174,330 | (11,206,087) | (45,799,278) |
| Balances with other banks | | 14,027,257 | 57,652,026 | (41,660,141) | (170,264,996) |
| Balances with the Central Bank | | (400,000) | (1,644,000) | 15,529,578 | 63,469,385 |
| Loan and advances | | (35,692,254) | (146,695,164) | (232,690,951) | (951,007,917) |
| Other assets | | (4,635,537) | (19,052,057) | (2,290,386) | (9,360,808) |
| Deposits from customers | | (21,824,437) | (89,698,436) | 217,369,364 | 888,388,591 |
| Employee benefits | | (617,192) | (2,536,659) | (789,849) | (3,228,113) |
| Other liabilities | | (2,148,373) | (8,829,813) | (3,117,440) | (12,740,977) |
| Cash used in operations | | (23,950,808) | (98,437,821) | (40,229,948) | (164,419,799) |
| Income tax paid | | (562,267) | (2,310,917) | (1,675,931) | (6,849,530) |
| Net cash used in operating activities | | (24,513,075) | (100,748,738) | (41,905,879) | (171,269,329) |
| Cash flows from investing activities | | | | | |
| Acquisition of property and equipment | | (811,529) | (3,335,384) | (2,007,050) | (8,202,813) |
| Acquisition of intangible assets | | (428,831) | (1,762,495) | (271,208) | (1,108,427) |
| Proceeds from disposal of property and equipment | | 1,323 | 5,438 | 1,199 | 4,900 |
| Investment securities | | (114,281) | (469,695) | (31,031,781) | (126,826,889) |
| Net cash used in investing activities | | (1,353,318) | (5,562,136) | (33,308,840) | (136,133,229) |
| Cash flows from financing activities | | | | | |
| Repayments of borrowings | | 227,843 | 936,435 | (10,505,936) | (42,937,760) |
| Payments of principal portion of lease liabilities and interest expenses | | (3,151,266) | (12,951,703) | (2,618,416) | (10,701,466) |
| Net cash used in financing activities | | (2,923,423) | (12,015,268) | (13,124,352) | (53,639,226) |
| Net decrease in cash and cash equivalents | | (28,789,816) | (118,326,142) | (88,339,071) | (361,041,784) |
| Cash and cash equivalents at 1 January | | 114,483,578 | 471,328,890 | 202,822,649 | 826,299,472 |
| Currency translation difference | | - | (2,943,730) | - | 6,071,202 |
| Cash and cash equivalents at 31 December | 31 | 85,693,762 | 350,059,018 | 114,483,578 | 471,328,890 |

The accompanying notes form an integral part of these financial statements.

Notes to The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

1. The Bank

Prior to 18 July 2018, Prince Bank Plc. (“the Bank”) was named as Prince Finance PLC, which was a private limited company formed under the Laws of the Kingdom of Cambodia to operate as a micro-finance institution in the Kingdom of Cambodia under registration number 00014627 dated 28 April 2015, issued by the Ministry of Commerce. On 18 July 2018, the National Bank of Cambodia (“NBC” or “the Central Bank”) issued the banking license for the Bank to become a private commercial bank with the name changed to Prince Bank Plc. The transaction was also acknowledged and endorsed by the Ministry of Commerce on 21 August 2018.

The principal activities of the Bank consist of the provision of various types of banking and related financial services.

The registered head office of the Bank is currently located at Prince Phnom Penh Tower Building No. 445, 1st Floor, 15th Floor, and 18th Floor, Monivong Blvd, Corner Street No. 232, Sangkat Boeung Prolit, Khan 7 Makara, Phnom Penh, Cambodia.

At 31 December 2023, the Bank had 1,051 employees (2022: 1,075 employees)

2. Financial reporting framework and basis of preparation and presentation

2.1. Statement of compliance with Cambodian International Financial Reporting Standards

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). CIFRSs are equivalent to International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Boards (“IASB”) because IFRSs are adopted by the National Accounting Council, now the Accounting and Auditing Regulator, without modification as CIFRSs.

2.2. Basis of preparation

The financial statements of the Bank, which are expressed in United States Dollars (“US\$”), have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3. Basis of aggregation

The financial statements include the financial statements of the head office and its 36 branches after the elimination of all significant inter-branch balances and transactions.

2.4. Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest dollar and thousand Khmer Riel (KHR’000) for US\$ and KHR amounts, respectively.

3. Adoption of new and revised accounting standard

a). New and revised accounting standards effective during the year

The Bank adopted all accounting standards and interpretations as at 31 December 2023. The new and revised accounting standards and interpretations assessed to be applicable to the Bank’s financial statements follows:

- CIFRS 17, Insurance Contracts
- Amendments to CIFRS 17 ‘Insurance Contracts’ (Amendments to IFRS C17 and CIFRS 4)

- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to CIAS 12)
- International Tax Reform—Pillar Two Model Rules (Amendments to CIAS 12)
- The management assessed that the adoption of the accounting standards below have no material impact on the financial statements of the Bank.
- Interest Rate Benchmark Reform – Phase 2 (Amendments to CIFRS 9, Financial Instruments, CIFRS 7, Financial Instruments, CIFRS 4, Insurance Contracts, and CIFRS 16): was assessed to be not applicable to the Bank.
- Extension of the Temporary Exemption from Applying CIFRS 9 (Amendments to CIFRS 4)

b). New and revised accounting standards which are not yet effective

At the date of authorisation of these financial statements, the following new and revised accounting standards that have been issued but are not yet effective were assessed to have a significant impact on the financial statements of the Bank:

- Lease Liability in a Sale-and-Leaseback (Amendments to CIFRS 16, Leases)
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements)
- Supplier Finance Arrangements (Amendment to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures)
- Lack of exchangeability (Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates)

4. Material accounting policies

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

4.1. Foreign currency translation

a). Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”). The US\$ reflects the economic substance of underlying events and circumstances of the Bank. The

financial statements are therefore presented in US\$, which is the Bank’s functional and presentation currency.

b). 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 year-end exchange rates of monetary assets and liabilities denominated in currencies other than US\$ are recognised in profit or loss.

c). Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, a translation of the financial statements from US\$ to Khmer Riel is required. The statements of profit or loss and other comprehensive income and cash flows are translated into Khmer Riel using the average rates for the year. Assets and liabilities for each statement of financial position presented are translated at the closing rates as of the reporting dates. Resulting exchange difference arising from the translation of shareholders’ capital is recognised directly in equity; all other resulting exchange differences are recognised in other comprehensive income.

The Bank used the official rate of exchange published by the NBC for the years 2023 and 2022. As at the reporting date, the yearly average rate was US\$ 1 to KHR 4,110 (2022: US\$ 1 to KHR 4,087) and the closing rate was US\$1 to KHR 4,085 (2022: US\$ 1 to KHR 4,117).

4.2. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprises cash on hand, unrestricted deposits and placements with the Central Bank, deposits and placements with other banks, and other short-term highly liquid investments with original maturities of three months or less where the Bank has full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.

4.3. Financial assets

a). Classification

The Bank classifies its financial assets as measured at amortised cost, which include cash on hand, deposits and placements with the Central Bank and other banks, loans and advances, investment securities and certain other assets.

The classification depends on the Bank's model for managing financial assets and the contractual terms of the financial assets cash flows.

The Bank classifies their financial assets at amortised cost only if both of the following criteria are met and is not designated as at fair value through profit and loss ("FVPL"):

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A debt instrument is measured at fair value through other comprehensive income ("FVOCI") only if it meets both of the following conditions and is not designated as at FVPL:

- 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 solely payments of principal and interest on the principal outstanding.

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

All other financial assets are classified as FVPL.

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

b). Recognition and derecognition

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership. A gain or loss on derecognition of a financial asset measured at amortised cost is recognized in profit or loss when the financial asset is derecognised.

c). Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the assets and the cash flow characteristics of the assets. The Bank classifies its debt instruments as financial assets measured at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest earned from these financial assets is included in interest income in the statement of profit or loss using the effective interest rate method.

d). Reclassification of financial assets

The Bank reclassifies financial assets when and only when their business model for managing those assets changes.

e). Impairment

The Bank assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from credit commitments (including overdraft and revolving facilities) and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and,
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank applies a three-stage approach to measure ECL for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdraft and revolving facilities) and financial guarantee contract

The three-stage approach is based on the change in credit risk since initial recognition:

(a) Stage 1: 12-months ECL

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(b) Stage 2: Lifetime ECL – not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(c) Stage 3: Lifetime ECL – credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognized and interest income is calculated on the net carrying amount of the financial assets.

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

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

4.4. Financial liabilities

Financial liabilities are recognized when the Bank becomes a party to the contractual provision of the instruments. Financial liabilities of the Bank include deposits from customers, borrowings and certain other liabilities.

Financial liabilities are initially recognized at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, borrowings, lease liabilities, employee benefits and certain other liabilities.

For borrowings from shareholders with interest rate below market rate, such borrowings are initially recognized at the present value of the future cash payments discounted at a market rate of interest for similar borrowings. Differences between the amount of cash received and the present value of the future cash payments are recognized as capital contribution in equity.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

4.5. Credit commitments and financial guarantee contracts

Credit commitments (including undrawn overdraft and revolving facilities) provided by the Bank are measured at the amount of the loss allowance. The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit commitments (including undrawn overdraft and revolving facilities), the expected credit losses are recognized as provisions (presented with other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognized. Financial guarantee contracts are subsequently measured at

the higher of the amount determined in accordance with the expected credit loss model under CIFRS 9 'Financial Instruments' and the amount initially recognized less cumulative amount of income recognized in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers', where appropriate.

These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognized on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in profit or loss within other operating expenses.

4.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

4.7. Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Construction work-in-progress is not depreciated until it is ready for its intended use. Depreciation on other property and equipment are depreciated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

| | Years |
|--------------------------------|---|
| Leasehold improvements | Shorter of lease period and its economic life of 10 years |
| Motor vehicles | 4 to 8 |
| Computer equipment | 4 |
| Office furniture and equipment | 4 |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds within the carrying amount and are recognised in profit or loss.

4.8. Intangible assets

Intangible assets, which comprise acquired computer software license for the core banking system and related costs and other software, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of costs incurred to acquire the specific software license and bring them into use. These costs are amortised over their estimated useful lives of ten years using the straight-line method. Intangible work-in-progress is not depreciated until it is ready for its intended use.

Costs associated with maintaining computer software are recognised as expenses when incurred.

4.9. Impairment of non-financial assets

At the end of each reporting period, the Bank assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent

basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group

of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 of disposal 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

4.10. Leases

The Bank as a lessee

At inception of contract, the Bank assesses whether the 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.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

a). Lease liabilities

Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

b). Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct cost, and
- Restoration cost, if any

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank

is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

c). Recognition exemptions

Payments associated with all leases of short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.11. Income tax

The income tax expense is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in country where the Bank operates and generates taxable income.

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.12. Provision

Provisions are recognised when the Bank has 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 has been reliably estimated.

When 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 provision due to passage of time is recognised as interest expense.

Customer loyalty points

The Bank recognises provision for customer loyalty points on a monthly basis which is measured based on the US\$ equivalent amount of total points earned by the customers from transactions. The amount recognised is credited to customer account in the following month. Provision for customer loyalty points is recognised as other liabilities in the statement of financial position.

4.13. Regulatory reserves

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, which is non-distributable and is not allowed to be included in the net worth calculation.

4.14. Employee benefits

a). Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

b). Other long term employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law to introduce seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued to provide guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year, and is payable every six month on 30 June and 31 December (7.5 days each payment).
- Regarding to Notification No. 018/20 K.B/S.Ch.N.Kh.L from the Ministry of Labour and Vocational Training issued on 02 June 2020 on Postponement of Payment of Back Pay Seniority Indemnity before 2019 and New Seniority Indemnity in 2020. Based on Bank's memorandum No. 023/HRS/2020 issued on 12 June 2020 decided to continue payment of seniority indemnity 2020 to all employees who are using unspecified duration contract as schedule in June and December 2020, respectively.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Bank.

The past years of seniority service is classified as long-term employee benefits. Past seniority liability is recognised at the present value of defined obligations at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Bank that employees have earned in return for their service in the current and prior period. That obligation arises as employees render the services that the Bank expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimated future payments by reference to the high-quality corporate bond of the currency that the liability is denominated.

4.15. Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within "interest income" and "interest expense" respectively in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income

or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets ("POCI"), for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets.
- Financial assets that are not POCI but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

4.16. Fee and commission income

Fees and commissions are recognised as income when all conditions precedent are fulfilled (performance obligations are satisfied and control is transferred over time or point in time).

Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

4.17. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the Bank and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees and key management personnel of the Bank are also considered to be related parties.

4.18. Events after the reporting period

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

5. Critical accounting estimates, assumptions and judgements

The Bank makes 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 Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

5.1. Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

a). 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 US\$. The US\$ 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.

b). Business model assessment

The Bank uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

c). Expected credit loss allowance on financial assets at amortised cost

The expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL

5.2. Key sources of estimation uncertainty

Information about key estimation uncertainties that have the most significant effect on the amounts recognised in financial statements includes the following:

a). Calculation of loss allowance

When measuring expected credit losses, the Bank establishes the number and relative weightings of forward-looking scenarios for each type of product and determines the forward-looking information relevant to each scenario. The Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Coronavirus and impact on ECL

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

Management has considered the impact of COVID-19 by:

- i. incorporated forward-looking information through the use of regression analysis in computing the probability of default for ECL computation;
- ii. moving the stage of clients that have had significant increase in credit risk since initial recognition from stage 1 to stage 2; and,
- iii. moving the stage of clients that have had objective evidence of impairment at the reporting date from stage 2 to stage 3.

b). Other long term employee benefits - seniority payment

The present value of the seniority payment obligations depends on a number of factors that are determined on a basis using a number of assumptions. The assumptions used in determining the ultimate cost for seniority payment include the staff turnover and discount rate. Any changes in these assumptions will impact the carrying amount of seniority payment obligations.

c). Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

d). Income tax

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create potential tax exposures for the Bank. Directors believe that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax amount reported in the period in which such determination is made.

e). Deferred tax assets

The Bank reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Bank will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

f). Estimating useful lives of assets

The useful lives of 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 Bank's property and equipment and right-of-use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Bank's assets. In addition, the estimation of the useful lives is based on 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 and equipment and right of use assets would increase the recognised operating expenses and decrease non-current assets.

g). Estimating cost of right-of-use assets

Determining the cost of right-of-use asset includes the amount of lease liabilities recognised 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 Bank

uses its borrowing cost at the time of the commencement of the lease term.

h). Impairment of non-financial assets

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

i). Fair value measurement

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

6. Cash on hand

| | 2023 | | 2022 | |
|------------|-------------------|--------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1) | | (Note 4.1) |
| US Dollars | 23,837,266 | 97,375,232 | 15,229,864 | 62,701,350 |
| Khmer Riel | 4,046,459 | 16,529,785 | 3,586,969 | 14,767,551 |
| | <u>27,883,725</u> | <u>113,905,017</u> | <u>18,816,833</u> | <u>77,468,901</u> |

7. Deposits and placements with the Central Bank

| | 2023 | | 2022 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Current accounts | 36,293,354 | 148,258,351 | 65,896,213 | 271,294,709 |
| Settlement accounts | 12,926,453 | 52,804,561 | 4,672,251 | 19,235,657 |
| Negotiable certificate of deposits (*) | 4,503,310 | 18,396,021 | 4,714,202 | 19,408,370 |
| | <u>53,723,117</u> | <u>219,458,933</u> | <u>75,282,666</u> | <u>309,938,736</u> |

(*) The Bank pledged its negotiable certificate of deposits amounting to US\$4,500,000 (2022: US\$4,100,000) with the Central Bank as collateral for settlement clearing facility. As at 31 December 2023, the Bank has yet to utilise the settlement clearing facility.

Annual interest rate of deposits and placements with the Central Bank is as follows:

| | 2023 | 2022 |
|------------------------------------|-------------|---------------|
| Current accounts | Nil | Nil |
| Settlement accounts | Nil | Nil |
| Negotiable certificate of deposits | 0.53%-3.60% | 0.04% - 3.34% |

Total interest income earned from placements with the Central Bank amounted to US\$374,542 or KHR1,539,367,600 and US\$633,559 or KHR2,589,355,600 as at 31 December 2023 and 2022, respectively.

8. Deposits and placements with other banks

(a) By residency status

| | 2023 | | 2022 | |
|---|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Deposit and placements with local banks | 32,347,080 | 132,137,822 | 43,691,724 | 179,878,828 |
| Deposit and placements with overseas banks | 3,878,623 | 15,844,175 | 22,452,495 | 92,436,922 |
| Less: Allowance for expected credit loss (Note 34.1 (f)(iii)) | (46,202) | (188,735) | (85,483) | (351,934) |
| | <u>36,179,501</u> | <u>147,793,262</u> | <u>66,058,736</u> | <u>271,963,816</u> |

(b) By account type

| | 2023 | | 2022 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Deposits and placements with local banks | | | | |
| Current accounts | 4,708,685 | 19,234,979 | 2,019,097 | 8,312,622 |
| Savings accounts | 2,922 | 11,936 | 12,487 | 51,409 |
| Fixed deposits | 27,635,473 | 112,890,907 | 41,660,140 | 171,514,801 |
| Less: allowance for expected credit loss (Note 34.1 (f) (iii)) | (41,074) | (167,787) | (56,150) | (231,170) |
| | <u>32,306,006</u> | <u>131,970,035</u> | <u>43,635,574</u> | <u>179,647,662</u> |
| Deposits and placements with overseas banks | | | | |
| Current accounts | 3,878,623 | 15,844,175 | 22,452,495 | 92,436,922 |
| Less: allowance for expected credit loss (Note 34.1 (f) (iii)) | (5,128) | (20,948) | (29,333) | (120,768) |
| | <u>3,873,495</u> | <u>15,823,227</u> | <u>22,423,162</u> | <u>92,316,154</u> |
| | <u>36,179,501</u> | <u>147,793,262</u> | <u>66,058,736</u> | <u>271,963,816</u> |

(c) By maturity

| | 2023 | | 2022 | |
|---------|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Current | <u>36,179,501</u> | <u>147,793,262</u> | <u>66,058,736</u> | <u>271,963,816</u> |

(d) By interest rates

Annual interest rates of deposits and placements with other banks are as follows:

| | 2023 | 2022 |
|------------------|---------------|----------------|
| Current accounts | 2.08% | 2.08% |
| Savings accounts | 0.25% - 1.00% | 0.25% to 2.08% |
| Fixed deposits | 3.10% - 6.20% | 1.00% - 5.50% |

9. Loans and advances

| | 2023 | | 2022 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| <i>At amortised cost</i> | | | | |
| Commercial loans: | | | | |
| Financial institutions | 7,776,107 | 31,765,398 | 11,073,211 | 45,588,410 |
| Short-term | 43,238 | 176,627 | 663,846 | 2,733,054 |
| Overdrafts | 21,214,003 | 86,659,202 | 18,886,300 | 77,754,897 |
| Long-term loans | 444,741,520 | 1,816,769,109 | 452,417,800 | 1,862,604,083 |
| | 473,774,868 | 1,935,370,336 | 483,041,157 | 1,988,680,444 |
| Consumer loans: | | | | |
| Real estate mortgages | 197,377,304 | 806,286,287 | 174,539,955 | 718,580,995 |
| Credit cards | 4,605,414 | 18,813,116 | 2,601,605 | 10,710,808 |
| Others | 76,840,093 | 313,891,780 | 56,713,460 | 233,489,314 |
| | 278,822,811 | 1,138,991,183 | 233,855,020 | 962,781,117 |
| Total gross loans | 752,597,679 | 3,074,361,519 | 716,896,177 | 2,951,461,561 |
| Less: Allowance for expected credit loss (Note 34.1 (f) (i)) | (20,268,997) | (82,798,853) | (7,592,281) | (31,257,421) |
| Total net loans | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |

(a) Allowance for expected credit loss

Movements for allowance for expected credit loss are as follows:

| | 2023 | | 2022 | |
|--|-------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Loss allowance as of 1 January | 7,592,281 | 31,014,468 | 3,457,121 | 14,232,967 |
| Net remeasurement of loss allowance | 10,670,013 | 43,587,003 | 2,464,166 | 10,144,971 |
| New financial assets originated or purchased | 3,334,293 | 13,620,587 | 2,381,893 | 9,806,254 |
| Financial assets derecognized during the year other than write off | (1,327,590) | (5,423,205) | (710,899) | (2,926,771) |
| Loss allowance as of 31 December | 20,268,997 | 82,798,853 | 7,592,281 | 31,257,421 |

(b) By industry

| | 2023 | | 2022 | |
|-----------------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Wholesale and retail trade | 187,544,009 | 766,117,277 | 201,309,823 | 828,792,541 |
| Real estate and mortgages | 258,592,094 | 1,056,348,704 | 215,635,682 | 887,772,103 |
| Personal lending | 35,689,789 | 145,792,788 | 35,090,731 | 144,468,540 |
| Building and construction | 98,169,618 | 401,022,890 | 86,948,939 | 357,968,782 |
| Services | 45,544,673 | 186,049,989 | 53,862,007 | 221,749,883 |
| Manufacturing | 23,566,331 | 96,268,462 | 26,205,735 | 107,889,011 |
| Agriculture, forestry and fishing | 16,569,445 | 67,686,183 | 17,394,504 | 71,613,173 |
| Financial institutions | 7,513,019 | 30,690,683 | 10,999,981 | 45,286,922 |
| Import and exports | 5,156,110 | 21,062,709 | 6,906,633 | 28,434,608 |
| Other lending | 53,983,594 | 220,522,981 | 54,949,861 | 226,228,577 |
| Total net loans | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |

(c) By loan classifications

| | 2023 | | 2022 | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| <i>Performing</i> | | | | |
| Gross amounts | 632,305,624 | 2,582,968,474 | 674,386,410 | 2,776,448,850 |
| Exposure at default | 930,757,851 | 3,802,145,821 | 1,017,196,454 | 4,187,797,801 |
| Allowance for expected credit loss | 4,676,717 | 19,104,389 | 2,828,712 | 11,645,807 |
| <i>Under-performing</i> | | | | |
| Gross amounts | 34,623,502 | 141,437,006 | 15,693,420 | 64,609,810 |
| Exposure at default | 47,341,175 | 193,388,700 | 25,200,601 | 103,750,874 |
| Allowance for expected credit loss | 621,357 | 2,538,244 | 208,170 | 857,036 |
| <i>Non-performing</i> | | | | |
| Gross amounts | 85,668,553 | 349,956,039 | 26,816,347 | 110,402,901 |
| Exposure at default | 140,038,774 | 572,058,392 | 41,088,726 | 169,162,285 |
| Allowance for expected credit loss | 14,970,923 | 61,156,220 | 4,555,399 | 18,754,578 |
| <i>Total</i> | | | | |
| Gross amounts | 752,597,679 | 3,074,361,519 | 716,896,177 | 2,951,461,561 |
| Exposure at default | 1,118,137,800 | 4,567,592,913 | 1,083,485,781 | 4,460,710,960 |
| Allowance for expected credit loss | 20,268,997 | 82,798,853 | 7,592,281 | 31,257,421 |

(d) By maturity

| | 2023 | | 2022 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Not later than 1 year | 57,511,913 | 234,936,164 | 40,015,385 | 164,743,341 |
| Later than 1 year and not later than 3 years | 58,641,678 | 239,551,255 | 50,412,934 | 207,550,049 |
| Later than 3 years and not later than 5 years | 41,366,431 | 168,981,871 | 33,477,806 | 137,828,127 |
| Later than 5 years | 574,808,660 | 2,348,093,376 | 585,397,771 | 2,410,082,623 |
| Total net loans | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |

(e) By exposure

| | 2023 | | 2022 | |
|------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Large exposure | - | - | - | - |
| Non-large exposure | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |
| Total net loans | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |

Large exposure is defined by the Central Bank as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

(f) By relationship

| | 2023 | | 2022 | |
|------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Related parties | 2,287,329 | 9,343,739 | 2,660,209 | 10,952,081 |
| Non-related parties | 730,041,353 | 2,982,218,927 | 706,643,687 | 2,909,252,059 |
| Total net loans | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |

(g) By residency

| | 2023 | | 2022 | |
|------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1) | | (Note 4.1) | |
| Residents | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |
| Non-residents | - | - | - | - |
| Total net loans | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |

(h) By securities

| | 2023 | | 2022 | |
|------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1) | | (Note 4.1) | |
| Secured loans | 709,611,450 | 2,898,762,773 | 689,808,380 | 2,839,941,100 |
| Unsecured loans | 22,717,232 | 92,799,893 | 19,495,516 | 80,263,040 |
| Total net loans | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |

(i) By interest rates

These loans and advances to customers earn annual interest rates as below:

| | 2023 | 2022 |
|---------------------------|------------------|-----------------|
| Commercial loans: | | |
| Financial institutions | 8.50% to 9.00% | 8.50% to 9.00% |
| Short term loan | 12.00% to 18.00% | 7.75% to 18.00% |
| Overdraft | 7.99% to 18.00% | 7.25% to 11.00% |
| Long term loan | 5.00% to 18.00% | 5.00% to 18.00% |
| Consumer loans: | | |
| Real estate mortgage loan | 3.00% to 18.00% | 3.00% to 14.40% |
| Credit card | 18% | 18% |
| Others | 5.50% to 18.00% | 5.50% to 18.00% |

10. Investment securities

| | 2023 | | 2022 | |
|---|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Investment securities at amortised cost | 46,224,521 | 188,827,168 | 46,110,240 | 189,835,858 |
| Impairment loss allowance (Note 34.1 (f)(iv)) | - | - | - | - |
| Net investment securities | 46,224,521 | 188,827,168 | 46,110,240 | 189,835,858 |

In 2023 there were two Techo International Bonds matured and extended for another 1 year. The bonds were US\$10 million and US\$5 million earning the same interest rate at 5.5% per annum.

As at 31 December 2023, the remaining principal of debt securities is US\$45,000,000.

11. Statutory deposits with the Central Bank

| | 2023 | | 2022 | |
|----------------------------|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Current – | | | | |
| Reserve requirement (i) | 44,117,655 | 180,220,621 | 44,239,825 | 182,135,360 |
| Non-current – | | | | |
| Capital guarantee deposits | 25,161,671 | 102,785,426 | 25,081,917 | 103,262,252 |
| | <u>69,279,326</u> | <u>283,006,047</u> | <u>69,321,742</u> | <u>285,397,612</u> |

(i) Reserve requirement

The reserve requirement represents the minimum reserve requirement which is calculated at 7% of the total deposits from customers during 2022, as required by the National Bank of Cambodia (“NBC”) Prakas B7-020-230 Pro Kor, on Licensing of Bank and MDIs.

On 9 January 2023 NBC issued new Prakas No. B7-023-005 required Bank and financial institution to maintain reserve requirements with the Central Bank in the form of compulsory deposit at 9% and 12.5% for foreign currencies of deposits and borrowings, effective from 1 January 2023 to 31 December 2023, and from 1 January 2024 onward, respectively. The reserve requirement for local currency (“KHR”) is still maintained at 7%.

Subsequently on 23 November 2023, NBC approved to maintain the Reserve Requirement Rate at 7% for foreign currencies deposit and borrowings until 31 December 2024.

The reserve requirement on customers’ deposits and borrowings earns no interest.

(ii) Capital guarantee

Pursuant to Prakas No. B7-01-136 on Bank’s Capital Guarantee dated 15 October 2001 issued by the National Bank of Cambodia, banks are required to maintain 10% of its paid-up capital as a statutory deposit with the Central Bank. 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.

(iii) Interest rate

| | 2023 | 2022 |
|---------------------|-------|-------|
| Reserve requirement | Nil | Nil |
| Capital guarantee | 1.33% | 1.19% |

12. Other assets

| | 2023 | | 2022 | |
|---|-------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Deposits, gross | 3,298,245 | 13,473,331 | 2,811,664 | 11,575,621 |
| Allowance for expected credit loss (Note 34.1 (f)(v)) | (52,379) | (213,968) | (39,422) | (162,300) |
| | <u>3,245,866</u> | <u>13,259,363</u> | <u>2,772,242</u> | <u>11,413,321</u> |
| Prepayments | 1,922,964 | 7,855,308 | 1,308,241 | 5,386,028 |
| Others | 6,335,706 | 25,881,359 | 2,801,474 | 11,533,668 |
| | <u>11,504,536</u> | <u>46,996,030</u> | <u>6,881,957</u> | <u>28,333,017</u> |

| | 2023 | | 2022 | |
|-------------|-------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Current | 2,554,318 | 10,434,389 | 1,381,442 | 5,687,397 |
| Non-current | 8,950,218 | 36,561,641 | 5,500,515 | 22,645,620 |
| | <u>11,504,536</u> | <u>46,996,030</u> | <u>6,881,957</u> | <u>28,333,017</u> |

13. Property and equipment

| | Leasehold improvements | Motor vehicles | Computer equipment | Office furniture and equipment | Construction work-in-progress | Total |
|--|------------------------|--------------------|--------------------|--------------------------------|-------------------------------|---------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| For the year ended 31 December 2023 | | | | | | |
| Opening net carrying amounts | 463,416 | 1,797,299 | 1,649,271 | 1,014,547 | 528,271 | 5,452,804 |
| Additions | 180,520 | - | 99,263 | 186,382 | 345,364 | 811,529 |
| Reclassifications | 190,656 | - | 155,475 | 352,055 | (698,186) | - |
| Disposal/write off | - | - | - | (3,623) | (9,180) | (12,803) |
| Depreciation | (150,082) | (390,921) | (755,342) | (674,252) | - | (1,970,597) |
| Closing net carrying amounts | 684,510 | 1,406,378 | 1,148,667 | 875,109 | 166,269 | 4,280,933 |
| As at 31 December 2023 | | | | | | |
| Cost | 1,010,530 | 3,390,927 | 5,045,066 | 4,035,030 | 528,271 | 14,009,824 |
| Additions | 180,520 | - | 99,263 | 186,382 | 345,364 | 811,529 |
| Reclassifications | 190,656 | - | 155,475 | 352,055 | (698,186) | - |
| Disposal/write off | - | - | - | (41,400) | (9,180) | (50,580) |
| Closing cost amounts | 1,381,706 | 3,390,927 | 5,299,804 | 4,532,067 | 166,269 | 14,770,773 |
| As at 31 December 2023 | | | | | | |
| Accumulate depreciation | (547,114) | (1,593,628) | (3,395,795) | (3,020,483) | - | (8,557,020) |
| Depreciation | (150,082) | (390,921) | (755,342) | (674,252) | - | (1,970,597) |
| Disposal/write off | - | - | - | 37,777 | - | 37,777 |
| Closing accumulated depreciation | (697,196) | (1,984,549) | (4,151,137) | (3,656,958) | - | (10,489,840) |
| Net carrying amounts | 684,510 | 1,406,378 | 1,148,667 | 875,109 | 166,269 | 4,280,933 |
| In KHR'000 equivalents (Note 4.1.c) | 2,796,223 | 5,745,054 | 4,692,305 | 3,574,820 | 679,209 | 17,487,611 |
| For the year ended 31 December 2022 | | | | | | |
| Opening net carrying amounts | 252,110 | 1,927,360 | 2,003,872 | 1,649,146 | 148,018 | 5,980,506 |
| Additions | 328,132 | 254,805 | 207,788 | 220,285 | 996,040 | 2,007,050 |
| Transfers | 1,485 | - | 573,195 | 41,107 | (615,787) | - |
| Disposals/write off | - | - | (2,824) | - | - | (2,824) |
| Depreciation | (118,311) | (384,866) | (1,132,760) | (895,991) | - | (2,531,928) |
| Closing net carrying amounts | 463,416 | 1,797,299 | 1,649,271 | 1,014,547 | 528,271 | 5,452,804 |
| As at 31 December 2022 | | | | | | |
| Cost | 1,010,530 | 3,390,927 | 5,045,066 | 4,035,030 | 528,271 | 14,009,824 |
| Accumulated depreciation | (547,114) | (1,593,628) | (3,395,795) | (3,020,483) | - | (8,557,020) |
| Net carrying amounts | 463,416 | 1,797,299 | 1,649,271 | 1,014,547 | 528,271 | 5,452,804 |
| In KHR'000 equivalents (Note 4.1.c) | 1,907,885 | 7,399,480 | 6,790,047 | 4,176,889 | 2,174,893 | 22,449,194 |

14. Leases

This note provides information for leases where the Bank is a lessee.

The Bank leases various buildings for its head office and branch operations, and equipment such as generators to support branch operations. Rental contracts are typically made for fixed periods from 2 to 10 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Bank has recognised right-of-use assets for these leases, except for short-term leases.

(i) Amounts recognised in the statement of financial position

Right-of-use assets

| | 2023 | | 2022 | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| At the beginning of the year | 11,842,870 | 48,757,096 | 10,967,025 | 44,679,660 |
| Additions during the year | 659,201 | 2,709,316 | 3,023,691 | 12,448,536 |
| Depreciation for the year | (2,392,428) | (9,832,879) | (2,146,424) | (8,772,434) |
| Lease termination during the year | (9,727) | (39,978) | (1,422) | (5,854) |
| Currency translation differences | - | (335,398) | - | 407,188 |
| At the end of the year | 10,099,916 | 41,258,157 | 11,842,870 | 48,757,096 |

| | 2023 | | 2022 | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| As at 31 December | | | | |
| Cost | 20,243,428 | 82,694,404 | 19,593,953 | 80,668,305 |
| Accumulated depreciation | (10,143,512) | (41,436,247) | (7,751,083) | (31,911,209) |
| | 10,099,916 | 41,258,157 | 11,842,870 | 48,757,096 |

| | 2023 | | 2022 | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Right-of-use assets (non-current) | | | | |
| Buildings | 10,072,932 | 41,147,927 | 11,707,952 | 48,201,639 |
| Equipment | 26,984 | 110,230 | 134,918 | 555,457 |
| | 10,099,916 | 41,258,157 | 11,842,870 | 48,757,096 |

Lease liabilities

| | 2023 | | 2022 | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| At the beginning of the year | 13,805,389 | 56,836,787 | 12,474,574 | 50,821,414 |
| Additions during the year | 659,202 | 2,709,320 | 3,023,691 | 12,448,536 |
| Interest expense for the year | 893,035 | 3,670,374 | 927,027 | 3,788,759 |
| Payment of principal and interest | | | (2,618,416) | (10,701,466) |
| for the year | (3,151,266) | (12,951,703) | | |
| Lease termination during the year | (10,136) | (41,659) | (1,487) | (6,122) |
| Currency translation differences | - | (401,544) | - | 485,666 |
| At the end of the year | 12,196,224 | 49,821,575 | 13,805,389 | 56,836,787 |

| | 2023 | | 2022 | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Lease liabilities | | | | |
| Less than one year | 2,370,108 | 9,681,891 | 2,212,787 | 9,110,044 |
| One to five years | 8,162,325 | 33,343,098 | 8,684,356 | 35,753,494 |
| More than five years | 1,663,791 | 6,796,586 | 2,908,246 | 11,973,249 |
| | <u>12,196,224</u> | <u>49,821,575</u> | <u>13,805,389</u> | <u>56,836,787</u> |

| | 2023 | | 2022 | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Lease liabilities | | | | |
| Current | 2,370,108 | 9,681,891 | 2,212,787 | 9,110,044 |
| Non-current | 9,826,116 | 40,139,684 | 11,592,602 | 47,726,743 |
| | <u>12,196,224</u> | <u>49,821,575</u> | <u>13,805,389</u> | <u>56,836,787</u> |

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

| | 2023 | | 2022 | |
|--|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Depreciation charge of right-of-use assets | | | | |
| Buildings | 2,284,493 | 9,389,266 | 2,038,490 | 8,331,309 |
| Equipment | 107,935 | 443,613 | 107,934 | 441,125 |
| Depreciation charge (Note 28) | <u>2,392,428</u> | <u>9,832,879</u> | <u>2,146,424</u> | <u>8,772,434</u> |

| | 2023 | | 2022 | |
|--|----------------|------------------|----------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Interest expense on lease liabilities | | | | |
| Buildings | 886,964 | 3,645,422 | 913,702 | 3,734,300 |
| Equipment | 6,071 | 24,952 | 13,325 | 54,459 |
| Interest expense (Note 23) | <u>893,035</u> | <u>3,670,374</u> | <u>927,027</u> | <u>3,788,759</u> |
| Expense relating to short-term leases (included in other operating expenses) | <u>225,973</u> | <u>928,749</u> | <u>215,210</u> | <u>879,563</u> |

(iii) Amounts recognized in the statement of cash flows

| | 2023 | | 2022 | |
|--------------------------------|------------------|-------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Total cash outflows for leases | <u>3,151,266</u> | <u>12,951,703</u> | <u>2,146,424</u> | <u>8,772,434</u> |

15. Intangible assets

| | Computer software | Construction work-in-progress | Total |
|--|--------------------|-------------------------------|--------------------|
| | US\$ | US\$ | US\$ |
| For the year ended 31 December 2023 | | | |
| Opening net carrying amounts | 5,452,993 | 667,122 | 6,120,115 |
| Additions | 388,359 | 40,472 | 428,831 |
| Transfers | 56,816 | (56,816) | - |
| Amortisation | (840,300) | - | (840,300) |
| Closing net carrying amounts | <u>5,057,868</u> | <u>650,778</u> | <u>5,708,646</u> |
| As of 31 December 2023, | | | |
| Cost as of 1 January 2023 | 7,342,848 | 667,122 | 8,009,970 |
| Additions | 388,359 | 40,472 | 428,831 |
| Transfers | 56,816 | (56,816) | - |
| Closing cost amount | <u>7,788,023</u> | <u>650,778</u> | <u>8,438,801</u> |
| As of 31 December 2023 | | | |
| Opening accumulated depreciation | (1,889,855) | - | (1,889,855) |
| Amortisation | (840,300) | - | (840,300) |
| Closing accumulated amortisation | <u>(2,730,155)</u> | <u>-</u> | <u>(2,730,155)</u> |
| Net carrying amounts | <u>5,057,868</u> | <u>650,778</u> | <u>5,708,646</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>20,661,391</u> | <u>2,658,428</u> | <u>23,319,819</u> |
| For the year ended 31 December 2022 | | | |
| Opening net carrying amounts | 5,950,429 | 663,410 | 6,613,839 |
| Additions | 81,883 | 189,325 | 271,208 |
| Transfers | 185,613 | (185,613) | - |
| Amortisation | (764,932) | - | (764,932) |
| Closing net carrying amounts | <u>5,452,993</u> | <u>667,122</u> | <u>6,120,115</u> |
| As of 31 December 2022 | | | |
| Cost | 7,342,848 | 667,122 | 8,009,970 |
| Accumulated amortisation | (1,889,855) | - | (1,889,855) |
| Net carrying amounts | <u>5,452,993</u> | <u>667,122</u> | <u>6,120,115</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>22,449,974</u> | <u>2,746,539</u> | <u>25,196,513</u> |

16. Deposits from customers

| | 2023 | | 2022 | |
|---------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Current accounts | 216,712,987 | 885,272,552 | 294,639,270 | 1,213,029,875 |
| Savings deposits | 27,197,124 | 111,100,252 | 19,950,124 | 82,134,661 |
| Fixed deposits | 337,257,546 | 1,377,697,075 | 287,617,706 | 1,184,122,096 |
| | 581,167,657 | 2,374,069,879 | 602,207,100 | 2,479,286,632 |
| Accrued interest payables | 8,695,825 | 35,522,445 | 9,480,819 | 39,032,531 |
| | 589,863,482 | 2,409,592,324 | 611,687,919 | 2,518,319,163 |

| | 2023 | | 2022 | |
|-------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Current | 484,962,456 | 1,981,071,633 | 500,931,573 | 2,062,335,287 |
| Non-current | 104,901,026 | 428,520,691 | 110,756,346 | 455,983,876 |
| | 589,863,482 | 2,409,592,324 | 611,687,919 | 2,518,319,163 |

Annual interest rates for deposits from customers are as follows:

| | 2023 | 2022 |
|------------------|---------------|---------------|
| Current accounts | 1.00% - 1.75% | 1.00% - 1.75% |
| Savings deposits | 1.00% - 1.75% | 1.00% - 1.75% |
| Fixed deposits | 2.00% - 8.00% | 2.00% - 8.00% |

17. Borrowings

| | 2023 | | 2022 | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Principal amounts | | | | |
| Non-current: | | | | |
| Mr. Chen Zhi | 68,357,765 | 279,241,470 | 65,728,621 | 270,604,733 |
| Oceanic Opportunity Fund | 40,000,000 | 163,400,000 | 40,000,000 | 164,680,000 |
| SME Bank of Cambodia | 3,983,184 | 16,271,307 | 4,786,923 | 19,707,762 |
| | 112,340,949 | 458,912,777 | 110,515,544 | 454,992,495 |
| Interest payable | 2,312,081 | 9,444,851 | 1,280,498 | 5,271,810 |
| | 114,653,030 | 468,357,628 | 111,796,042 | 460,264,305 |

Changes in liabilities arising from financing activities – borrowings

| | 2023 | | 2022 | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Principal amounts | | | | |
| At 1 January | 110,515,544 | 454,992,495 | 117,212,957 | 477,525,588 |
| Repayment | (803,740) | (3,283,278) | (10,505,936) | (43,252,939) |
| Finance charges | 2,629,145 | 10,740,057 | 3,808,523 | 15,679,689 |
| Currency translation differences | - | (3,536,497) | - | 5,040,157 |
| At 31 December | 112,340,949 | 458,912,777 | 110,515,544 | 454,992,495 |

| | 2023 | | 2022 | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Interest payables | | | | |
| At 1 January | 1,280,498 | 5,271,810 | 199,724 | 813,675 |
| Charge during the year (Note 23) | 3,930,471 | 16,154,236 | 3,892,385 | 15,908,177 |
| Finance charges | (2,629,145) | (10,805,786) | (2,528,024) | (10,332,034) |
| Interest payments | (269,743) | (1,108,644) | (283,587) | (1,159,020) |
| Currency translation differences | - | (66,765) | - | 41,012 |
| At 31 December | 2,312,081 | 9,444,851 | 1,280,498 | 5,271,810 |

(a) By currency

| | 2023 | | 2022 | |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| United States Dollar | 114,118,409 | 466,173,701 | 111,147,328 | 457,593,547 |
| Cambodian Riel | 534,621 | 2,183,927 | 648,714 | 2,670,758 |
| | 114,653,030 | 468,357,628 | 111,796,042 | 460,264,305 |

(b) By maturity

| | 2023 | | 2022 | |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Within one month | - | - | - | - |
| Between 1 to 3 months | - | - | - | - |
| Between 3 to 12 months | 70,734,837 | 288,951,810 | 1,280,499 | 5,271,813 |
| More than 1 year | 43,918,193 | 179,405,818 | 110,515,543 | 454,992,492 |
| | 114,653,030 | 468,357,628 | 111,796,042 | 460,264,305 |

(c) By interest rate

| | 2023 | 2022 |
|---------------------------------|--------------------|--------------|
| Borrowed fund from shareholders | 0% per annum | 0% per annum |
| Oceanic Opportunity Fund | 3% per annum | 3% per annum |
| SME bank | 2% to 3% per annum | 2% per annum |

18. Current income tax liabilities

| | 2023 | | 2022 | |
|----------------------------------|-----------|--------------|-------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| At 1 January | 562,267 | 2,314,853 | 1,126,685 | 4,590,115 |
| Additions | - | - | 1,615,715 | 6,603,427 |
| Payments | (562,267) | (2,310,917) | (2,180,133) | (8,910,204) |
| Currency translation differences | - | (3,936) | - | 31,515 |
| On 31 December | - | - | 562,267 | 2,314,853 |

19. Employee benefits

| | 2023 | | 2022 | |
|----------------------------------|-----------|--------------|-----------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| On 1 January | 32,284 | 132,913 | 55,228 | 224,999 |
| Additions | 603,399 | 2,479,970 | 766,905 | 3,134,341 |
| Payments | (617,192) | (2,536,659) | (782,669) | (3,198,768) |
| Adjustments | - | - | (7,180) | (29,345) |
| Currency translation differences | - | (688) | - | 1,686 |
| On 31 December | 18,491 | 75,536 | 32,284 | 132,913 |

20. Other liabilities

| | 2023 | | 2022 | |
|--|-----------|--------------|------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Amount due to related parties (Note 33 (f)) | 3,780,181 | 15,442,039 | 4,432,634 | 18,249,154 |
| Accrued bonus/incentive payable | 2,282,891 | 9,325,610 | 1,758,249 | 7,238,712 |
| Taxes payable | 368,289 | 1,504,461 | 207,350 | 853,660 |
| Impairment loss for ECL on credit commitment and financial guarantee contracts (Note 34.1 (f)(ii)) | 184,115 | 752,110 | 103,642 | 426,694 |
| Others | 1,454,969 | 5,943,548 | 3,638,790 | 14,980,898 |
| | 8,070,445 | 32,967,768 | 10,140,665 | 41,749,118 |

| | 2023 | | 2022 | |
|-------------|-----------|--------------|------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Current | 8,070,445 | 32,967,768 | 10,140,665 | 41,749,118 |
| Non-current | - | - | - | - |
| | 8,070,445 | 32,967,768 | 10,140,665 | 41,749,118 |

21. Deferred tax

| | 2023 | | 2022 | |
|---|-------------|--------------|-------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Deferred tax assets | 6,132,281 | 25,050,368 | 3,692,929 | 15,203,789 |
| Deferred tax liabilities | (7,549,454) | (30,839,520) | (3,556,044) | (14,640,233) |
| Net deferred tax (liabilities)/assets – non-current | (1,417,173) | (5,789,152) | 136,885 | 563,556 |

The movement of net deferred tax liabilities/assets during the year as follows:

| | 2023 | | 2022 | |
|---|-------------|--------------|-----------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| As of 1 January | 136,885 | 563,556 | 620,534 | 2,528,056 |
| Recognised in profit or loss (Note 30 (a)) | (1,554,058) | (6,387,178) | (483,649) | (1,976,673) |
| Currency translation differences | - | 34,470 | - | 12,173 |
| As of 31 December | (1,417,173) | (5,789,152) | 136,885 | 563,556 |

Deferred tax liabilities are mainly from the temporary differences, and they are recognized as it is the future tax payment that the bank is expected to make to the tax authorities.

Deferred tax assets

| | Accelerated depreciation | Unamortised loan fees | Lease liabilities | Seniority payment | Others | Total |
|-------------------------------------|--------------------------|-----------------------|-------------------|-------------------|------------|------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| As of 1 January 2023 | - | 931,851 | 2,761,078 | - | - | 3,692,929 |
| Recognised in profit or loss | 54,687 | 25,815 | (321,833) | - | 2,680,683 | 2,439,352 |
| As of 31 December 2023 | 54,687 | 957,666 | 2,439,245 | - | 2,680,683 | 6,132,281 |
| In KHR'000 equivalents (Note 4.1.c) | 223,396 | 3,912,066 | 9,964,316 | - | 10,950,590 | 25,050,368 |
| As of 1 January 2022 | - | 644,046 | 2,494,915 | 11,045 | - | 3,150,006 |
| Recognised in profit or loss | - | 287,805 | 266,163 | (11,045) | - | 542,923 |
| As of 31 December 2022 | - | 931,851 | 2,761,078 | - | - | 3,692,929 |
| In KHR'000 equivalents (Note 4.1.c) | - | 3,836,431 | 11,367,358 | - | - | 15,203,789 |

Deferred tax liabilities

| | Accelerated depreciation | Right-of-use assets | Impairment loss | Other impairment loss | Total |
|-------------------------------------|--------------------------|---------------------|-----------------|-----------------------|--------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| As at 1 January 2023 | (208,643) | (2,368,574) | (852,028) | (126,799) | (3,556,044) |
| Recognised in profit or loss | 208,643 | 348,591 | (4,340,056) | (210,588) | (3,993,410) |
| As at 31 December 2023 | - | (2,019,983) | (5,192,084) | (337,387) | (7,549,454) |
| In KHR'000 equivalents (Note 4.1.c) | - | (8,251,631) | (21,209,663) | (1,378,226) | (30,839,520) |
| As at 1 January 2022 | (174,422) | (2,193,404) | (117,204) | (44,442) | (2,529,472) |
| Recognised in profit or loss | (34,221) | (175,170) | (734,824) | (82,357) | (1,026,572) |
| As at 31 December 2022 | (208,643) | (2,368,574) | (852,028) | (126,799) | (3,556,044) |
| In KHR'000 equivalents (Note 4.1.c) | (858,983) | (9,751,420) | (3,507,799) | (522,031) | (14,640,233) |

22. Share capital

The total authorised numbers of shares of the Bank as at 31 December 2023 was 250,000 shares (2022: 250,000 shares) with a par value of US\$1,000 per share (2022: US\$1,000 per share). All authorised shares are issued and fully paid up.

| | 2023 | | 2022 | |
|----------------------------------|-------------|---------------|-------------|---------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| On 1 January | 250,000,000 | 1,029,250,000 | 250,000,000 | 1,018,500,000 |
| Currency translation differences | - | - | - | 10,750,000 |
| On 31 December | 250,000,000 | 1,029,250,000 | 250,000,000 | 1,029,250,000 |

Shareholders

| | 2023 | | | 2022 | | |
|------------------------|------------------|--------|---------------|------------------|--------|---------------|
| | Number of shares | % | US\$ | Number of shares | % | US\$ |
| Mr. Chen Zhi | 248,900 | 99.56% | 248,900,000 | 248,900 | 99.56% | 248,900,000 |
| Mr. Guy Chhay | 1,100 | 0.44% | 1,100,000 | 1,100 | 0.44% | 1,100,000 |
| | 250,000 | 100% | 250,000,000 | 250,000 | 100% | 250,000,000 |
| In KHR'000 equivalents | | | 1,029,250,000 | | | 1,029,250,000 |

23. Net interest income

| | 2023 | | 2022 | |
|--|------------|--------------|------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Interest income from financial assets at amortised cost: | | | | |
| Loans and advances | 65,233,395 | 268,109,253 | 53,393,274 | 218,218,311 |
| Deposits and placements with other banks | 2,697,017 | 11,084,740 | 1,203,346 | 4,918,075 |
| Deposits and placements with the Central Bank | 374,542 | 1,539,368 | 633,559 | 2,589,356 |
| Investment securities | 2,201,781 | 9,049,320 | 1,694,281 | 6,924,526 |
| Loan processing fees | 1,323,402 | 5,439,182 | 1,160,759 | 4,744,022 |
| | 71,830,137 | 295,221,863 | 58,085,219 | 237,394,290 |

| | 2023 | | 2022 | |
|--|------------|--------------|------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Interest expense on financial liabilities at amortised cost: | | | | |
| Deposits from customers | 22,864,918 | 93,974,813 | 17,423,966 | 71,211,750 |
| Borrowings (Note 17) | 3,930,471 | 16,154,236 | 3,892,385 | 15,908,177 |
| Lease liabilities (Note 14 (ii)) | 893,035 | 3,670,374 | 927,027 | 3,788,759 |
| Lease security deposit | 30,201 | 124,126 | 26,359 | 107,729 |
| | 27,718,625 | 113,923,549 | 22,269,737 | 91,016,415 |
| Net interest income | 44,111,512 | 181,298,314 | 35,815,482 | 146,377,875 |

24. Net fee and commission income

| | 2023 | | 2022 | |
|---------------------------------|-----------|--------------|-----------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Fee and commission income: | | | | |
| Processing fee for late payment | 3,180,002 | 13,069,808 | 1,738,373 | 7,104,730 |
| Miscellaneous loan charges | 22,173 | 91,131 | 37,953 | 155,114 |
| Other fees | 1,984,888 | 8,157,890 | 1,342,752 | 5,487,828 |
| | 5,187,063 | 21,318,829 | 3,119,078 | 12,747,672 |
| Fee and commission expense | (141,020) | (579,592) | (152,950) | (625,107) |
| Net fee and commission income | 5,046,043 | 20,739,237 | 2,966,128 | 12,122,565 |

25. Other gains / (losses)

| | 2023 | | 2022 | |
|----------------------------|----------------|------------------|------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Loss on foreign exchange | 603,859 | 2,481,861 | (629,427) | (2,572,469) |
| Loss on disposal of assets | (1,323) | (5,438) | (1,625) | (6,641) |
| | <u>602,536</u> | <u>2,476,423</u> | <u>(631,052)</u> | <u>(2,579,110)</u> |

26. Credit impairment losses - net

| | 2023 | | 2022 | |
|---|-------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Expected credit loss (ECL): | | | | |
| Loans and advances | 12,667,468 | 52,063,293 | 4,135,160 | 16,900,399 |
| Credit commitment and financial guarantee | 80,472 | 330,740 | 64,034 | 261,707 |
| Deposits and placements with other banks | (39,281) | (161,445) | 6,132 | 25,061 |
| Investment securities | - | - | - | - |
| Other financial assets | 12,958 | 53,257 | 12,121 | 49,539 |
| Other advances | - | - | 4,234 | 17,304 |
| | <u>12,721,617</u> | <u>52,285,845</u> | <u>4,221,681</u> | <u>17,254,010</u> |

27. Personnel expenses

| | 2023 | | 2022 | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Salaries and wages | 12,476,952 | 51,280,273 | 12,108,959 | 49,489,315 |
| Bonuses and incentive | 2,780,771 | 11,428,969 | 3,204,646 | 13,097,388 |
| Seniority payments | 850,083 | 3,493,841 | 799,373 | 3,267,037 |
| Employee training | 168,644 | 693,127 | 237,924 | 972,397 |
| Other employee benefits | 801,916 | 3,295,874 | 878,419 | 3,590,098 |
| | <u>17,078,366</u> | <u>70,192,084</u> | <u>17,229,321</u> | <u>70,416,235</u> |

28. Depreciation and amortisation

| | 2023 | | 2022 | |
|--|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Depreciation of property and equipment (Note 13) | 1,970,597 | 8,099,152 | 2,531,928 | 10,347,989 |
| Depreciation of right-of-use assets (Note 14) | 2,392,428 | 9,832,879 | 2,146,424 | 8,772,434 |
| Amortisation of intangible assets (Note 15) | 840,300 | 3,453,633 | 764,932 | 3,126,277 |
| | <u>5,203,325</u> | <u>21,385,664</u> | <u>5,443,284</u> | <u>22,246,700</u> |

29. Other operating expenses

| | 2023 | | 2022 | |
|---------------------------------|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Professional fees | 2,929,901 | 12,041,893 | 2,556,024 | 10,446,474 |
| Marketing and advertising costs | 891,955 | 3,665,935 | 1,185,126 | 4,843,606 |
| Card expenses | 947,519 | 3,894,303 | 609,577 | 2,491,341 |
| License and patent fees | 474,370 | 1,949,661 | 454,045 | 1,855,682 |
| Communication | 461,564 | 1,897,028 | 449,156 | 1,835,701 |
| Utilities | 490,130 | 2,014,434 | 431,682 | 1,764,284 |
| Directors' fees | 450,460 | 1,851,391 | 413,094 | 1,688,315 |
| Office supplies | 171,456 | 704,684 | 350,067 | 1,430,724 |
| Repairs and maintenance | 568,297 | 2,335,701 | 309,987 | 1,266,917 |
| Motor vehicle and running costs | 303,100 | 1,245,741 | 301,094 | 1,230,571 |
| Business and public relations | 274,833 | 1,129,564 | 267,070 | 1,091,515 |
| Security | 305,087 | 1,253,908 | 263,644 | 1,077,513 |
| Rental | 225,973 | 928,749 | 215,210 | 879,563 |
| Traveling | 172,708 | 709,830 | 206,095 | 842,310 |
| Insurance | 70,302 | 288,941 | 71,421 | 291,898 |
| Stamp and registration | 55,361 | 227,534 | 45,833 | 187,319 |
| Printing | 38,512 | 158,284 | 53,647 | 219,255 |
| Audit remuneration | 30,256 | 124,352 | 49,363 | 201,747 |
| Charitable donation | 465 | 1,911 | 18,948 | 77,440 |
| Others | 868,068 | 3,567,761 | 826,682 | 3,378,652 |
| | <u>9,730,317</u> | <u>39,991,605</u> | <u>9,077,765</u> | <u>37,100,827</u> |

30. Income tax expense

(a) Income tax expense

| | 2023 | | 2022 | |
|---------------------|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | | | |
| Current income tax | - | - | 1,111,513 | 4,542,754 |
| Deferred income tax | 1,554,058 | 6,387,178 | 483,649 | 1,976,673 |
| Income tax expense | <u>1,554,058</u> | <u>6,387,178</u> | <u>1,595,162</u> | <u>6,519,427</u> |

(b) Reconciliation between income tax expenses and accounting profit

| | 2023 | | 2022 | |
|--|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Profit before income tax | 5,233,988 | 21,511,691 | 2,376,144 | 9,711,300 |
| Income tax using statutory tax rate at 20% | 1,046,798 | 4,302,338 | 475,229 | 1,942,260 |
| Tax effects in respect of: | | | | |
| Non-deductible expenses | 892,171 | 3,666,823 | 832,565 | 3,402,693 |
| Effects of unrecognised deferred Tax in prior year | (320,652) | (1,317,880) | 287,368 | 1,174,474 |
| Others | (64,259) | (264,103) | - | - |
| Income tax expense | 1,554,058 | 6,387,178 | 1,595,162 | 6,519,427 |

Minimum tax

Under the Cambodian tax regulations, the Bank has an obligation to pay Income Tax at 20% of taxable profit or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher.

Minimum tax is calculated at the rate of 1% of the annual turnover. This minimum tax can be exempted, if the Company maintains proper accounting records as defined in the Prakas No. 638 issued on 4 July 2017 by the General Department of Taxation ("GDT") in which is subject to be approved by the GDT.

On 29 August 2022, the Bank obtained confirmation No. 13353 from GDT for maintaining proper accounting records for the financial years 2023 and 2024 which qualified for exemption from the payment of minimum tax according to Prakas No. 638 dated on 4 July 2017. Accordingly, the surplus of payments amounting to US\$730,646 is recognised as assets (Note 12). At the reporting date, the Bank has yet to claim the exemption on Minimum Tax.

(c) Other matter

Taxes are calculated based on 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 based on 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.

31. Cash and cash equivalents

| | 2023 | | 2022 | |
|---|-------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Cash on hand (Note 6) | 27,883,725 | 113,905,017 | 18,816,833 | 77,468,901 |
| Deposits and placements with the Central Bank: | | | | |
| Current accounts (Note 7) | 36,293,354 | 148,258,351 | 65,896,213 | 271,294,709 |
| Settlement accounts (Note 7) | 12,926,453 | 52,804,561 | 4,672,251 | 19,235,657 |
| Negotiable certificate of deposits (Note 7) | - | - | 614,202 | 2,528,670 |
| Deposits and placements with other banks: | | | | |
| Current accounts (Note 8) | 8,587,308 | 35,079,153 | 24,471,592 | 100,749,544 |
| Savings accounts (Note 8) | 2,922 | 11,936 | 12,487 | 51,409 |
| Term deposits (maturity of three months or less) (Note 8) | - | - | - | - |
| | 85,693,762 | 350,059,018 | 114,483,578 | 471,328,890 |

32. Contingent liabilities and commitments**(a) Loan commitments, guarantee and other financial facilities**

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

| | 2023 | | 2022 | |
|-------------------------------|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Credit commitments | 40,706,775 | 166,287,176 | 25,480,929 | 104,904,985 |
| Financial guarantee contracts | 4,728,789 | 19,317,103 | 4,320,479 | 17,787,412 |
| Total exposure | 45,435,564 | 185,604,279 | 29,801,408 | 122,692,397 |

| | 2023 | | 2022 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Credit commitments and financial guarantee contracts | 45,435,564 | 185,604,279 | 29,801,408 | 122,692,397 |
| Allowance for expected credit loss (Note 34.1) | (184,115) | (752,110) | (103,642) | (426,694) |
| Net exposure | 45,251,449 | 184,852,169 | 29,697,766 | 122,265,703 |

(b) Capital commitment

| | 2023 | | 2022 | |
|-------------------|-----------|--------------|-----------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Intangible assets | 2,032,435 | 8,302,497 | 2,023,268 | 8,329,794 |
| Tangible assets | 35,332 | 144,331 | 107,166 | 441,202 |

(c) Operating lease commitments

The Bank recognized right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for short term leases (see Note 4.10 and Note 14 for further information). The lease commitments of short-term leases are insignificant.

33. Related party transactions and balances

The Bank entered into a number of transactions with related parties in the normal course of business. The volume of related party transactions, outstanding balance at the year end and related expenses and income for the year are as follows:

(a) Related parties and relationship

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

| Related party | Relationship |
|--------------------------|---|
| Mr. Chen Zhi | Shareholder |
| Mr. Guy Chhay | Shareholder |
| Related company | Entity under the same shareholders |
| Key management personnel | All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members) |

(b) Loans and advances to related parties

| | 2023 | | 2022 | |
|-------------------|---------|--------------|---------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Related companies | 857,331 | 3,502,197 | 920,124 | 3,788,151 |
| Interest income | 10,467 | 43,019 | 78,023 | 318,881 |

Loans and advances to companies under common control are secured and bear interest at the rate of 8.5% per annum.

(c) Loans and advances to key management personnel

| | 2023 | | 2022 | |
|-----------------------------------|-----------|--------------|-----------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Loans to key management personnel | 1,887,568 | 7,710,715 | 1,917,284 | 7,893,458 |
| Interest income | 120,428 | 494,960 | 96,892 | 395,997 |

Loans and advances to key management personnel are secured and bear interest at the rate of 4.00% to 9.00 % per annum.

(d) Deposits from related parties

| | 2023 | | 2022 | |
|------------------------------|-------------|--------------|-------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Related companies | 25,786,090 | 105,336,178 | 21,144,574 | 87,052,213 |
| Directors and key management | 80,912,157 | 330,526,161 | 191,693,030 | 789,200,204 |
| | 106,698,247 | 435,862,339 | 212,837,604 | 876,252,417 |
| Interest expenses | 3,253,242 | 13,370,825 | 3,104,740 | 12,689,072 |

Average interest rates during the year are as follows:

| | 2023 | 2022 |
|------------------------------|------------|---------|
| Related companies | 1% - 5% | 1% - 2% |
| Directors and key management | 1% - 6.99% | 1% - 2% |

(e) Borrowings from a shareholder

| | 2023 | | 2022 | |
|---|------------|--------------|------------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Borrowings from shareholder balance | 68,357,765 | 279,241,470 | 65,728,621 | 270,604,733 |
| Interest expense (imputed based on market rate of 4%) | 2,629,145 | 10,805,786 | 2,528,024 | 10,332,034 |

Borrowing from a shareholder is at zero percent for 2023 (2022: 0% per annum) (Note 17).

(f) Amount due to related parties

| | 2023 | | 2022 | |
|-------------------|-----------|--------------|-----------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Related companies | 3,780,181 | 15,442,039 | 4,432,634 | 18,249,154 |

Amount due to related parties are non-interest-bearing payables that are unsecured and are repayable on demand.

(g) Key management personnel compensation

| | 2023 | | 2022 | |
|----------------------------------|-----------|--------------|-----------|--------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | | (Note 4.1.c) | | (Note 4.1.c) |
| Salaries and short-term benefits | 2,618,695 | 10,697,369 | 2,683,662 | 11,048,635 |

(h) Other transactions with related parties

| | 2023 | | 2022 | |
|---------------------|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Office rental | 2,197,185 | 9,030,430 | 1,567,783 | 6,407,529 |
| Purchasing services | 187,159 | 769,223 | 164,619 | 672,798 |
| | <u>2,384,344</u> | <u>9,799,653</u> | <u>1,732,402</u> | <u>7,080,327</u> |

34. Financial risk management

The Bank embraces risk management as an integral part of the Bank's business, operations, and decision-making process. In ensuring that the Bank achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Bank's risk management activities are to:

- identify the various risk exposures and capital requirements.
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through sound risk management framework.

The Bank holds the following financial instruments:

| | 2023 | | 2022 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Financial assets | | | | |
| Financial assets at amortised costs | | | | |
| Cash on hand | 27,883,725 | 113,905,017 | 18,816,833 | 77,468,901 |
| Deposits and placements with the Central Bank | 53,723,117 | 219,458,933 | 75,282,666 | 309,938,736 |
| Deposits and placements with other banks | 36,179,501 | 147,793,262 | 66,058,736 | 271,963,816 |
| Loans and advances | 732,328,682 | 2,991,562,666 | 709,303,896 | 2,920,204,140 |
| Investment securities | 46,224,521 | 188,827,168 | 46,110,240 | 189,835,858 |
| Other financial assets* | 584,670 | 2,388,377 | 592,539 | 2,439,483 |
| Total financial assets | <u>896,924,216</u> | <u>3,663,935,423</u> | <u>916,164,910</u> | <u>3,771,850,934</u> |

*Excludes prepayments and non-refundable deposits

| | 2023 | | 2022 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | | | | |
| Deposits from customers | 589,863,482 | 2,409,592,324 | 611,687,919 | 2,518,319,163 |
| Borrowings | 114,653,030 | 468,357,628 | 111,796,042 | 460,264,305 |
| Employee benefits | 18,491 | 75,536 | 32,284 | 132,913 |
| Other financial liabilities* | 7,702,156 | 31,463,307 | 9,933,315 | 40,895,461 |
| Not within scope of CIFRS 9 | | | | |
| Lease liabilities | 12,196,224 | 49,821,575 | 13,805,389 | 56,836,782 |
| Total financial liabilities | <u>724,433,383</u> | <u>2,959,310,370</u> | <u>747,254,949</u> | <u>3,076,448,624</u> |

*Excludes taxes payable

34.1. Credit risk**(a) Credit risk measurement.**

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") for the purposes of measuring ECL under CIFRS 9.

Deposits and placements with the Central Bank and other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach in Note 34.1 (c).

(b) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages limits and controls the concentration of credit risk whenever it is identified.

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

- Mortgages over residential properties (land, building and other properties);
- Cash in the form of margin deposits, if any.

(c) Impairment (expected credit loss) policies

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognize lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognized with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognized.

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognized.

Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognized.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk ("SICR")

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Past due 30 days for short-term on its contractual payment, and
- Past due 90 days for long-term on its contractual payment.

(ii) Definition of default and credit impaired

In alignment with the Bank's internal credit risk management, which is consistent with the NBC's definition of default in its Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment, the Bank defines a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- The principal or interest or both of the loan is past due for more than 30 days and 90 days, for short term and long-term loan, respectively. In the case of revolving facilities (e.g., overdraft), the facility shall be classified as impaired where the outstanding amount has remained more than the approved limit for a period of 90 days or more consecutive days. To ascertaining the period in arrears:
 - (1) Repayment on each of the instalment amount must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.
 - (2) Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than 6 months from the date of the obligor's/counterparty's application for the moratorium.
 - (3) Where repayments are scheduled on interval of 90 days or longer, the loan is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the credit risk grading policy.

- The loan is forced impaired due to various reasons, such as bankruptcy, significant financial difficulty, etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by Credit Committee.
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of a obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts.

(iii) Measuring (ECL – inputs, assumptions, and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is credit-impaired. The ECL is assessed and measured on collective basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Probability of Default

The PD represents the likelihood of a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition through the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

Exposure at Default

EAD is the total amount that the Bank is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

Loss Given Default

LGD represents the Bank’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

As there is no sufficient historical data for LGD study and no observable market data is available in Cambodia, the Bank assessed that it is appropriate to assign 0% to cash/ fixed deposit secured facilities, 10% to hard title secured facilities and 20% to soft title secured facilities, and 50% to moveable assets secured facilities and 100% LGD to unsecured facilities.

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

(iv) Forward-looking information incorporated into the ECL models

The calculation of ECL incorporates forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. The historical and forecasts of these economic variables (“the based economic scenario”) are sourced from external research house. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the based economic scenario, the Bank considers other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. On 31 December 2023 and 2022, the Bank concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projects and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank’s different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Macroeconomic variable assumptions

The most significant period-end assumptions used for the ECL estimate as of 31 December 2023 and 31 December 2022 are set out below. The scenario “base”, “best”, and “worst” were used for all portfolios.

| | 31 December 2023 | | | | |
|-------------------------------|------------------|-------|-------|-------|-------|
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| Gross fixed investment | | | | | |
| Base | 26.41 | 26.57 | 26.45 | 26.34 | 26.75 |
| Best | 24.06 | 24.22 | 24.09 | 23.99 | 24.40 |
| Worst | 28.76 | 28.92 | 28.80 | 28.69 | 29.10 |

| | 31 December 2022 | | | | |
|-------------------------------|------------------|-------|-------|-------|-------|
| | 2023 | 2024 | 2025 | 2026 | 2027 |
| Gross fixed investment | | | | | |
| Base | 28 | 27.5 | 27.00 | 27.00 | 27.00 |
| Best | 26.72 | 26.22 | 25.72 | 25.72 | 25.72 |
| Worst | 29.28 | 28.78 | 28.28 | 28.28 | 28.28 |

Bank established the number and relative weightings of forward-looking information relevant to each scenario. Bank applied standard deviation to forecast the MEVs for Good and Bad scenario from the Baseline as the mean. Upon exercise of careful judgement, the Bank applied Worst scenario as it will arrive in a more conservative ECL calculation and is more reflective of the current bank portfolio performance and economic stress situations.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness periodically.

Sensitivity analysis

The most significant assumptions affecting the ECL allowance is Gross Fixed Investment, given the significant impact on obligors’ ability to meet contractual repayments, business performance, and collateral valuation.

Set out below are the changes to the ECL as at 31 December 2022 and 31 December 2023 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank’s economic variable assumptions:

| | ECL US\$ |
|-------------------------------------|-------------|
| GROSS FIX INVESTMENT | |
| Annual growth rate increase by 25% | 20,453,111 |
| No change | 19,055,398 |
| Annual growth rate decreases by 25% | 17,657,686 |

(v) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed based on shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk Committee.

(vi) Write off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realizable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

(vii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assess whether the new terms are substantially different from the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/ equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security, or credit enhancements that significant affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

(viii) Off-balance sheet exposures

Off-balance sheet exposures are exposures such as trade facilities and undrawn commitments. The Bank applied Credit Conversion Factor (CCF) to estimate the EAD of off-balance sheet item. EAD is estimated at 100% of the off-balance sheet exposure using the CCF.

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

The maximum exposure to credit risk for financial assets recognized in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank on financial instruments subject to impairment:

| | 2023 | | 2022 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Credit risk exposure related to on-balance sheet assets: | | | | |
| Deposits and placements with other banks | 36,225,703 | 147,981,997 | 66,144,218 | 272,315,746 |
| Loans and advances | 752,597,679 | 3,074,361,519 | 716,896,177 | 2,951,461,561 |
| Investment securities | 46,224,521 | 188,827,168 | 46,110,240 | 189,835,858 |
| Other financial assets | 637,049 | 2,602,345 | 592,539 | 2,439,483 |
| Credit risk exposure related to off-balance sheet items: | | | | |
| Credit related commitments | 40,706,775 | 166,287,176 | 25,480,929 | 104,904,985 |
| Financial guarantee contracts | 4,728,789 | 19,317,103 | 4,320,479 | 17,787,412 |
| Total gross credit exposure | 881,120,516 | 3,599,377,308 | 859,544,582 | 3,538,745,045 |
| Loss allowance (ECL) | (20,551,693) | (83,953,666) | (7,820,828) | (32,198,349) |
| Total net credit exposure | 860,568,823 | 3,515,423,642 | 851,723,754 | 3,506,546,696 |

The table above represents a worst-case scenario of credit risk exposure to the Bank since collateral held and/or other credit enhancement attached were not taken into account. For on-balance sheet assets, the exposures set out above are based on net carrying amounts. As shown above, 85.41% for the Bank (2022: 83.41%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans and advances due to the following:

- Almost all loans and advances are collateralized and loan to collateral value approximately 42%.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.
- Deposits and placements with other banks were held with local banks and management has done proper risk assessment and believe there will be no material loss from these local banks.

(e) Credit quality of financial assets

The Bank assess credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

| Credit Quality | Description |
|-------------------------|---|
| Standard monitoring | Obligors in this category exhibit strong capacity to meet financial commitment. |
| | The Bank monitors obligors in this category by delinquency status. Obligors that are less than 30 days past due on its contractual payments for both short-term and long-term facilities are in standard monitoring. |
| Special monitoring | Obligors in this category have an acceptable capacity to meet financial commitments. |
| | The Bank monitors obligors in this category by delinquency status. Obligors that are 30 days past due on its contractual payments for short-term facilities or are from 31 to 89 days past due on its contractual payments for long-term facilities are included in special monitoring. |
| Default/Credit impaired | Obligors are assessed to be impaired. |

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

| Credit Quality | Description |
|----------------------|---|
| Sovereign | Refer to financial asset issued by central banks/government or guarantee by central banks/government. |
| Investment grade | Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and expose the bondholder to low credit risk of default. |
| Non-investment grade | Refers to low credit quality of the financial asset that is highly exposed to default risk. |
| Un-graded | Refers to financial asset which are currently not assigned with ratings due to unavailability of ratings models. |
| Credit impaired | Refers to the asset that is being impaired. |

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

| | 2023 | | | | 2022 | | | |
|---|----------------------|----------------------------------|------------------------------|----------------------|----------------------|----------------------------------|------------------------------|----------------------|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Deposits and placements with other banks | | | | | | | | |
| Investment grade | 31,112,537 | - | - | 31,112,537 | 63,104,148 | - | - | 63,104,148 |
| No rating | 5,113,166 | - | - | 5,113,166 | 3,040,071 | - | - | 3,040,071 |
| Gross carrying amount | 36,225,703 | - | - | 36,225,703 | 66,144,219 | - | - | 66,144,219 |
| Loss allowance (ECL) | (46,202) | - | - | (46,202) | (85,483) | - | - | (85,483) |
| Net carrying amount | <u>36,179,501</u> | - | - | <u>36,179,501</u> | <u>66,058,736</u> | - | - | <u>66,058,736</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>147,793,262</u> | - | - | <u>147,793,262</u> | <u>271,963,816</u> | - | - | <u>271,963,816</u> |
| Loans and advances at amortised cost | | | | | | | | |
| Standard monitoring | 632,305,624 | - | - | 632,305,624 | 674,386,409 | - | - | 674,386,409 |
| Special monitoring | - | 34,623,502 | - | 34,623,502 | - | 15,693,421 | - | 15,693,421 |
| Default | - | - | 85,668,553 | 85,668,553 | - | - | 26,816,347 | 26,816,347 |
| Gross carrying amount | 632,305,624 | 34,623,502 | 85,668,553 | 752,597,679 | 674,386,409 | 15,693,421 | 26,816,347 | 716,896,177 |
| Loss allowance (ECL) | (4,676,717) | (621,357) | (14,970,923) | (20,268,997) | (2,828,712) | (208,170) | (4,555,399) | (7,592,281) |
| Net carrying amount | <u>627,628,907</u> | <u>34,002,145</u> | <u>70,697,630</u> | <u>732,328,682</u> | <u>671,557,697</u> | <u>15,485,251</u> | <u>22,260,948</u> | <u>709,303,896</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>2,563,864,085</u> | <u>138,898,762</u> | <u>288,799,819</u> | <u>2,991,562,666</u> | <u>2,764,803,038</u> | <u>63,752,778</u> | <u>91,648,323</u> | <u>2,920,204,140</u> |

(f) Loss allowance

| | 2023 | | | | 2022 | | | |
|--|--------------------|----------------------------------|------------------------------|--------------------|--------------------|----------------------------------|------------------------------|--------------------|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Investment securities | | | | | | | | |
| Standard monitoring | 46,224,521 | - | - | 46,224,521 | 46,110,240 | - | - | 46,110,240 |
| Special monitoring | - | - | - | - | - | - | - | - |
| Default | - | - | - | - | - | - | - | - |
| Gross carrying amount | 46,224,521 | - | - | 46,224,521 | 46,110,240 | - | - | 46,110,240 |
| Loss allowance (ECL) | - | - | - | - | - | - | - | - |
| Net carrying amount | <u>46,224,521</u> | - | - | <u>46,224,521</u> | <u>46,110,240</u> | - | - | <u>46,110,240</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>188,827,168</u> | - | - | <u>188,827,168</u> | <u>189,835,858</u> | - | - | <u>189,835,858</u> |
| Credit commitments and financial guarantee contract | | | | | | | | |
| Standard monitoring | 45,435,564 | - | - | 45,435,564 | 29,801,408 | - | - | 29,801,408 |
| Special monitoring | - | - | - | - | - | - | - | - |
| Default | - | - | - | - | - | - | - | - |
| Gross carrying amount | 45,435,564 | - | - | 45,435,564 | 29,801,408 | - | - | 29,801,408 |
| Loss allowance (ECL) | (184,115) | - | - | (184,115) | (103,642) | - | - | (103,642) |
| Net carrying amount | <u>45,251,449</u> | - | - | <u>45,251,449</u> | <u>29,697,766</u> | - | - | <u>29,697,766</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>184,852,169</u> | - | - | <u>184,852,169</u> | <u>122,265,703</u> | - | - | <u>122,265,703</u> |
| Other assets (Rental deposit) | | | | | | | | |
| Standard monitoring | 637,049 | - | - | 637,049 | 592,539 | - | - | 592,539 |
| Special monitoring | - | - | - | - | - | - | - | - |
| Default | - | - | - | - | - | - | - | - |
| Gross carrying amount | 637,049 | - | - | 637,049 | 592,539 | - | - | 592,539 |
| Loss allowance (ECL) | (52,379) | - | - | (52,379) | (39,422) | - | - | (39,422) |
| Net carrying amount | <u>584,670</u> | - | - | <u>584,670</u> | <u>553,117</u> | - | - | <u>553,117</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>2,388,377</u> | - | - | <u>2,388,377</u> | <u>2,277,183</u> | - | - | <u>2,277,183</u> |

(i) Expected credit loss reconciliation – loans and advances

| | 2023 | | | | 2022 | | | |
|--|----------------------|-------------------------------------|---------------------------------|----------------------|----------------------|-------------------------------------|---------------------------------|----------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Expected credit losses | | | | | | | | |
| Loss allowance as at 1 January | 2,828,712 | 208,170 | 4,555,399 | 7,592,281 | 1,923,123 | 224,107 | 1,309,891 | 3,457,121 |
| Changes due to exposure as at 1 January: | | | | | | | | |
| Transfer to stage 1 | 13,979 | (13,979) | - | - | 47,105 | (35,043) | (12,062) | - |
| Transfer to stage 2 | (91,825) | 91,825 | - | - | (20,680) | 90,510 | (69,830) | - |
| Transfer to stage 3 | (143,457) | (145,600) | 289,057 | - | (33,088) | (94,025) | 127,113 | - |
| Net remeasurement of loss allowance (*) | 1,067,072 | 410,482 | 9,192,459 | 10,670,013 | (114,436) | (16,295) | 2,594,897 | 2,464,166 |
| New financial assets originated or purchased | 1,485,623 | 90,086 | 1,758,584 | 3,334,293 | 1,569,762 | 76,743 | 735,388 | 2,381,893 |
| Financial assets derecognised during the year other than write off | (483,387) | (19,627) | (824,576) | (1,327,590) | (543,074) | (37,827) | (129,998) | (710,899) |
| Loss allowance as at 31 December | <u>4,676,717</u> | <u>621,357</u> | <u>14,970,923</u> | <u>20,268,997</u> | <u>2,828,712</u> | <u>208,170</u> | <u>4,555,399</u> | <u>7,592,281</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>19,104,389</u> | <u>2,538,243</u> | <u>61,156,220</u> | <u>82,798,853</u> | <u>11,645,807</u> | <u>857,036</u> | <u>18,754,578</u> | <u>31,257,421</u> |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount as at 1 January | 674,386,410 | 15,693,421 | 26,816,347 | 716,896,178 | 458,024,956 | 20,792,310 | 5,392,194 | 484,209,460 |
| Changes due to financial instruments recognised as at 1 January: | | | | | | | | |
| Transfer to stage 1 | 1,069,253 | (1,069,253) | - | - | 3,120,606 | (3,063,137) | (57,469) | - |
| Transfer to stage 2 | (28,928,917) | 28,928,917 | - | - | (6,197,632) | 6,431,086 | (233,454) | - |
| Transfer to stage 3 | (43,310,945) | (11,196,199) | 54,507,144 | - | (9,483,328) | (8,711,057) | 18,194,385 | - |
| Net remeasurement of gross carrying amount | (33,993,608) | (290,204) | 2,646,104 | (31,637,708) | (20,814,246) | (1,593,298) | 60,719 | (22,346,825) |
| New financial assets originated or purchased | 155,842,933 | 4,032,055 | 7,396,419 | 167,271,407 | 359,924,445 | 5,939,782 | 4,180,042 | 370,044,269 |
| Financial assets derecognised during the year other than write off | (92,759,502) | (1,475,235) | (5,697,461) | (99,932,198) | (110,188,392) | (4,102,265) | (720,070) | (115,010,727) |
| Gross carrying amount as at 31 December | <u>632,305,624</u> | <u>34,623,502</u> | <u>85,668,553</u> | <u>752,597,679</u> | <u>674,386,409</u> | <u>15,693,421</u> | <u>26,816,347</u> | <u>716,896,177</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>2,582,968,474</u> | <u>141,437,006</u> | <u>349,956,039</u> | <u>3,074,361,519</u> | <u>2,776,448,846</u> | <u>64,609,814</u> | <u>110,402,901</u> | <u>2,951,461,561</u> |

(*) Impact of the measurement of ECL due to changes in EAD and PD during the year arising from regular refreshing of inputs to models.

(ii) Expected credit loss reconciliation – credit commitments

| | 2023 | | | | 2022 | | | |
|--|-------------------|-------------------------------------|---------------------------------|-------------------|--------------------|-------------------------------------|---------------------------------|--------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Expected credit losses | | | | | | | | |
| Loss allowance as at 1 January | 103,642 | - | - | 103,642 | 39,608 | - | - | 39,608 |
| Changes due to exposure as at 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Reversal of prior year provision | (3,098) | - | - | (3,098) | (29,573) | - | - | (29,573) |
| New financial assets originated or purchased | 83,571 | - | - | 83,571 | 93,607 | - | - | 93,607 |
| Loss allowance as at 31 December | <u>184,115</u> | <u>-</u> | <u>-</u> | <u>184,115</u> | <u>103,642</u> | <u>-</u> | <u>-</u> | <u>103,642</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>752,110</u> | <u>-</u> | <u>-</u> | <u>752,110</u> | <u>426,694</u> | <u>-</u> | <u>-</u> | <u>426,694</u> |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount as at 1 January | 25,480,929 | - | - | 25,480,929 | 18,832,573 | - | - | 18,832,573 |
| Changes due to financial instruments recognised as at 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Exposure derecognised or expired | (12,731,653) | - | - | (12,731,653) | (17,155,447) | - | - | (17,155,447) |
| New financial assets originated or purchase | 10,626,166 | - | - | 10,626,166 | 23,803,803 | - | - | 23,803,803 |
| Gross carrying amount as at 31 December | <u>23,375,442</u> | <u>-</u> | <u>-</u> | <u>23,375,442</u> | <u>25,480,929</u> | <u>-</u> | <u>-</u> | <u>25,480,929</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>95,488,680</u> | <u>-</u> | <u>-</u> | <u>95,488,680</u> | <u>104,904,985</u> | <u>-</u> | <u>-</u> | <u>104,904,985</u> |

(iii) Expected credit loss reconciliation – deposits and placements with other banks

| | 2023 | | | | 2022 | | | |
|--|--------------------|-------------------------------------|---------------------------------|--------------------|--------------------|-------------------------------------|---------------------------------|--------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Expected credit losses | | | | | | | | |
| Loss allowance as at 1 January | 85,483 | - | - | 85,483 | 79,352 | - | - | 79,352 |
| Changes due to exposure as at 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| New financial assets originated or purchased | (40,745) | - | - | (40,745) | 6,131 | - | - | 6,131 |
| Financial assets derecognized during the year | 1,464 | - | - | 1,464 | - | - | - | - |
| Loss allowance as at 31 December | <u>46,202</u> | <u>-</u> | <u>-</u> | <u>46,202</u> | <u>85,483</u> | <u>-</u> | <u>-</u> | <u>85,483</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>188,735</u> | <u>-</u> | <u>-</u> | <u>188,735</u> | <u>351,934</u> | <u>-</u> | <u>-</u> | <u>351,934</u> |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount as of 1 January | 66,144,218 | - | - | 66,144,218 | 60,955,732 | - | - | 60,955,732 |
| Changes due to financial instruments recognized as of 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| New financial assets originated or purchased | 1,106,043 | - | - | 1,106,043 | 5,188,486 | - | - | 5,188,486 |
| Financial assets derecognized during the year | (31,024,558) | - | - | (31,024,558) | - | - | - | - |
| Gross carrying amount as at 31 December | <u>36,225,703</u> | <u>-</u> | <u>-</u> | <u>36,225,703</u> | <u>66,144,218</u> | <u>-</u> | <u>-</u> | <u>66,144,218</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>147,981,997</u> | <u>-</u> | <u>-</u> | <u>147,981,997</u> | <u>272,315,746</u> | <u>-</u> | <u>-</u> | <u>272,315,746</u> |

(iv) Expected credit loss reconciliation – Investment securities

| | 2023 | | | | 2022 | | | |
|--|--------------------|-------------------------------------|---------------------------------|--------------------|--------------------|-------------------------------------|---------------------------------|--------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Expected credit losses | | | | | | | | |
| Loss allowance as at 1 January | - | - | - | - | - | - | - | - |
| Changes due to exposure as at 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| New financial assets originated or purchased | - | - | - | - | - | - | - | - |
| Financial assets derecognised during the period | - | - | - | - | - | - | - | - |
| Loss allowance as at 31 December | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount as at 1 January | 46,110,240 | - | - | 46,110,240 | 15,078,459 | - | - | 15,078,459 |
| Changes due to financial instruments recognised as at 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Collection | 114,281 | - | - | 114,281 | (15,078,459) | - | - | (15,078,459) |
| New financial assets originated or purchased | - | - | - | - | 46,110,240 | - | - | 46,110,240 |
| Gross carrying amount as at 31 December | <u>46,224,521</u> | <u>-</u> | <u>-</u> | <u>46,224,521</u> | <u>46,110,240</u> | <u>-</u> | <u>-</u> | <u>46,110,240</u> |
| In KHR'000 equivalents (Note 4.1.c) | <u>188,827,168</u> | <u>-</u> | <u>-</u> | <u>188,827,168</u> | <u>189,835,858</u> | <u>-</u> | <u>-</u> | <u>189,835,858</u> |

(v) Expected credit loss reconciliation – Rental deposit

| | 2023 | | | | 2022 | | | |
|--|------------------|-------------------------------------|---------------------------------|------------------|------------------|-------------------------------------|---------------------------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Expected credit losses | | | | | | | | |
| Loss allowance as at 1 January | 39,422 | - | - | 39,422 | 27,301 | - | - | 27,301 |
| Changes due to exposure as at 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| New financial assets originated or purchased | 12,957 | - | - | 12,957 | 12,121 | - | - | 12,121 |
| Loss allowance as at 31 December | <u>52,379</u> | - | - | <u>52,379</u> | <u>39,422</u> | - | - | <u>39,422</u> |
| <i>In KHR'000 equivalents (Note 4.1.c)</i> | <u>213,968</u> | - | - | <u>213,968</u> | <u>162,300</u> | - | - | <u>162,300</u> |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount as at 1 January | 592,539 | - | - | 592,539 | 575,481 | - | - | 575,481 |
| Changes due to financial instruments recognized as of 1 January: | | | | | | | | |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| New financial assets originated or purchased | 44,510 | - | - | 44,510 | 17,058 | - | - | 17,058 |
| Financial assets derecognized during the year | - | - | - | - | - | - | - | - |
| Gross carrying amount as at 31 December | <u>637,049</u> | - | - | <u>637,049</u> | <u>592,539</u> | - | - | <u>592,539</u> |
| <i>In KHR'000 equivalents (Note 4.1.c)</i> | <u>2,602,345</u> | - | - | <u>2,602,345</u> | <u>2,439,483</u> | - | - | <u>2,439,483</u> |

(g) Concentration of financial assets with credit risk exposure

(i) Geographical sector

The following table breaks down the Bank's main credit exposure at their carrying amount, as categorised by geographical region as of 31 December 2023 and 2022. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

| | Cambodia | Other ASEAN countries | Total |
|--|----------------------|-----------------------|----------------------|
| | US\$ | US\$ | US\$ |
| 31 December 2023 | | | |
| Deposits and placements with other banks | 32,306,006 | 3,873,495 | 36,179,501 |
| Loans and advances | 732,328,682 | - | 732,328,682 |
| Investment securities | 46,224,521 | - | 46,224,521 |
| Other financial assets | 584,670 | - | 584,670 |
| Credit commitments | 40,522,660 | - | 40,522,660 |
| Financial guarantee contracts | 4,728,789 | - | 4,728,789 |
| Total credit exposure | <u>856,695,328</u> | <u>3,873,495</u> | <u>860,568,823</u> |
| <i>In KHR'000 equivalents (Note 4.1.c)</i> | <u>3,499,600,415</u> | <u>15,823,227</u> | <u>3,515,423,642</u> |
| 31 December 2022 | | | |
| Deposits and placements with other banks | 43,635,574 | 22,423,162 | 66,058,736 |
| Loans and advances | 709,303,896 | - | 709,303,896 |
| Investment securities | 46,110,240 | - | 46,110,240 |
| Other financial assets | 553,117 | - | 553,117 |
| Credit commitments | 25,377,287 | - | 25,377,287 |
| Financial guarantee contracts | 4,320,479 | - | 4,320,479 |
| Total credit exposure | <u>829,300,593</u> | <u>22,423,162</u> | <u>851,723,755</u> |
| <i>In KHR'000 equivalents (Note 4.1.c)</i> | <u>3,414,230,541</u> | <u>92,316,157</u> | <u>3,506,546,698</u> |

(ii) Industry sector

The following table breaks down the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of its counterparties.

| | Agriculture, Forestry and Fishing | Building and Construction | Financial Institutions | Import and Exports | Manufacturing | Other Lending | Personal Lending | Real Estate and Mortgages | Services | Wholesale and Retail Trade | Total |
|---|-----------------------------------|---------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|---------------------------|--------------------|----------------------------|----------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| 31 December 2023 | | | | | | | | | | | |
| Deposits and placements with other banks | - | - | 36,179,501 | - | - | - | - | - | - | - | 36,179,501 |
| Loans and advances | 16,569,445 | 98,169,618 | 7,513,019 | 5,156,110 | 23,566,331 | 53,983,594 | 35,689,789 | 258,592,094 | 45,544,673 | 187,544,009 | 732,328,682 |
| Investment securities | - | - | 46,224,521 | - | - | - | - | - | - | - | 46,224,521 |
| Other financial assets | - | - | - | - | - | - | - | - | 584,670 | - | 584,670 |
| Credit commitments | 174,185 | 2,247,023 | - | 80,848 | 564,243 | 807,979 | 17,424,265 | 16,525,146 | 535,269 | 2,163,703 | 40,522,661 |
| Financial guarantee contracts | - | 150,581 | - | - | - | - | - | 2,909,501 | 21,435 | 1,647,272 | 4,728,789 |
| Total credit exposure | 16,743,630 | 100,567,222 | 89,917,041 | 5,236,958 | 24,130,574 | 54,791,573 | 53,114,054 | 278,026,741 | 46,686,047 | 191,354,984 | 860,568,824 |
| In KHR'000 equivalents (Note 4.1.c) | <u>68,397,729</u> | <u>410,817,102</u> | <u>367,311,112</u> | <u>21,392,973</u> | <u>98,573,395</u> | <u>223,823,576</u> | <u>216,970,911</u> | <u>1,135,739,237</u> | <u>190,712,502</u> | <u>781,685,110</u> | <u>3,515,423,646</u> |
| 31 December 2022 | | | | | | | | | | | |
| Deposits and placements with another bank | - | - | 66,058,736 | - | - | - | - | - | - | - | 66,058,736 |
| Loans and advances | 17,394,504 | 86,948,939 | 10,999,981 | 6,906,633 | 26,205,735 | 54,949,860 | 35,090,731 | 215,635,682 | 53,862,007 | 201,309,823 | 709,303,896 |
| Investment securities | - | - | 46,110,240 | - | - | - | - | - | - | - | 46,110,240 |
| Other financial assets | - | - | - | - | - | - | - | - | 592,539 | - | 592,539 |
| Credit commitments | 99,717 | 528,757 | - | 61,124 | 116,866 | 141,468 | 2,480,752 | 15,657,607 | 6,680,176 | 2,000,191 | 27,766,659 |
| Financial guarantee contracts | 1,495 | 39,623 | - | 50,000 | - | - | - | 2,680,433 | - | 1,548,928 | 4,320,479 |
| Total credit exposure | 17,495,716 | 87,517,319 | 123,168,957 | 7,017,757 | 26,322,601 | 55,091,328 | 37,571,483 | 233,973,722 | 61,134,722 | 204,858,942 | 854,152,549 |
| In KHR'000 equivalents (Note 4.1.c) | <u>72,029,865</u> | <u>360,308,804</u> | <u>507,086,596</u> | <u>28,892,106</u> | <u>108,370,147</u> | <u>226,810,997</u> | <u>154,681,794</u> | <u>963,269,812</u> | <u>251,691,653</u> | <u>843,404,266</u> | <u>3,516,546,044</u> |

(h) Repossessed collateral

Reposessed collaterals are sold as soon as practicable. The Bank does not utilise the reposessed collaterals for its business use.

The Bank did not obtain assets by taking possession of collateral held as security as at 2023 and 2022.

34.2. Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument, will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Bank does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Bank's functional currency.

The Bank operates in Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel.

The management monitors the Bank's foreign exchange risk against functional currencies. However, the Bank does not hedge its foreign exchange risk exposure arising from future commercial transactions.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are and Bank's financial instruments at their carrying amounts by currency in US\$ equivalent.

| | US\$ | KHR | Others | Total |
|---|--------------------|--------------------|------------------|--------------------|
| | In US\$ equivalent | | | |
| As at 31 December 2023 | | | | |
| Financial assets | | | | |
| Cash on hand | 23,837,266 | 4,046,459 | - | 27,883,725 |
| Deposits and placements with the Central Bank | 49,464,530 | 4,258,587 | - | 53,723,117 |
| Deposits and placements with other banks | 35,484,111 | 400,879 | 294,511 | 36,179,501 |
| Loans and advances | 656,574,345 | 75,754,337 | - | 732,328,682 |
| Investment securities | 46,224,521 | - | - | 46,224,521 |
| Other financial assets | 584,670 | - | - | 584,670 |
| Total financial assets | 812,169,443 | 84,460,262 | 294,511 | 896,924,216 |
| Financial liabilities | | | | |
| Deposits from customers | 581,651,192 | 8,212,290 | - | 589,863,482 |
| Borrowings | 114,118,409 | 534,621 | - | 114,653,030 |
| Employee benefits | 18,491 | - | - | 18,491 |
| Other financial liabilities | 7,716,882 | (14,726) | - | 7,702,156 |
| Total financial liabilities | 703,504,974 | 8,732,185 | - | 712,237,159 |
| Net position | 108,664,469 | 75,728,077 | 294,511 | 184,687,057 |
| <i>In KHR'000 equivalents (Note 4.1.c)</i> | 443,894,356 | 309,349,195 | 1,203,077 | 754,446,628 |
| As at 31 December 2023 | | | | |
| Off-balance sheet | | | | |
| Credit commitments | 39,731,428 | 791,232 | - | 40,522,660 |
| Financial guarantee contracts | 4,632,039 | 96,750 | - | 4,728,789 |
| | 44,363,467 | 887,982 | - | 45,251,449 |
| <i>In KHR'000 equivalent (Note 4.1.c)</i> | 181,224,763 | 3,627,406 | - | 184,852,169 |

| | | | | |
|---|--------------------|--------------------|----------------|--------------------|
| As at 31 December 2022 | | | | |
| Financial assets | | | | |
| Cash on hand | 15,229,864 | 3,586,969 | - | 18,816,833 |
| Deposits and placements with the Central Bank | 71,637,917 | 3,644,749 | - | 75,282,666 |
| Deposits and placements with other banks | 65,745,278 | 130,787 | 182,670 | 66,058,736 |
| Loans and advances | 634,621,109 | 74,682,788 | - | 709,303,896 |
| Investment securities | 46,110,240 | - | - | 46,110,240 |
| Other financial assets | 592,539 | - | - | 592,539 |
| Total financial assets | 833,936,947 | 82,045,293 | 182,670 | 916,164,910 |
| Financial liabilities | | | | |
| Deposits from customers | 602,984,241 | 8,703,677 | - | 611,687,919 |
| Borrowings | 111,147,327 | 648,715 | - | 111,796,042 |
| Employee benefits | 32,284 | - | - | 32,284 |
| Other financial liabilities | 8,061,583 | 1,871,732 | - | 9,933,316 |
| Total financial liabilities | 722,225,435 | 11,224,124 | - | 733,449,561 |
| Net position | 111,711,512 | 70,821,169 | 182,670 | 182,715,349 |
| <i>In KHR'000 equivalent (Note 4.1.c)</i> | 459,916,295 | 291,570,753 | 752,052 | 752,239,092 |
| As at 31 December 2022 | | | | |
| Off-balance sheet | | | | |
| Credit commitments | 24,881,564 | 495,723 | - | 25,377,287 |
| Financial guarantee contracts | 4,320,479 | - | - | 4,320,479 |
| | 29,202,043 | 495,723 | - | 29,697,766 |
| <i>In KHR'000 equivalent (Note 4.1.c)</i> | 120,224,811 | 2,040,892 | - | 122,265,703 |

Sensitivity analysis

As shown in the table above, the group is primarily exposed to changes in US\$/KHR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments.

| | Impact on post tax profit/loss | | Impact on other component of equity | |
|--|--------------------------------|--------------|-------------------------------------|---------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| 2023 | | | | |
| US\$/KHR exchange rate- increase by 5% | (2,896,099) | (11,830,564) | - | - |
| US\$/KHR exchange rate- decrease by 5% | 3,200,951 | 13,075,885 | - | - |
| 2022 | | | | |
| US\$/KHR exchange rate- increase by 5% | (2,728,749) | (11,234,260) | - | - |
| US\$/KHR exchange rate- decrease by 5% | 3,015,986 | 12,416,814 | - | - |

(ii) Price risk

The Bank is not exposed to a securities price risk because it does not have any investment held and classified on the statement of financial position at fair value.

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

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

| | 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Non-interest bearing | Total |
|---|--------------------|--------------------|------------------------|----------------------|----------------------|----------------------|--------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| As at 31 December 2023 | | | | | | | |
| Financial assets | | | | | | | |
| Cash on hand | - | - | - | - | - | 27,883,725 | 27,883,725 |
| Deposits and placements with the Central Bank | - | 4,500,000 | - | - | - | 49,223,117 | 53,723,117 |
| Deposits and placements with other banks | - | 27,594,778 | - | - | - | 8,584,723 | 36,179,501 |
| Loan and advances | 2,001,384 | 480,304 | 35,650,387 | 98,765,636 | 595,430,971 | - | 732,328,682 |
| Investment securities | - | - | 31,224,521 | 15,000,000 | - | - | 46,224,521 |
| Other financial assets | - | - | - | - | - | 584,670 | 584,670 |
| Total financial assets | 2,001,384 | 32,575,082 | 66,874,908 | 113,765,636 | 595,430,971 | 86,276,235 | 896,924,216 |
| Financial liabilities | | | | | | | |
| Deposits from customers | 2,164,771 | 2,895,931 | 453,437,965 | 100,200,865 | - | 31,163,950 | 589,863,482 |
| Borrowing | - | - | - | 46,295,265 | - | 68,357,765 | 114,653,030 |
| Employee benefits | - | - | - | - | - | 18,491 | 18,491 |
| Other financial liabilities | - | - | - | - | - | 7,702,156 | 7,702,156 |
| Total financial liabilities | 2,164,771 | 2,895,931 | 453,437,965 | 146,496,130 | - | 107,242,362 | 712,237,159 |
| Total interest repricing gap | (163,387) | 29,679,151 | (386,563,057) | (32,730,494) | 595,430,971 | (20,966,127) | 184,687,057 |
| In KHR'000 equivalents (Note 4.1.c) | (667,436) | 121,239,332 | (1,579,110,088) | (133,704,068) | 2,432,335,517 | (85,646,629) | 754,446,628 |
| Off-Balance sheet | | | | | | | |
| Credit commitment | 40,522,660 | - | - | - | - | - | 40,522,660 |
| Financial guarantee contract | - | - | 4,728,789 | - | - | - | 4,728,789 |
| Total interest repricing gap | 40,522,660 | - | 4,728,789 | - | - | - | 45,251,449 |
| In KHR'000 equivalents (Note 4.1.c) | 165,535,066 | - | 19,317,103 | - | - | - | 184,852,169 |

| | 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Non-interest bearing | Total |
|---|-------------------|-------------------|----------------------|---------------------|--------------------|----------------------|--------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| As of 31 December 2022 | | | | | | | |
| Financial assets | | | | | | | |
| Cash on hand | - | - | - | - | - | 18,816,833 | 18,816,833 |
| Deposits and placements with the Central Bank | - | 4,700,000 | - | - | - | 70,582,666 | 75,282,666 |
| Deposits and placements with other banks | - | 41,587,164 | - | - | - | 24,471,572 | 66,058,736 |
| Loan and advances | 10,177,982 | 10,582,314 | 26,737,920 | 76,407,909 | 585,397,771 | - | 709,303,896 |
| Investment securities | - | - | 1,110,240 | 45,000,000 | - | - | 46,110,240 |
| Other financial assets | - | - | - | - | - | 592,539 | 592,539 |
| Total financial assets | 10,177,982 | 56,869,478 | 27,848,160 | 121,407,909 | 585,397,771 | 114,463,610 | 916,164,910 |
| Financial liabilities | | | | | | | |
| Deposits from customers | 2,445,349 | 3,846,578 | 463,299,140 | 110,761,251 | - | 31,335,601 | 611,687,919 |
| Borrowings | - | - | - | 46,067,421 | - | 65,728,621 | 111,796,042 |
| Employee benefits | - | - | - | - | - | 32,284 | 32,284 |
| Other financial liabilities | - | - | - | - | - | 9,933,315 | 9,933,315 |
| Total financial liabilities | 2,445,349 | 3,846,578 | 463,299,140 | 156,828,672 | - | 107,029,821 | 733,449,560 |
| Total interest repricing gap | 7,732,633 | 53,022,900 | (435,450,980) | (35,420,763) | 585,397,771 | 7,433,789 | 182,715,350 |
| In KHR'000 equivalents (Note 4.1.c) | 31,835,250 | 218,295,279 | (1,792,751,685) | (145,827,281) | 2,410,082,623 | 30,604,909 | 752,239,095 |
| Off-balance sheet | | | | | | | |
| Credit commitment | 25,377,287 | - | - | - | - | - | 25,377,287 |
| Financial guarantee contract | - | - | 4,320,479 | - | - | - | 4,320,479 |
| Total interest repricing gap | 25,377,287 | - | 4,320,479 | - | - | - | 29,697,766 |
| In KHR'000 equivalents (Note 4.1.c) | 104,478,291 | - | 17,787,412 | - | - | - | 122,265,703 |

34.3. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

(a) Liquidity risk management process

The Bank's management monitors its liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

(b) Funding approach

The Bank's main sources of liquidity arise from shareholder's paid-up capital, borrowings and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

(c) Non-derivative cash flows

The table on the next page presents the cash flows payable by the Bank under non-derivative financial liabilities based on remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

| | Up to 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
|--|--------------------|--------------------|------------------------|----------------------|----------------------|----------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| As at 31 December 2023 | | | | | | |
| Financial assets | | | | | | |
| Cash on hand | 27,883,725 | - | - | - | - | 27,883,725 |
| Deposits and placements with the Central Bank | 49,223,117 | 4,500,000 | - | - | - | 53,723,117 |
| Deposits and placements with other banks | 8,584,723 | 27,594,778 | - | - | - | 36,179,501 |
| Loans and advances | 1,970,301 | 487,448 | 37,548,782 | 118,483,557 | 980,485,996 | 1,138,976,084 |
| Investment securities | - | - | 31,224,521 | 15,000,000 | - | 46,224,521 |
| Other financial assets | 2,000 | 1,000 | 38,780 | 295,150 | 300,119 | 637,049 |
| Total financial assets by remaining contractual maturities | 87,663,866 | 32,583,226 | 68,812,083 | 133,778,707 | 980,786,115 | 1,303,623,997 |
| Financial liabilities | | | | | | |
| Deposits from customers | 35,134,707 | 4,928,458 | 474,190,652 | 111,383,675 | - | 625,637,492 |
| Borrowings | 101,918 | 193,973 | 818,218 | 115,019,602 | - | 116,133,711 |
| Employee benefits | 18,491 | - | - | - | - | 18,491 |
| Other financial liabilities | 7,702,156 | - | - | - | - | 7,702,156 |
| Total financial liabilities by remaining contractual maturities | 42,957,272 | 5,122,431 | 475,008,870 | 226,403,277 | - | 749,491,850 |
| Net liquidity surplus/(gap) | 44,706,594 | 27,460,795 | (406,196,787) | (92,624,570) | 980,786,115 | 554,132,147 |
| In KHR'000 equivalents (Note 4.1.c) | 182,626,436 | 112,177,348 | (1,659,313,875) | (378,371,368) | 4,006,511,280 | 2,263,629,820 |
| Off-balance sheet | | | | | | |
| Credit commitments | 40,522,660 | - | - | - | - | 40,522,660 |
| Financial guarantee contracts | - | - | 4,728,789 | - | - | 4,728,789 |
| Liquidity- off-balance sheet | 40,522,660 | - | 4,728,789 | - | - | 45,251,449 |
| In KHR'000 equivalents (Note 4.1.c) | 165,535,066 | - | 19,317,103 | - | - | 184,852,169 |

| | Up to 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
|--|--------------------|--------------------|------------------------|----------------------|----------------------|----------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| As at 31 December 2022 | | | | | | |
| Financial assets | | | | | | |
| Cash on hand | 18,816,833 | - | - | - | - | 18,816,833 |
| Deposits and placements with the Central Bank | 70,582,666 | 4,700,000 | - | - | - | 75,282,666 |
| Deposits and placements with other banks | 24,471,572 | 41,587,164 | - | - | - | 66,058,736 |
| Loans and advances | 10,341,269 | 10,837,983 | 28,071,623 | 91,336,439 | 942,898,466 | 1,083,485,780 |
| Investment securities | - | - | 1,110,240 | 45,000,000 | - | 46,110,240 |
| Other financial assets | 2,240 | - | 3,300 | 200,085 | 386,914 | 592,539 |
| Total financial assets by remaining contractual maturities | 124,214,580 | 57,125,147 | 29,185,163 | 136,536,524 | 943,285,380 | 1,290,346,794 |
| Financial liabilities | | | | | | |
| Deposits from customers | 34,400,242 | 5,297,495 | 480,321,307 | 119,854,656 | - | 639,873,700 |
| Borrowings | - | - | 1,308,965 | 117,031,903 | - | 118,340,868 |
| Employee benefits | 32,284 | - | - | - | - | 32,284 |
| Other financial liabilities | 9,933,316 | - | - | - | - | 9,933,316 |
| Total financial liabilities by remaining contractual maturities | 44,365,842 | 5,297,495 | 481,630,272 | 236,886,559 | - | 768,180,168 |
| Net liquidity surplus/(gap) | 79,848,738 | 51,827,652 | (452,445,109) | (100,350,035) | 943,285,380 | 522,166,626 |
| In KHR'000 equivalents (Note 4.1.c) | 328,737,254 | 213,374,443 | (1,862,716,514) | (413,141,094) | 3,883,505,909 | 2,149,759,999 |
| Off-balance sheet | | | | | | |
| Credit commitments | 25,377,287 | - | - | - | - | 25,377,287 |
| Financial guarantee contracts | - | - | 4,320,479 | - | - | 4,320,479 |
| Liquidity- off-balance sheet | 25,377,287 | - | 4,320,479 | - | - | 29,697,766 |
| In KHR'000 equivalents (Note 4.1.c) | 104,478,291 | - | 17,787,412 | - | - | 122,265,703 |

34.4. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

| | 2023 | | | 2022 | | |
|---|--------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
| | Within 1 year | Beyond 1 year | Total | Within 1 year | Beyond 1 year | Total |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Financial assets | | | | | | |
| Cash on hand | 27,883,725 | - | 27,883,725 | 18,816,833 | - | 18,816,833 |
| Deposits and placements with the Central Bank | 53,723,117 | - | 53,723,117 | 75,282,666 | - | 75,282,666 |
| Deposits and placements with other banks | 36,179,501 | - | 36,179,501 | 66,058,736 | - | 66,058,736 |
| Loans and advances | 38,132,075 | 694,196,607 | 732,328,682 | 47,498,216 | 661,805,680 | 709,303,896 |
| Investment securities | 31,224,521 | 15,000,000 | 46,224,521 | 1,110,240 | 45,000,000 | 46,110,240 |
| Other financial assets | 41,780 | 542,890 | 584,670 | 5,540 | 586,999 | 592,539 |
| | <u>187,184,719</u> | <u>709,739,497</u> | <u>896,924,216</u> | <u>208,772,231</u> | <u>707,392,679</u> | <u>916,164,910</u> |
| Non-financial assets | | | | | | |
| Statutory deposits with the Central Bank | - | 69,279,326 | 69,279,326 | - | 69,321,742 | 69,321,742 |
| Property and equipment | - | 4,280,933 | 4,280,933 | - | 5,452,804 | 5,452,804 |
| Right-of-use assets | - | 10,099,916 | 10,099,916 | - | 11,842,870 | 11,842,870 |
| Intangible assets | - | 5,708,646 | 5,708,646 | - | 6,120,115 | 6,120,115 |
| Deferred tax assets | - | - | - | - | 136,885 | 136,885 |
| Other non-financial assets | 2,512,537 | 8,407,329 | 10,919,866 | 1,303,851 | 4,985,567 | 6,289,418 |
| | <u>2,512,537</u> | <u>97,776,150</u> | <u>100,288,687</u> | <u>1,303,851</u> | <u>97,859,983</u> | <u>99,163,834</u> |
| Total assets | <u>189,697,256</u> | <u>807,515,647</u> | <u>997,212,903</u> | <u>210,076,082</u> | <u>805,252,662</u> | <u>1,015,328,744</u> |
| <i>In KHR'000 equivalents (Note 4.1.c)</i> | <u>774,913,291</u> | <u>3,298,701,419</u> | <u>4,073,614,710</u> | <u>864,883,230</u> | <u>3,315,225,209</u> | <u>4,180,108,439</u> |

| | 2023 | | | 2022 | | |
|--|----------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| | Within 1 year | Beyond 1 year | Total | Within 1 year | Beyond 1 year | Total |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Financial liabilities | | | | | | |
| Deposits from customers | 458,498,667 | 131,364,815 | 589,863,482 | 469,591,067 | 142,096,852 | 611,687,919 |
| Borrowings | 70,734,836 | 43,918,194 | 114,653,030 | 1,308,965 | 110,487,077 | 111,796,042 |
| Employee benefits | 18,491 | - | 18,491 | 32,284 | - | 32,284 |
| Other financial liabilities | 7,702,156 | - | 7,702,156 | 9,933,315 | - | 9,933,315 |
| | <u>536,954,150</u> | <u>175,283,009</u> | <u>712,237,159</u> | <u>480,865,631</u> | <u>252,583,929</u> | <u>733,449,560</u> |
| Non-financial liabilities | | | | | | |
| Lease liabilities | 2,370,108 | 9,826,116 | 12,196,224 | 2,212,787 | 11,592,602 | 13,805,389 |
| Current income tax liabilities | - | - | - | 562,267 | - | 562,267 |
| Deferred tax liabilities | - | 1,417,173 | 1,417,173 | - | - | - |
| Other non-financial liabilities | 368,289 | - | 368,289 | 207,350 | - | 207,350 |
| | <u>2,738,397</u> | <u>11,243,289</u> | <u>13,981,686</u> | <u>2,982,404</u> | <u>11,592,602</u> | <u>14,575,006</u> |
| Total liabilities | <u>539,692,547</u> | <u>186,526,298</u> | <u>726,218,845</u> | <u>483,848,035</u> | <u>264,176,531</u> | <u>748,024,566</u> |
| <i>In KHR'000 equivalents (Note 4.1.c)</i> | <u>2,204,644,055</u> | <u>761,959,928</u> | <u>2,966,603,983</u> | <u>1,992,002,360</u> | <u>1,087,614,779</u> | <u>3,079,617,139</u> |

34.5. Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

The Bank did not have financial instruments measured at fair value.

(b) Financial instruments not measured at fair value

As at the statement of financial position date, the fair values of financial instruments of the Bank approximate their carrying amounts.

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

i. Deposits and placements with the Central Bank and other banks

The carrying amounts of deposits and placements with the Central Bank and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

ii. Loans and advances to customers

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different from the contractual lending rates. As a result, the fair value of non-current loans and advances to customers approximate to their carrying value as at reporting date.

iii. Deposits from customers

The fair value of deposits from customers with maturities of less than one year approximate their carrying amounts due to the relatively short maturity of these instruments. The fair value of deposits from customers with remaining maturities of more than one year approximate their carrying amounts due to 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.

iv. Other financial assets and other financial liabilities

The carrying amounts of other financial assets and other financial liabilities approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

v. Borrowings

Borrowings are not quoted in active market and their fair values approximate their carrying amounts.

34.6. Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirement set by the Central Bank;
- 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 Central Bank requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth at least equal to minimum capital and iii) comply with solvency, liquidity and other ratios.

The table below summarises the composition of regulatory capital:

| | 2023 | | 2022 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Note 4.1.c) | | (Note 4.1.c) | |
| Tier 1 capital | | | | |
| Share capital | 250,000,000 | 1,021,250,000 | 250,000,000 | 1,029,250,000 |
| Accumulated losses | (26,286,550) | (107,809,650) | (8,913,906) | (36,367,189) |
| Less: Intangible assets | (5,708,646) | (23,319,819) | (6,120,115) | (25,196,513) |
| Less: Loans to related parties | (2,770,093) | (11,315,830) | (2,859,105) | (11,770,935) |
| | <u>215,234,711</u> | <u>878,804,701</u> | <u>232,106,874</u> | <u>955,915,363</u> |
| Tier 2 complementary capital | | | | |
| General provision | 7,626,802 | 31,155,486 | 8,050,899 | 33,145,550 |
| Less: Equity participation in banking or financial institutions | - | - | - | - |
| | <u>7,626,802</u> | <u>31,155,486</u> | <u>8,050,899</u> | <u>33,145,550</u> |
| Total capital Tier I + Tier II | <u>222,861,513</u> | <u>909,960,187</u> | <u>240,157,773</u> | <u>989,060,913</u> |

35. Subsequent events to the reporting period

Except for the ongoing impact of COVID-19 to the Bank as disclosed in Note 5 to the financial statements, no other significant events occurred after the end of the reporting period and the date of authorisation of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

36. Authorisation of financial statements

The financial statements as at 31 December 2023 and for the year then ended were approved for issue by the Board of Directors on 27 March 2024.



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