ANNUAL REPORT 2021

CHIP MONG BANK

20

ANNUAL

21

REPORT

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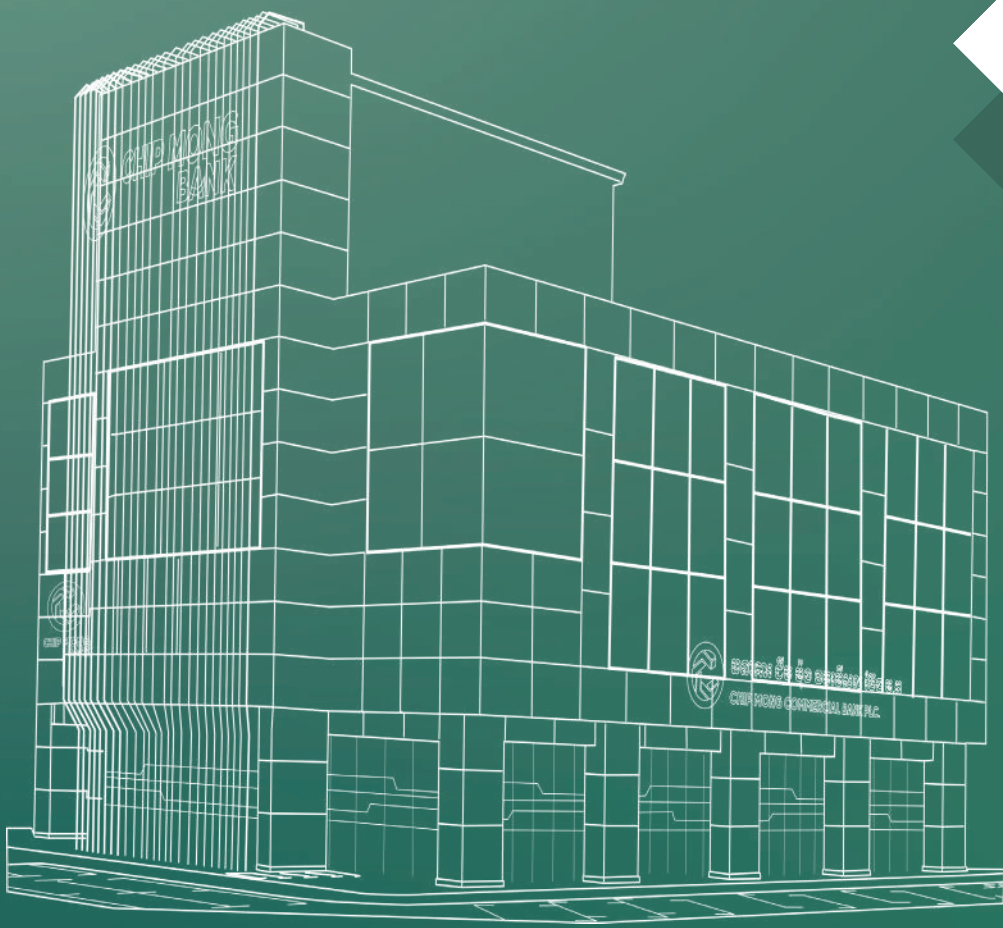

CHIP MONG BANK
CHIP MONG COMMERCIAL BANK PLC.

1 About Us

1.1 Vision, Mission, Core Values
1.2 Chairman’s Message
1.3 President’s Message

1. About Us

As part of Chip Mong's successful footprint, first laid in 1982, Chip Mong Commercial Bank is one of the fastest growing commercial banks in Cambodia. Established over three years ago, Chip Mong Bank was quick to be recognized as the "Best New Digital Bank in Cambodia" in 2021. Through the outstanding design and innovative financial functionality of its Mobile Banking Service, Chip Mong Bank App, Chip Mong Bank has also been awarded "Most Innovative Mobile Banking App" in 2020 by one of the world's most reputable international organizations, Global Finance.

Founded as a purely Cambodian-owned bank, Chip Mong Bank has made a strong commitment to serve Cambodian people better in terms of financial access and other business solutions for corporate customers, as well as serving the financial needs of its individual clients as well. The bank has delivered a variety of services from daily financial solutions such as savings, deposit accounts, loans, its mobile app and agent services to complete business needs, including a payroll service, business loans, business accounts, internet banking and trade finance solutions.

As in 2021, the bank has expanded to 11 branches in Phnom Penh, Siem Reap, Battambang and Kampong Cham:

1. Mobile Subscribers: 29k+
2. Branch Network: 11 branches
3. Agent Network: 132
4. Merchant Partners: 1,199

1.1 Vision, Mission, Core Values

Vision:

As part of Chip Mong's successful footprint, at Chip Mong Bank we aim to be the most trusted bank in the country with innovative solutions through technological advancement, fast service and being close to our individual and business customers.

Mission:

1 Offering a one-stop service and customized solutions
2. Delivering fast and excellent services and systems
3. Partnering for mutually profitable and sustainable business
4. Expanding the business into the largest eco-system
5. Embracing employees' growth and development
6. Adhering to long-term, compliant, and sound risk management practices

Core Values:

1. Commitment to excellence and discipline
2. Making a difference through our eco-system
3. Collaboration and integrity
4. Being resilient and agile

1.2 CHAIRMAN'S MESSAGE

NEAK OKNHA LEANG MENG

Chairman of Chip Mong Commercial Bank Plc.

Dear Readers,

Welcome to the 2021 Annual Report of Chip Mong Commercial Bank Plc.

The year 2021 marked the time when the whole world including Cambodia had to overcome major obstacles which is the spread of Covid-19 pandemic and it was also the time which reflected firm solidarity and strong cooperation across all stakeholders from all sectors to win the fight against the spread of this deadly pandemic as well.

The Royal Government of Cambodia under the wise leadership of Samdech Techo managed to control the situation of Covid-19 effectively and was able to bring the country back to its normal state while the National Bank of Cambodia issued a wide range of actions to support and encourage local banks to be able to continue their operation succesffuly within the Covid-19 context.

Chip Mong Commercial Bank Plc., as a local bank, actively participated in the fight against the spread of Covid-19 along with the government through the organization of the free vaccination campaign for tens of thousands people, both for the company's staff and the general public; the contribution of cash in the amount of millions USD, and the donation of five million face masks to the Royal Government of Cambodia as well as the Ministry of Health.

While one hand was kept busy fighting the spread of Covid-19, another hand continued to improve our products and services to respond to the demand of our customers and the market with strong accountability and high innovation.

The strong commitment and long-term vision of our shareholders and top leadership team paired with the active participation of our staff members who have abundant experience in the banking industry; Chip Mong Commercial Bank still observed remarkable achievements and growth even during Covid-19. Our 2021 active assets reached 101% growth (943M USD) compared to what we had in 2020 (468M USD), while our 2021 registered capital achieved 40% growth (105M USD) compared to what we had in 2020 (75M USD). On top of that, we increased our customers base to 41 thousand customers, we accumulated 1,199 merchants, our deposits reached 819M USD, and our loans reached 529M USD.

Our success is all thanks to the clear and well-planned strategy laid out by our local and international experts to ensure that our bank can still be operated effectively, and our customers trust can be well maintained within any circumstances. Chip Mong, which is the mother company whose strong foundation in Cambodia's market for almost four decades, will stand as our strong backbone to drive our business forward to become the leading local bank which can lead outstandingly in the market for hundreds of years and to become the most respected company among local and international communities.

Finally, I would like to express my deep appreciation to all our clients, shareholders and employees who have trusted and supported Chip Mong Bank from the day we first opened. I hope we can maintain good relationships and achieve even greater things together for the growth of the financial sector in Cambodia.

Yours sincerely,

Neak Oknha LEANG Meng
Chairman of Chip Mong Commercial Bank Plc.


CHIP MONG
TOWER

1.3 PRESIDENT'S MESSAGE

JOHN BELL

President of Chip Mong Commercial Bank Plc.

Dear readers,

I am pleased to have this opportunity to share my thoughts on Chip Mong Commercial Bank Plc. - our accomplishments, challenges and our efforts to provide better financial solutions to our clients - as part of our regular, ongoing conversation about our bank.

Company update

As part of successful group in Chip Mong, the foundation of our bank is healthy and strong. We have great opportunities to grow as a dynamic, customer centric bank. Our underlying business strategy and long-term focus will continue to deliver value to our clients, shareholders, communities, and team members.

Despite the challenges we all faced in 2021, our team remained focused and intent on servicing and supporting the financial needs of our customers. Through our efforts to remain close to our customers, we have managed to build and deepen the trust our customers have in our banking services.

Our customers

We provide world-class products and services to our clients through our 11 branches, 31 ATMs/CRMs, 132 agents and 1,199 merchants spread across Cambodia. In 2021, we prepared for the launch of our UnionPay Virtual Card and roll out of KHQR. We also improved the customer digital experiences using added functionality Bakong Wallet.

The bank achieved impressive results through its focus on Retail, SME, Business lending, and re-launching our Home Loan Product. Our Retail client base grew by 88% and our SME portfolio grew by a staggering 85% in 2021, compared to 2020.

Our communities

At Chip Mong, we believe in giving back. In 2021, Chip Mong Commercial Bank supported various programs wherein Chip Mong Bank shareholders donated to TYDA to support the campaign against Covid-19, supported government to purchase Nokor Tep Hospital and supported and provided outstanding and disadvantaged students across the country to access higher education and pursue their dreams and careers.

Our team

Chip Mong Commercial Bank's personnel are an important aspect of the bank, helping us to meet our goal of providing world-class banking solutions to our customers. We are extremely proud of our team members' banking and financial services experience and competence. We are committed to delivering ongoing learning and development programs to ensure that our staff have the necessary skills and knowledge to service customers in today's fast-paced financial environment. We are proud of our 400 team members' devotion and dedication to serving our customers and communities.

Our shareholders

We value our shareholders' commitment, support and ambition for building a world-class banking organization in Cambodia. The management team is fully committed to providing consistent financial returns to our shareholders by establishing a long-term, efficient banking business organization. We believe that as a group, we are ideally positioned to capitalize on this unique banking opportunity in Cambodia's vibrant and rising economy.

Financial report

Despite the challenges that the pandemic presented to the market, 2021 was a remarkable milestone in the journey of our financial performance. Through a balanced mix of net interest income and non-interest income, Chip Mong Commercial Bank Plc. earned $40 million in revenue in 2021, up 135% from 2020, and achieved a net profit of $9 million. At the year-end, total client deposits grew to $733 million, up 106% from the previous year, while our loan portfolio grew by 92% to $525 million.

The credit quality of our portfolio remained healthy and strong, driven by a solid risk management framework that governs our credit portfolios and ongoing efforts to increase operational efficiency remains a priority. We continue to improve our current processes and exercise prudent expense management.

Conclusion

We anticipate a year of growth and improved banking experiences for our customers in 2022. Our goal is to give exceptional service to those customers by delivering fast, efficient and customized products and services. I am very pleased to be a part of the Chip Mong Bank family, which is on the path to serving customers as a world-class bank operating in Cambodia. The achievements we have realized so far could not have happened without the support of our shareholders, staff and customers, so I would like to thank all of you for your trust, confidence and cooperation. Finally, we are committed to bringing the latest in enhanced banking services, especially the latest technology and security conditions, to provide customers with the best possible banking experience. We all look forward to a better, brighter, and more productive 2022.

Yours sincerely,

JOHN BELL
President of Chip Mong Commercial Bank Plc.


CHIP MONG
BANK

2 Cambodia Banking Sector Overview

2.1 Cambodia Banking Sector Overview

2.1 BANKING SECTOR OVERVIEW

20.3%
$36.8bn
LOANS

14.9%
$34.1bn
DEPOSITS

15.9%
$58.0bn
ASSETS

20.3%
$1.2m
LOAN Accounts

14.9%
$9.2m
DEPOSIT Accounts

KEY POINTS

The banking sector remains well-developed in all key pillars. The banking system maintains public confidence as reflected by the growth in deposits.

- Credit volumes continued to increase due to increased demand for investment and expenditure in sectors that supported economic activity, while non-performing loans remained low, with non-performing loans to total loans at a ratio of 2% last year.

- Average interest rates on both deposits and credit continued to fall, positively benefiting customers in accessing affordable capital.

- It is crucial to continue to improve confidence in the banking system as deposits remained the dominant source (67% in 2020) of funds for banks.

- Despite the growth and improving confidence in the banking sector, concern for the overall sector lies in the amount of loan restructures offered by banks and the potential increase in 'evergreening' of loans which masks an underlying deterioration in the quality of bank and MFI assets, and "cross-shareholding and related party dealings between local banks and other businesses, including property developers".

- At the end of 2021, there were 55 commercial banks, 10 specialized banks and 84 MFIs. We expect minimum capital levels to be increased from $75 million to $150 million between 2023–2025, which should help drive much needed consolidation of underperforming banks.

- Cambodia has adapted to Covid-19, with real growth recovering to 2.2%. The recovery can be strengthened and help the country return to sustained economic growth through three transformations including improving human capital productivity, diversification of exports and harnessing domestic investment to finance the next phase of growth.

Source: NBC Development of Banking Sector 2021
ADB Southeast Asia: Rising from the Pandemic

3 ACHIEVEMENT IN 2021

3.1 Financial Highlights

3.2 Continuous Improvement

3.1 Financial Highlights

FINANCIAL YEAR ENDED 31 DECEMBER

	2020	2021
Balance Sheet (US$ million)		
Total Deposits	394.85	818.42
Total Gross Loans	273.69	525.21
Equity	66.57	105.86
Total Assets	468.38	943.08
Profit & Loss (US$ million)		
Net Interest Income	7.82	20.92
Net Fees, Commission and other Income	0.59	1.61
Net Profit	-2.42	9.29
Key Performance Indicator (%)		
Return on Assets	-0.52%	0.99%
Return on Equity	-3.64%	8.78%
Liquidity Coverage Ratio	123.33%	148.54%
Solvency Ratio	20.13%	17.68%
General Information		
Branches	11	11
Agents	116	132
ATM	32	31
POS Terminals	1,070	1,199

3.2 Continuous Improvement

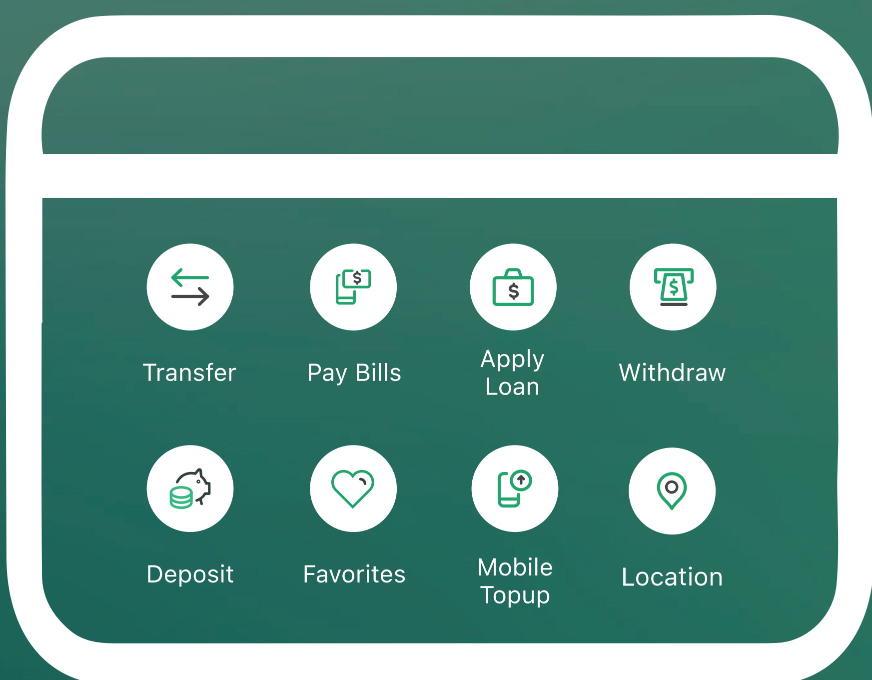
Transformation of Chip Mong Bank App interface:
With its commitment to continuous improvement to serve clients with ease, Chip Mong Bank has updated the Chip Mong Bank App with a new interface, offering more functionality and user-friendly features, transforming Chip Mong Bank App security and allowing self-device binding.

Launch of the Chip Mong Bank UnionPay Virtual Card:
Chip Mong Bank's UnionPay Virtual Card allows customers to purchase and pay online with ease. There is no issuance fee, and the virtual card can be created instantly from a customer's Chip Mong Bank App. It helps the mobile payment experience be bigger, better, and more secure.

Branch Network:
Present in the market for just over three years, Chip Mong Bank has achieved remarkable growth. It has a network of 11 branches and seven are in Phnom Penh, located at Chip Mong Bak Touk, Chip Mong Noro Mall, Norodom, Mao Tse Tung, Boeng Salang, Toul Kork, Landmark 271 and Psar Derm Tkov. Another three branches are positioned in Battambang, Siem Reap and Kampong Cham. With this expansion, Chip Mong Bank has moved a step closer to clients creating even higher levels of convenience in attending to their financial needs.

Contribution to CSR:
Chip Mong Bank has obtained recognition from the Ministry of Environment for its implementation of environmentally friendly pratices, natural resource management, biodiversity conservation and sustainable living.
Furthermore, on 31 August 2021, the management team of Chip Mong Bank were able to donate 100 million Riel to the Kantha Bopha Foundation, through funds donated by thousands of philanthropists through the Chip Mong Bank App.

Agent Network Expansion:
In addition to more branches, Chip Mong Bank Agents are another platform offering several types of financial transactions closer to clients. The agent services include cash-in, cash-out, phone top-up, salary withdrawal, utility payments and many other bill payments, as well as loan repayments. In 2021, Chip Mong Bank expanded its agent network to 132, enabling service availability even for those without a Chip Mong Bank account.


Transfer
Pay Bills
Apply Loan
Withdraw
Deposit
Favorites
Mobile Topup
Location

4 PRODUCTS & SERVICES

4.1 Products & Services

9:41
Welcome to
CHIP MONG BANK
AVAILABLE ACCOUNT
PREMIER 115677XX
SHOW ALL
USD 500,000.00
BANKING SERVICES
Transfer
Pay Bills
Apply Loan
Withdraw
Deposit
Favorites
Mobile Topup
Location
RECENT ACTIVITIES
PPWSA
EDC
UnionPay
KHQR

4.1 Products & Services

At Chip Mong Bank, we look at every angle of our customers' needs. Our products and services, therefore, are tailored to serve corporates and individuals, who may or may not have an account with us.

Chip Mong Bank App
The Chip Mong Bank Mobile App is like a branch in your pocket, but even better. It is always open, there is no queueing, it is highly secure and available 24/7.

Daily Financial Solutions:
- Free download and usage
- Free money withdrawal anytime from the app
- Check your balance and transaction history
- Receive notifications instantly after transactions are made
- Scan and pay conveniently
- Send money freely with just a six-digit code, no card required
- Bill payments (mobile, internet, utilities, schools and many more)
- Locate nearest Chip Mong Bank branches, ATMs, Cash Deposit machines, Agents and Merchant partner networks

Online Account Opening:
- Term Deposit Account
- Premier Account
- Chum Nuonh Account

Online Registration for Loan Request:
- Register for Personal Loan Request
- Register for SME Loan Request
- Register for Home Loan Request

Virtual Card:
- UnionPay Virtual Debit Card

Internet Banking
A unique solution for the business owner, it is tailored to meet each partner's requirements. Chip Mong Bank's Internet Banking provides flexibility with a multiple approval limit authority option. It boasts numerous features:
- Bulk Payment
- Bill Payment
- Check Book Facility
- View Statement
- Own Account Transfer
- Internal Transfer
- Domestic Transfer

Deposits:
- Premier Account
- Preferred Account
- Term Deposit (TD)
- Chum Nuonh Account
- Business Account
- PayDay Account (Payroll)

Loans:
- Personal Loan
- Home Loan
- SME Loan
- Business Loan (Revolving Term Loan, Term Loan, Overdraft)
- Fast Loan with Term Deposit

Chip Mong Bank Agent Services:
- Cash In
- Cash Out
- Salary Withrawal
- Phone Top-Up
- Bill Payment
- Loan Repayment

Money Transfer:
- Internal Transfer
- Domestic Transfer
- International Transfer

Payment Services:
- Utility Bill Payment
- Public Service Payment
- Internet Service Payment
- Cashless Payment (Chip Mong Pay)

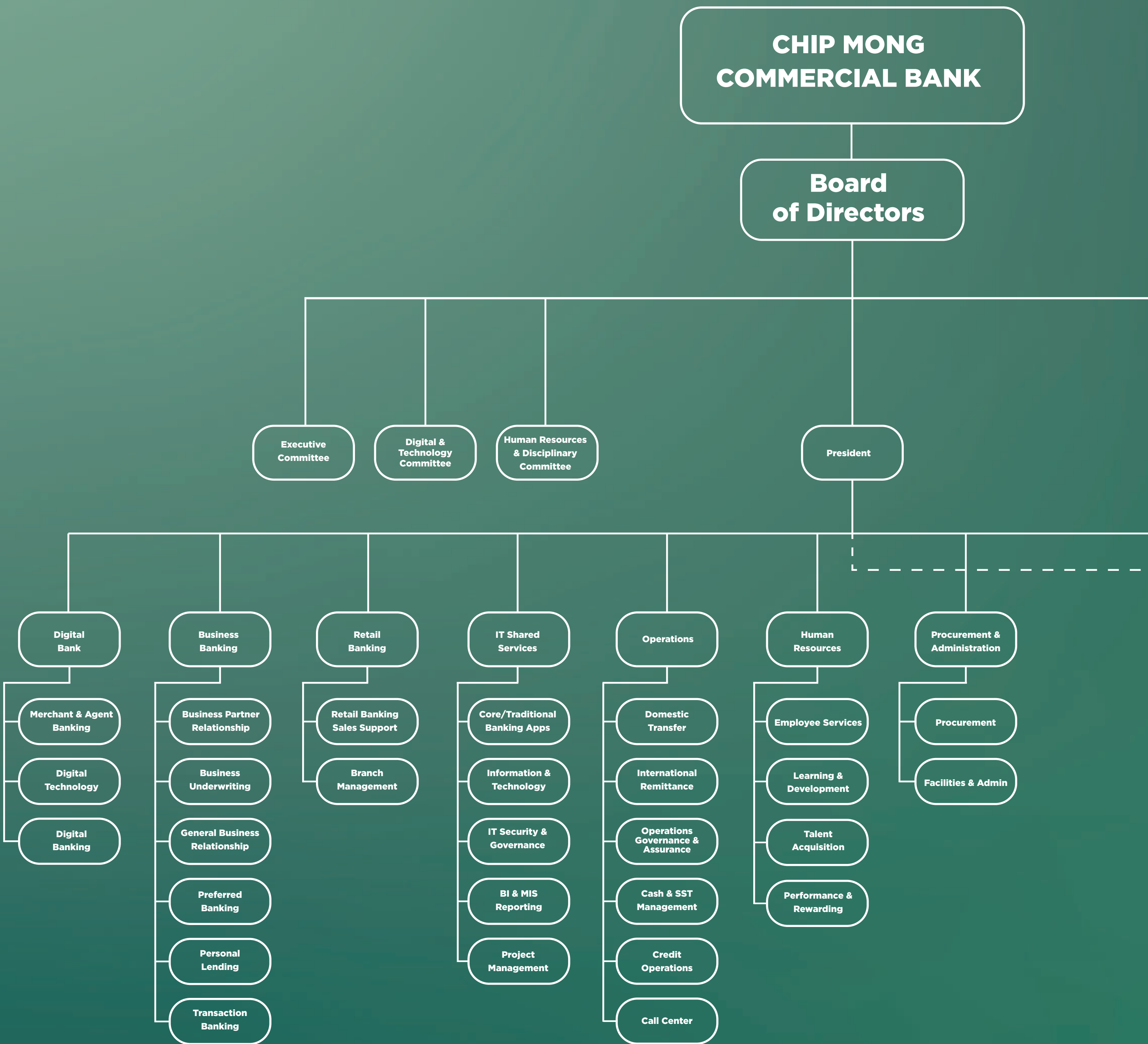
Trade Finance:
- Escrow Account
- Bank Guarantee

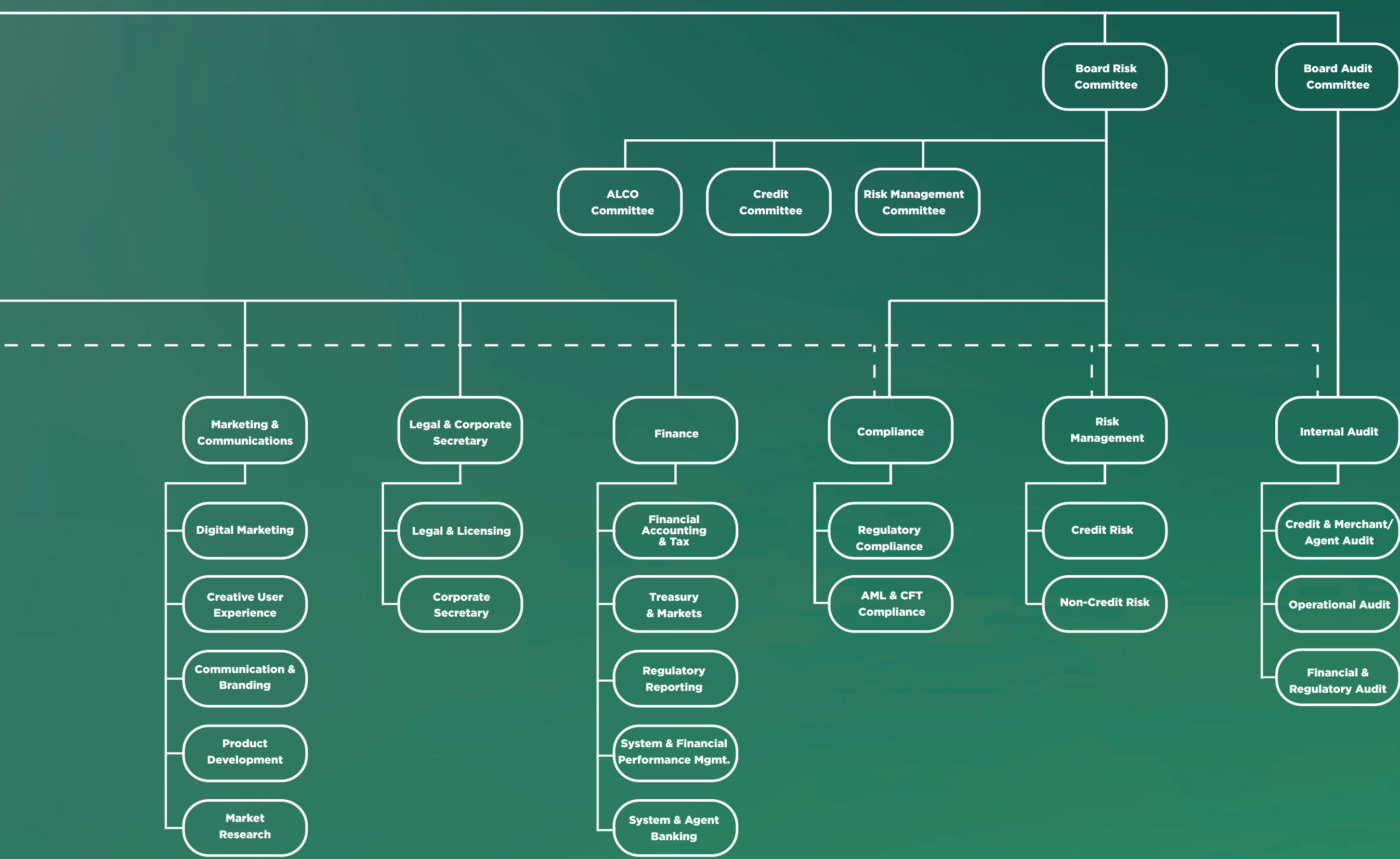
Service Channels:
Chip Mong Bank offers services through various channels where customers can access and utlize them at their convenience:
- Chip Mong Bank App (Mobile Banking)
- Internet Banking
- ATM Network
- Chip Mong Bank Agent Network
- Branch Network
- Call Center

5 ORGANIZATION

5.1 Organizational Chart
5.2 Board of Directors
5.3 Executive Management
5.4 Human Resource Development

5.1 ORGANIZATIONAL CHART




Board Risk Committee
Board Audit Committee
ALCO Committee
Credit Committee
Risk Management Committee
Marketing & Communications
Legal & Corporate Secretary
Finance
Compliance
Risk Management
Internal Audit
Digital Marketing
Creative User Experience
Communication & Branding
Product Development
Market Research
Legal & Licensing
Corporate Secretary
Financial Accounting & Tax
Treasury & Markets
Regulatory Reporting
System & Financial Performance Mgmt.
System & Agent Banking
Regulatory Compliance
AML & CFT Compliance
Credit Risk
Non-Credit Risk
Credit & Merchant/ Agent Audit
Operational Audit
Financial & Regulatory Audit

5.2 BOARD OF DIRECTORS

NEAK OKNHA LEANG MENG
Chairman

Neak Oknha LEANG Meng, Group President of Chip Mong and Chairman of Chip Mong Commercial Bank Plc. since 7 February 2020, as per approval from the NBC. He is a visionary business leader who has aspired to continuously establish new businesses that respond to the developing needs of Cambodians, create employment opportunities for locals and give back to society as the Group's businesses grow.
Born and raised in Cambodia, Mr. Meng is the second son in the family of a single mother. Mr. Meng developed his trade skills at an early age, while assisting his mother and brother in their scrap metal business in the early 1980s. Chip Mong was later founded as a family business in steel, construction materials and fast consumer goods supply and distribution.

Chip Mong expanded its business for the first time in 2007 by establishing its first business units producing and supplying ready-mixed concrete. Since then, Mr. Meng's strategy has been to diversify the business to ensure its constant growth. As Group President, Mr. Meng has played a vital role in transforming Chip Mong from a family-run business to a fully-fledged professional corporation in Cambodia and drive it to become the most diversified corporation in the country. Currently, Chip Mong consists of eight business units, two joint-ventures and two projects, all thanks to the visionary leadership of Mr. Meng.

LAUK OKNHA LEANG HUONG
Director

Mr. LEANG Huong is the President of Chip Mong Land Co., Ltd. He was appointed to the position in 2016. Mr. Huong has overseen the facilitation of the Board discussions to ensure that the Board can achieve consensus decisions, making recommendations to Board Committees and their Chairs. Additionally, he works closely with all Committee Chairs to ensure that each Committee functions effectively and keeps the Board updated on actions taken.
Mr. Huong is responsible for collaborating with the relevant committees in identifying and recruiting new Board Members. Prior to becoming the President of Chip Mong Land, Mr. Huong was a Senior Executive Vice President at Chip Mong. He has worked in providing independent advice and counsel to the CEO as well as keeping abreast of the activities of management and the company. Mr. Huong graduated with a business degree from Singapore.

LAUK OKNHA LEANG POV
Director

A certified Brew Master from Berlin, Germany, and holding a Bachelor Degree in Business Management from Fisher College, Boston, Mr. LEANG Pov is the President of Khmer Beverages Co., Ltd. He joined Khmer Beverages in 2011 as Senior Vice President.
Mr. Pov is actively working with all Committee Chairs to ensure effective functioning and update them on actions taken. He keeps abreast of all activities of the company and its management team.
Furthermore, he helps ensure that action items established by Board Committees are tracked as appropriate. He is also in charge of facilitating full and candid Board discussions to ensure that the Board can achieve consensus decisions.

Mr. Pov is responsible for making recommendations to nominate Board Committees, Chairs and members of the Board Committees.

Mr. Jorge Baigorri Lopez
Director

Mr. Jorge Baigorri is currently a member of the Board of Directors of Chip Mong Commercial Bank Plc., while also serving as the Chief Executive Officer of Chip Mong Insee Cement Corporation. Mr. Baigorri possesses 30 years of experience in strategizing, managing and leading multinational companies across the globe, particularly in building material industries.
He obtained a Master's in Business Administration from the IESE Business School and a Bachelor Degree in Business Administration from the University of Oviedo, Spain. With his outstanding academic background and diverse professional experience, he was entrusted by the Board of Directors and appointed to be a Director of Chip Mong Commercial Bank Plc. in 2021, to partake in spearheading the development and growth of the bank.

MR. LIM HAK Khoun
Independent Director

A multilingual, Canadian educated, Chinese Cambodian holding a Business Degree from York University, Canada, he is fluent in Khmer, Chinese (Mandarin, Cantonese and Teochew dialects), English, French and Vietnamese.
Mr. Hak Khoun brings with him over 20 years of professional experience, most of it gained in the banking sector, where he has held various middle/senior management and executive positions. He currently serves as an Independent Director of Chip Mong Commercial Bank Plc., while also serving as Chairman of Key Real Estate Co., Ltd., Chairman of Prestige Education Co., Ltd., and Board Advisor of the Cambodia Investor Club.

THANK YOU FOR YOUR CONTRIBUTION!

FORMER BOARD MEMBERS WHO HAVE ENDED THEIR TERM

MR. Nicolas Jean Rene GEORGE
Position: Director
Term finished on 8 July 2021

MR. Stéphane PIERRON
Position: Director
Term finished on 12 December 2021

MR. TANHEANG Davann
Position: Independent Director
Term finished on 1 January 2022

5.3 EXECUTIVE MANAGEMENT

MR. John BELL
President

John Bell has over 20 years of experience managing high growth retail banking businesses in Central and Eastern Europe. John has led retail businesses for Citibank, ABN-AMRO and the Royal Bank of Scotland.

He possesses comprehensive understanding of consumer banking across functions, products and distribution channels with a particular aptitude for achieving superior productivity levels and strategic objectives. Under his management, both Citibank and RBS won awards for customer service excellence and product innovation. John has a keen interest in driving innovation to enable superior customer service and increased operational efficiency.

John is a strong business leader and can build and communicate an exciting strategic vision. John excels at finding and leveraging synergy across organizational functions and business lines. He is skilled at talent identification, talent development and management. He challenges and empowers leaders across the organization and fosters an open, direct, performance-driven culture.

After completing his mandate with RBS International in 2014, John led an initiative to launch a mono-line credit card business in Central Europe based in Bucharest, Romania. The new business is due to launch in April 2015.

MS. Rachana LAY
Senior Vice President/ Head of Retail Banking

Ms. Rachana is currently serving as a Senior Vice President of Chip Mong Bank, overseeing operations and services. Prior to joining Chip Mong Bank, Mrs. Rachana gained years of professional experience at the senior management level mainly in the financial sector. She has experience in developing Cambodian Sustainable Finance Principles. She has served various positions in Credit, Branch Management, International Banking and Risk Management. She once held the role of Deputy General Manager at Cambodia's leading micro-finance institution. Her first position was as a Credit Analyst at the Phnom Penh branch of Crédit Agricole Indosuez. She holds a Master's in Business Administration from the Asian Institute of Technology, Thailand and a Bachelor Degree from the Royal University of Law and Economics in Phnom Penh.

MR. Sokleng HONG
Senior Vice President / Head of Business Banking

With more than 23 years of professional experience, Mr. Sokleng has been in various industries mainly in the financial sector and FMCG. Prior to joining Chip Mong Bank, he served in various positions including Branch Manager and Sales Manager. Furthermore, Mr. Sokleng led a small start-up to a large flagship branch before being promoted to Regional Manager and then Head of Liability and Business Development, a post in which he served for eight years. He also used to serve as the Head of Corporate Banking, SME Banking and Consumer Banking at one of the country's leading commercial banks. Along with his strong commitment, professionalism and solid experience in both retail and business banking, he is a great asset to Chip Mong Bank and leads the business banking team as an outstanding performer in the financial sector.

Mr. Raj S Govinda Raj MOHAN
Head of Operation

G Mohan Raj is the current Head of Operations of Chip Mong Bank. He has more than 38 years of banking experience having worked with a leading regional bank in Malaysia. His vast experience covers Branch Management, Group Internal Audit, Group Information and Operations, Operations Risk Monitoring and leading a centralized Branch Support function. He also served in overseas operations with the regional bank in Mauritius, Cambodia and Vietnam. He has assisted in key financial audits and review assignments of its Hong Kong and Tokyo branches.

Mohan Raj also served as Member of the Fraud Risk Committee of the Association of Banks, Malaysia. Besides this, he had the privilege of serving for a year in the Prime Minister of Malaysia's Office as the Project Coordinator for a dedicated community program.

Mohan Raj holds a Bachelor Degree of Science and MBA and is also a Chartered Member of The Institute of Internal Auditors, Malaysia.

His current responsibilities at Chip Mong Bank include oversight of the centralized operations activities of Domestic Transfers, International Remittance, Cash Management, Credit Operations and Call Center. He also oversees Operations Governance and Assurance, which is responsible for Policy and Procedure Governance and monitoring operations risk at branches through programmed assurance activities.

Mohan Raj's contribution in guiding Policy and Procedure Governance through comprehensive frameworks has added value to strengthening the bank's processes. He has also guided numerous process improvement initiatives and risk controls for branches and operations, which have improved the effectiveness of dedicated work processes and controls.

His leadership skills, commitment and experience will continue to add value and support the growth of the bank.

MS. Sopheak YEN
Head of Compliance

Sopheak is one of the pioneers in the management team of Chip Mong Commercial Bank Plc. (CMCB), joining the bank in 2018. Her main responsibilities include overseeing the Compliance Department and reporting to the Chairman of the Board Risk Committee. As the Head of the Compliance, Sopheak is responsible for overall management of the compliance program, lead and direct the compliance team, and advising on compliance-related activities within the bank. She is the primary liaison for the National Bank of Cambodia (NBC) and the Cambodia Financial Intelligence Unit (CAFIU).

Sopheak has over 8 years of working experience in the banking industry, specializing in development and continuous improvement of an enterprise-wide compliance framework for governance and internal control to prevent compliance risks as well as to build a compliance culture.

Sopheak completed the Corporate Governance Master Class from the Institution of Banking and Finance (IBF) and the International Finance Corporation (IFC) as well as the Regulatory Compliance Certificate from the Institution of Banking and Finance (IBF) and a Bachelor Degree in Informatics Economics from the Royal University of Law and Economics.

MR. Samrach CHEY
Head of Risk Management

Mr. Samrach has been with Chip Mong Bank since August 2018 as one of the pioneers of the management team. He oversees the overall risk management function of the bank, covering both credit risk and non-credit risk departments. Samrach has experience working for international banks and micro-finance deposit-taking institutions in various posts including business performance management, research and analysis, SME banking, credit underwriting and control, as well as risk management of diversified client portfolios from micro-enterprises and SMEs to large local corporates, MNCs and financial institutions.

MR. Naroth LON
Head of Finance

Mr. Naroth has been with Chip Mong Bank since November 2020 as Manager of Finance Systems and Management Reporting and was delegated authority as Acting Head of Finance in November 2021. He oversees the overall financial management function of the bank, covering financial accounting and taxation, regulatory & performance reporting, the finance system and agent banking support. Naroth has experience working for regional banks and audit firms in various fields including financial audits, accounting, taxation, financial reporting, regulatory reporting, budgeting, and management reporting, as well as system migration projects.
He holds a Master Degree in Finance and Banking from Cambodian Mekong University and an Advanced Diploma in Accounting and Business from the Association of Chartered Certified Accountants. As part of his continuous professional development, he has attended various workshops and short training programs locally and internationally.

MR. Virak PHAY
Head of Internal Audit

Mr. Virak has over ten years of professional experience in the banking industry and at two international audit firms. He joined Chip Mong Bank in April 2019 as Head of Internal Audits, taking charge of the overall performance of the Internal Audits Department and reporting to the Board Audit Committee.

Mr. Virak started his career in 2011 as an auditor at PricewaterhouseCoopers (Cambodia) and moved to Deloitte Cambodia in 2016. Changing career paths from an auditor to audit manager, he served various clients especially in the insurance and banking industries.

Mr. Virak obtained his Bachelor of Business Administration in Accounting from the National University of Management in 2011, his Bachelor of Education in English from the Institute of Foreign Languages at the Royal University of Phnom Penh in 2011 and became a Certified Accounting Technician at CamEd Business School in 2013. In 2017, he became a member of the Association of Chartered Certified Accountants (ACCA) in the United Kingdom.

5.4 HUMAN RESOURCE DEVELOPMENT

Behind Chip Mong Bank's great financial results and growth is the constant need for capable and dynamic human resources. The bank's HR Department took on the challenge by targeting several strategic areas to ensure not only the attraction of external talent but also the development of existing team members.

1. WE LISTEN TO EMPLOYEES

The bank's HR Department recognizes the importance of proactivity when it comes to dealing with our people. We must actively encourage them to speak up about their individual & collective problems. In 2021 we executed three company-wide Town Hall meetings to bridge the communication gap between staff and our top management. Company performance and new directions were shared from leaders directly to employees while concerns & questions were raised for immediate answers.

The 2021 Annual Employee Engagement Survey which gathered close to a 90% response rate, provided another platform for employees to anonymously voice their opinions on a variety of topics such as compensation & benefits, safety, learning & development and change management. The insights from the survey shaped engagement initiatives for the year.

2. WE CREATE A PERFORMANCE-DRIVEN CULTURE

Behind any high performing organizations is a high performing team. Building a culture that drives and rewards performers is crucial to the success of Chip Mong Bank. In 2021, the HR team initiated its Award Program that recognized employees who went above and beyond in their respective roles. These were the people who substantially exceeded their sales target; who worked tirelessly to ensure the company was well-prepared to face the Covid-19 pandemic; the people who volunteered when duty called.

2021 also saw the implementation of Integrated Talent Management Initiatives at Chip Mong Bank. Through the process of talent review, succession planning and talent development, we were not only able to identify high potential employees but also place them into the succession pipeline for critical roles with clear development plans and timelines.

400+

EMPLOYEES

BY DECEMBER 2021

3. WE BUILD CRITICAL SKILLS & CAPABILITIES

Adhering to the Chip Mong's long term people strategy of "Build Over Buy", the HR team at Chip Mong Bank continues to create opportunities for young people interested in developing themselves in the banking industry via the bank's Young Banker program. The three-month initiative saw a selected group of 28 fresh graduates undergo a series of training, mentorship and hands-on assignments. Almost all the trainees then decided to start their careers with Chip Mong Bank.

Existing staff, especially our sales team, were also given numerous opportunities to improve their knowledge and skills. In 2021, over 40 courses were offered to employees over with 80 intakes. The availability and accessibility of the learning opportunities brought the average training hours per employee to just over 11 hours.

4.WE PUT EMPLOYEE SAFETY FIRST

Employees performance and growth could not have been made possible had their safety not been safeguarded. Chip Mong Bank's HR team is fully aware of the uncertainty and worries Covid-19 brought to our employees and we believed it was our responsibility to alleviate these concerns and free our employees up to perform. The 2021 Employee Engagement Survey showed that the bank's employees' perception on safety at work has increased by 9%, the factor with the second biggest improvement. The result is a testament to the efforts of the HR team in ensuring office safety, administering Covid tests and treatment, following up on staff health, communicating situation reports and various guides, as well as taking part in creating contingency plans.

Chip Mong Bank, following the Chip Mong's successful footprint, believes firmly in individual potential and growth, the same belief of our founders, who turned a small scrap metal business into Chip Mong . It is the same belief that led John Bell from being a teller to a bank President; the same belief that all Chip Mong employees can become something great.

6 CORPORATE SOCIAL RESPONSIBILITY

6.1 Corporate Social Responsibility

6.1 CORPORATE SOCIAL RESPONSIBILITY

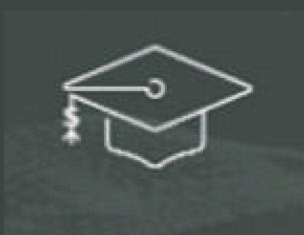
Adoption of Cambodia’s Sustainable Finance Principles:

As a member of the Association of Banks in Cambodia, CMCB is proud to adopt the nine CambodianSustainable Finance Principles, as described in the following icons:

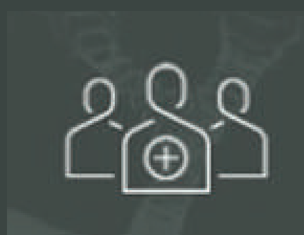
Environment Protection

People Protection

Culture Protection



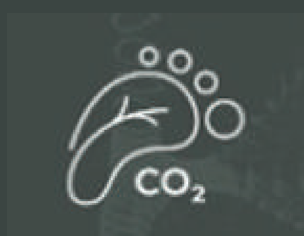
Financial Literacy



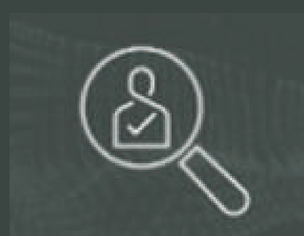
Financial Inclusion

Financial Innovation

Environmental & Social Standard



Environmental & Social Footprints



Transparency & Accountability

These principles can inspire all member banks to implement the appropriate guidelines to protect the environment and society as a whole, as well as to promote innovation, E&S standards, transparency, and accountability.

CHIP MONG BANK INVESTS IN SUSTAINABILITY

Chip Mong Bank has always been committed to the protection of the environment, which is the essential driving force behind the bank's continuous investment in sustainability that focuses on two important goals: creating products and services by concentrating on the environment, including the revamped Chip Mong Bank App and Internet Banking service which offer levels of banking convenience while reducing the need for travel and carbon dioxide emissions; and implementing paperless operations for every service such as ATMs and CRMs with no paper receipts.

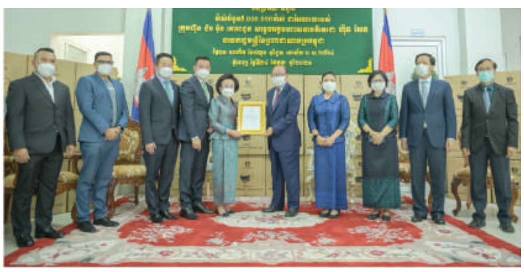
Requesting a loan from Chip Mong Bank will trigger the Credit Operations Department to assess and evaluate all proposed activities for their environmental or social impacts.

Chip Mong Bank also applies environmental protection at its offices, which includes air-conditioning equipped with automatic shut-off systems, meeting rooms equipped with full digital concepts for staff to take notes on laptops, not on paper, printing and copying is also minimized and, where possible, all other banking forms are completed digitally.

Moreover, the staff pantry features water dispensers to encourage our team to use personal water bottles and reduce their reliance on single-use plastics. All water faucets are fitted with water saving notices. Additionally, all the bank's offices and branches take the environment seriously, with an environmental focus on sustainable landscaping and decor.

CORPORATE SOCIAL RESPONSIBILITY AND GIVING BACK TO SOCIETY:

Chip Mong Commercial Bank is the Chip Mong Group's Business Unit that aims to be Cambodia's most trusted bank, based on the vision and core values which guide the bank's investments back into society, supporting the health sector, as well as developing the wellbeing of the Cambodian people, both financially and socially.



Since the first outbreak of Covid-19, Chip Mong has been on the ground, supporting the fight against the pandemic and continues to cooperate with the Royal Government in response to the crisis, as well as to protect the health of the people and society. In this regard, the shareholders of Chip Mong Bank have donated five million masks to the Ministry of Health to alleviate the burden and encourages the use of masks to protect people from infection.

Chip Mong Bank used its existing resources for the common good by donating 100 million Riel to the Kantha Bopha Foundation, which was collected from philanthropists who donated through the Chip Mong Bank App. In addition, the bank also donated a total of 120 public benches to other provinces, such as Siem Reap, Battambang and Kampong Cham.

In 2021, the shareholders of Chip Mong Bank also donated $200,000 and 10,000 boxes of Lianhua Qingwen Jiaonang capsules to contribute to the fight against Covid-19.

In addition to caring for society, Chip Mong Bank has also partnered with the Royal Government to alleviate the burden on neighboring countries in the fight against the pandemic. $2 million was donated through the Royal Government by a shareholder of the bank to the Lao People's Democratic Republic in the wake of the Covid-19 crisis.

In the field of education, the shareholders of Chip Mong Bank have signed a Memorandum of Understanding with the Union of Youth Federations of Cambodia to offer a grant of $100,000 per year to support outstanding and disadvantaged high school students to have the opportunity to continue studying at higher education institutions or vocational training centers.

Similarly, the shareholders of Chip Mong Bank also signed a Memorandum of Understanding with the Association of Samdech Akka Moha Sena Padei Techo Hun Sen and Samdech Kittipritthbandit for a grant of $100,000 to support students in need throughout the country to be able to advance their education and pursue their dreams.

Tourism is also part of Chip Mong Bank's support, with its shareholders donating $100,000 to Phnom Penh Capital Hall to support the Cambodian Tricycle Fund (Cyclo Fund) to improve the livelihoods of Cyclo owners and contribute to the preservation of this unique part of Cambodia's culture.

Chip Mong Bank values humanitarianism, always prioritizing the plight of the Cambodian people, in addition to caring for its customers. Through support for the poor and disabled veterans, shareholders of Chip Mong Bank donated $1 million to the Cambodian Red Cross.

7 CORPORATE GOVERNANCE

7.1 Risk Management
7.2 Internal Audit
7.3 Compliance

7 CORPORATE GOVERNANCE

CMCB BOARD MEETING

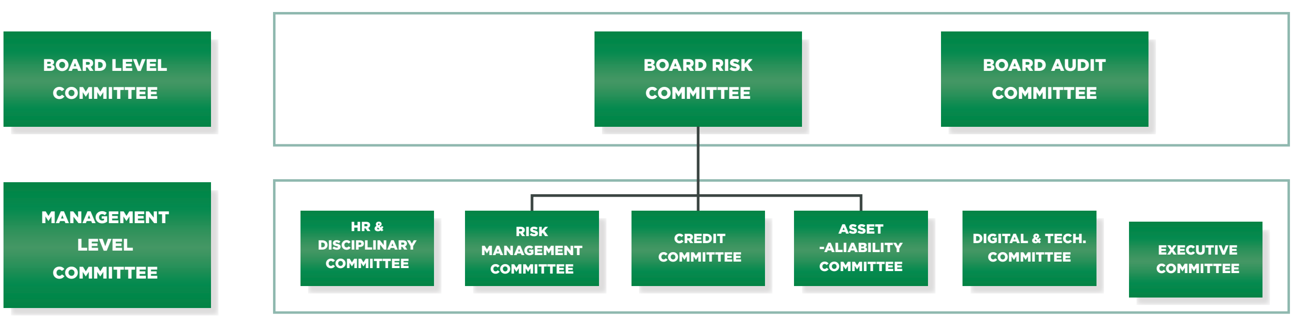
No.	Board Meeting	Year	Date	Status
1	Board Meeting 09	2021	19 January 2021	Done
2	Board Meeting 10	2021	18 May 2021	Done
3	Board Meeting 11	2021	23 July 2021	Done
4	Board Meeting 12	2021	22 October 2021	Done

7.1 Risk Management

The bank's Risk Management Framework ("RMF") is in place to provide a coherent foundation by outlining an overarching methodology and guideline for governing the key risks that the bank faces including its risk governing structure, lines of defense, key responsibilities of each committee, functions and frameworks, as well as policies and procedures for proper and effective risk management.

Two levels of committees have been established:
i) Board level committees and
ii) Management level committees.

COMMITTEES STRUCTURE



Board level committees focus on broad strategies and policies, while management level committees focus on action plans and procedures.

The "three lines of defense" principle is adopted, and specialized committees have been set up for an effective management of different types of risk:

3rd line of defense	**Audit**				
2nd line of defense	**Risk and Compliance**				
	Credit Committee	Asset-Liability Committee	Digital & Technology Committee	HR & Disciplinary Committee	Risk Management Committee & Executive
	Credit risk	Liquidity risk, funding risk, Pricing risk, capital Management, market risk	Technology Risk, information security	Personnel related risk, HR Risk	Operation risk legal and compliance risk, portfolio risk, business Strategic risk, reputation risk
1st line of defense	Retail Banking Business Banking	Treasury and Finance	Information and technology	Human resource	President Other relevant function leads

Three independent functions have been set up including Risk Management and Compliance for the permanent control review and Internal Audit for the periodic control review.

For each type of risk, the Board has set a risk appetite and tolerance level in the form of Key Risk Indicators, which provide early warning signals when risks move in a direction that may require mitigating actions/controls.

7.2 Internal Audit:

The Internal Audit Department conducted 20 planned audit projects and six surprise audits at the bank's head office and branches in 2021. The department is an independent function which reports directly to the Board Audit Committee. The Internal Audit Department runs the internal audit work based on the approved annual audit plan and in compliance with the internal audit framework, as well as internal audit policy and procedures which are approved by the Board Audit Committee.

7.3 Compliance:

Chip Mong Bank aims to comply with the letter and spirit of the regulatory standards and environment in which it operates to ensure healthy growth, as well as safe and sound practices. The Compliance Department is led by the Head of Compliance who has been duly approved by the NBC and has a direct functional reporting line to the Chairman of the Board Risk Committee who approved the annual compliance plan. Compliance is governed by the Compliance Framework approved by the Board of Directors to implement compliance policies and AML-CFT policy. The Head of Compliance also acts as the coordinator with the NBC and the Cambodia Financial Intelligence Unit (CAFIU).

Chip Mong Bank has dedicated more technology and human resources to compliance to ensure that the bank complies with relevant regulations. The bank continually maintains staff awareness of AML/CFT policy through training programs, including existing and new staff being embedded into an induction course. 37 sessions were carried out during 2021. A digital platform has been utilized, when e-learning was developed to reflect the realities of the Covid-19 situation in Cambodia. Onsite visits have been carried out for six branches to test compliance effectiveness and raise awareness. Enterprise ML-FT risk assessment were also conducted with a preferable outcome in terms of risk and control performance. A compliance self-assessment checklist for each department was developed and enforced to ensure compliance risks will be timely monitored and promptly responded to. The compliance team has also participated in a working group in developing products and services to meet customers needs, as well as to comply with the applicable regulations. These activities were undertaken to embrace compliance as a culture and to manage regulatory risk as well as reputational risk better.

8 Audited Financial Statements

8.1 Report of the Board of Directors

8.2 Report of the Independent Auditors

8.3 Statement of financial position

8.4 Statement of profit or loss and other comprehensive income

8.5 Statement of changes in equity

8.6 Statement of cash flows

8.7 Notes to the financial statements

8 Audited Financial Statements

8.1 Report of the Board of Directors

The Board of Directors hereby submit their report together with the audited financial statements of Chip Mong Commercial Bank Plc. ("the Bank") for the year ended 31 December 2021.

Principal activities

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in Cambodia.

There were no significant changes to these principal activities during the financial year.

Financial results

The financial results of the Bank for the year ended 31 December 2021 was as follows:

	2021		2020	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Profit/(Loss) before income tax	9,343,549	38,009,557	(2,366,819)	(9,649,521)
Income tax expense	(52,488)	(213,521)	(56,206)	(229,152)
Net profit/(loss) for the year	9,291,061	37,796,036	(2,423,025)	(9,878,673)

Dividends

No dividend was declared or paid and the Board of Directors does not recommend any dividend to be paid during the year.

Share capital

On 17 May 2021, the Bank requested to the National Bank of Cambodia ("NBC") to increase the share capital from US$75,000,000 to US$85,000,000. This request has been approved by NBC on 27 July 2021.

On 9 July 2021, the Bank submitted another request to the NBC to increase the share capital from US$85,000,000 to US$105,000,000, and the approval has been obtained from NBC on 5 August 2021. The amendment to the Memorandum and Articles of Association (M&AA) was endorsed by Ministry of Commerce ("MoC") on 19 October 2021.

On 21 December 2021, the Bank submitted a new request to the NBC to increase the share capital from US$105,000,000 to US$115,000,000. This request has been subsequently approved by the NBC on 12 January 2022, and the amendment to the Bank's M&AA was endorsed by the MoC on 23 February 2022.

Reserves and provisions

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

Written off of and allowance for financial assets

Before the financial statements of the Bank were prepared, the Board of Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of any bad loans and advances and the making of allowance for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and adequate allowance had been made for losses loans and advances.

At the date of this report, the Board of Directors is not aware of any circumstances, which would render the amount written off for bad loans and advances, or the amount of allowance for losses on loans and advances in the financial statements of the Bank, inadequate to any material extent.

Assets

Before the financial statements of the Bank were prepared, the Board of Directors took reasonable steps to ensure that any assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Bank had been written down to an amount which they might be expected to realise.

At the date of this report, the management is not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Bank misleading.

Valuation methods

At the date of this report, the Board of Directors is not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Bank misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

(a) any 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) any 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 Board of 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 Board of 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 results of the operations of the Bank for the financial year were not, in the opinion of the Board of Directors, substantially affected by any item, transaction or event of a material and unusual nature, except for:

CORONAVIRUS AND IMPACT ON ECL

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) pandemic has spread across globally, causing disruption to business and economic activity. The impact on GDP and other key indicators has been considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL in which the calculation of the ECL in this current environment is subject to significant uncertainty. The Bank had evaluated the economic impact caused by the Covid-19 pandemic, and as of the date of approval of this report, there is no significant impact on the Bank.

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 Board of Directors, to affect substantially the results of the operations of the Bank for the current period in which this report is made.

Events since the reporting date

At the date of this report, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements, except as disclosed in Note 38.

Board of Directors

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

Neak Oknha Leang Meng	**Chairman**
Lauk Oknha Leang Huong	**Director**
Lauk Oknha Leang Pov	**Director**
Mr. Stephane, Jacques Pierron	**Director (resigned on 12 December 2021)**
Mr. Jorge Baigorri Lopez	**Director (effective from 9 September 2021)**
Mr. Nicolas, Jean René George	**Director (resigned on 21 July 2021)**
Mr. Lim Hak Khoun	**Independence Director**
Mr. Tanheang Davann	**Independence Director**
	(resigned on 31 December 2021)
Mr. Chim Guanghui	**Independence Director**
	(effective from 1 January 2022)
Mr. Arnaud Florentin, Marie, Christian, Dufresne	**Director (effective from 21 January 2022)**

Directors' Interests

The Director who held office at the end of the financial year and his interests in the shares of the Bank was as follows:Bank are as follows.

	31 December 2021			31 December 2020		
	% of ownership	Number of shares	Amount US$	% of ownership	Number of shares	Amount US$
Neak Oknha LEANG Meng	23	241,500	24,150,000	23	172,500	17,250,000

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Bank is a party with the object of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

During the financial year, none of the Directors of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Bank or a related corporation with a firm of which the Director is a member, or with a bank in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Responsibilities of the Board of Directors in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performances and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

(i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

(ii) comply with Cambodian International Financial Reporting Standards ("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) oversee the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;

(iv) assess 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; and

(v) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

We, do hereby approve the accompanying financial statements together with the notes thereto as set out on pages 59 to 125 which, in our opinion, present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with CIFRSs.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board,

CHIP MONG COMMERCIAL
BANK PLC.
KINGDOM OF CAMBODIA

Neak Oknha Leang Meng
Chairman
Phnom Penh, Kingdom of Cambodia
Date: 31 MAR 2022

8.2 Report of the Independent Auditors

To the Shareholders of Chip Mong Commercial Bank Plc.

Opinion

We have audited the financial statements of Chip Mong Commercial Bank Plc. ("the Bank"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information (hereafter referred to as "the financial statements") as set out on pages 59 to 125.

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

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditors' 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 Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the Report of the Board of Directors on pages 1 to 5, 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, 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions 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 disclosures, 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 KPMG Cambodia Ltd

KPMG CAMBODIA LTD.

Guek Teav
Partner
Phnom Penh, Kingdom of Cambodia
31 March 2022

8.3 Statement of financial position

for the year ended 31 December 2021

	Note	31 December 2021 US$	31 December 2021 KH'000 (Note5)	31 December 2020 US$	31 December 2020 KH'000 (Note5)
ASSETS					
Cash and cash equivalents	6	299,276,932	1,219,254,221	139,074,183	562,555,070
Statutory deposits	7	61,971,009	252,469,891	31,257,559	126,436,826
Term deposits, net	8	39,804,434	162,163,264	9,974,697	40,347,649
Loans and advances to customers, net	9	525,206,977	2,139,693,224	273,687,552	1,107,066,147
Derivatives held for risk management	10	417,894	1,702,500	-	-
Other assets	11	1,486,896	6,057,614	1,493,464	6,041,062
Property and equipment	12	5,477,204	22,314,129	5,951,972	24,075,727
Intangible assets	13	3,486,002	14,201,972	3,797,931	15,362,631
Right-of-use assets	14	4,755,991	19,375,907	3,139,910	12,700,936
Deferred tax assets, net	20A	1,199,704	4,887,594	-	-
TOTAL ASSETS		943,083,043	3,842,120,316	468,377,268	1,894,586,048
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from customers	15	733,349,952	2,987,667,704	355,610,631	1,438,445,002
Deposits from other financial institutions	16	85,071,818	346,582,587	39,240,569	158,728,102
Borrowings	17	10,976,538	44,718,416	1,562,593	6,320,689
Lease liabilities	18	5,254,653	21,407,456	3,387,065	13,700,678
Other liabilities	19	1,514,599	6,170,476	1,805,078	7,301,540
Provision	31A	13,920	56,710	8,676	35,094
Current income tax liability	20B	1,040,634	4,239,543	-	-
Deferred tax liabilities, net	20A	-	-	192,788	779,827
TOTOTAL LIABILITIES		837,222,114	3,410,842,892	401,807,400	1,625,310,932
SHAREHOLDERS' EQUITY					
Share capital	21	105,000,000	423,862,446	75,000,000	303,862,446
Reg ulatory reserves	22	3,274,509	13,337,065	2,019,576	8,231,998
Accumulated losses		(2,413,580)	(9,755,639)	(10,449,708)	(42,446,608)
Currency translation reserves		-	3,833,552	-	(372,720)
TOTAL SHAREHOLDERS' EQUITY		105,860,929	431,277,424	66,569,868	269,275,116
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		943,083,043	3,842,120,316	468,377,268	1,894,586,048

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

8.4 Statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

		2021		2020	
	Note	US$	KH'000 (Note5)	US$	KH'000 (Note5)
Operating income					
Interest income	23	38,261,163	155,646,411	16,366,577	66,726,534
Interest expense	24	(17,336,793)	(70,526,074)	(8,549,646)	(34,856,907)
Net interest income		20,924,370	85,120,337	7,816,931	31,869,627
Net fee and commission income	25	1,613,592	6,564,092	591,506	2,411,570
Other income		14,549	59,185	755	3,078
Net gains from other financial instruments at FVTPL	26	417,894	1,699,993	-	-
Total operating profit		22,970,405	93,443,607	8,409,192	34,284,275
Personnel expenses	27	(6,168,479)	(25,093,372)	(5,157,265)	(21,026,169)
Depreciation and amortisation	28	(2,947,999)	(11,992,460)	(2,475,361)	(10,092,047)
Other operating expenses	29	(2,700,410)	(10,985,268)	(2,417,005)	(9,854,129)
Minimum tax expense	20C	-	-	(192,521)	(784,908)
Total operating expenses		(11,816,888)	(48,071,100)	(10,242,152)	(41,757,253)
Operating profit/(loss) before impairments		11,153,517	45,372,507	(1,832,960)	(7,472,978)
Impairment losses on financial instruments	30	(1,809,968)	(7,362,950)	(533,859)	(2,176,543)
Profit/(Loss) before income tax		9,343,549	38,009,557	(2,366,819)	(9,649,521)
Income tax expense	20C	(52,488)	(213,521)	(56,206)	(229,152)
Net profit/(loss) for the year		9,291,061	37,796,036	(2,423,025)	(9,878,673)
Other comprehensive income/(loss)					
Currency translation difference		-	4,206,272	-	(1,992,250)
Total comprehensive income/(loss) for the year		9,291,061	42,002,308	(2,423,025)	(11,870,923)

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

8.5 Statement of changes in equity

for the year ended 31 December 2021

	Share Capital		Regulatory reverse	
	US$	KH'000 (Note5)	US$	KH'000 (Note5)
At 1 January 2021	75,000,000	303,862,446	2,019,576	8,231,998
Transactions recognised directly in equity				
Share capital injection	30,000,000	120,000,000	-	-
Transfer from accumulated losses to regulatory reserve (Note 22)	-	-	1,254,933	5,105,067
	30,000,000	120,000,000	1,254,933	5,105,067
Total comprehensive income				
Net profit for the year	-	-	-	-
Other comprehensive income – currency translation difference	-	-	-	-
	-	-	-	-
At 31 December 2021	105,000,000	423,862,446	3,274,509	13,337,065
At 1 January 2020	75,000,000	303,862,446	906,946	3,695,805
Transactions recognised directly in equity				
Transfer from accumulated losses to regulatory reserves (Note 22)	-	-	1,112,630	4,536,193
Total comprehensive loss				
Net loss for the year	-	-	-	-
Other comprehensive loss – currency translation difference	-	-	-	-
	-	-	1,112,630	4,536,193
At 31 December 2020	75,000,000	303,862,446	2,019,576	8,231,998

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

	Accumulated losess		Currency Tranlation reverses		Total	
	US$	KH'000 (Note5)	US$	KH'000 (Note5)	US$	KH'000 (Note5)
	(10,449,708)	(42,446,608)	-	(372,720)	66,569,868	269,275,116
	-	-	-	-	30,000,000	120,000,000
	(1,254,933)	(5,105,067)	-	-	-	-
	(1,254,933)	(5,105,067)	-	-	30,000,000	120,000,000
	9,291,061	37,796,036	-	-	9,291,061	37,796,036
	-	-	-	4,206,272	-	4,206,272
	9,291,061	37,796,036	-	4,206,272	9,291,061	42,002,308
	(2,413,580)	(9,755,639)	-	3,833,552	105,860,929	431,277,424
	(6,914,053)	(28,031,742)	-	1,619,530	68,992,893	281,146,039
	(1,112,630)	(4,536,193)	-	-	-	-
	(2,423,025)	(9,878,673)	-	-	(2,423,025)	(9,878,673)
	-	-	-	(1,992,250)	-	(1,992,250)
	(3,535,655)	(14,414,866)	-	(1,992,250)	(2,423,025)	(11,870,923)
	(10,449,708)	(42,446,608)	-	(372,720)	66,569,868	269,275,116

8.6 Statement of cash flows

for the year ended 31 December 2021

		2021		2020	
		US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Cash flows from operating activities					
Net profit/(loss) for the year		9,291,061	37,796,036	(2,423,025)	(9,878,673)
Adjustment for:					
Depreciation and amortisation	28	2,947,999	11,992,460	2,475,361	10,092,047
Impairment losses on financial instruments	30	1,809,968	7,362,950	533,859	2,176,543
Net interest income		(20,924,370)	(85,120,337)	(7,816,931)	(31,869,628)
Net gains from other financial instruments at FVTPL	26	(417,894)	(1,699,993)	-	-
Property and equipment written off		4,007	16,301	2,144	8,741
Income tax expense	20C	52,488	213,521	56,206	229,152
Minimum tax expense	20C	-	-	192,521	784,908
Remeasurement of lease liabilities	18	-	-	(4,343)	(17,706)
Termination of lease contract	18	-	-	(6,143)	(25,045)
		(7,236,741)	(29,439,062)	(6,990,351)	(28,499,661)
Changes in:					
Reserve requirements on customers' deposits		(26,601,316)	(108,214,153)	11,659,365	47,535,231
Term deposits		(31,232,211)	(127,052,634)	(31,475,210)	(128,324,431)
Loans and advances to customers		(251,604,812)	(1,023,528,375)	(165,634,436)	(675,291,596)
Other assets		6,568	26,719	143,344	584,413
Deposits from customers		376,432,395	1,531,326,984	217,932,922	888,512,523
Deposits from other financial institutions		45,024,751	183,160,686	39,335,044	160,368,974
Other liabilities		(290,479)	(1,181,669)	(3,175,667)	(12,947,194)
Cash generated from operations		104,498,155	425,098,496	61,795,011	251,938,259

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

8.6 Statement of cash flows (Continue)

for the year ended 31 December 2021

		2021		2020	
		US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Interest received		36,740,321	149,459,626	15,052,269	61,368,101
Interest paid		(14,825,965)	(60,312,026)	(6,261,671)	(25,528,832)
Minimum tax paid		-	-	(192,521)	(784,908)
Income tax paid		(404,346)	(1,644,880)	-	-
Net cash generated from operating activities		126,008,165	512,601,216	70,393,088	286,992,620
Cash flows from investing activities					
Purchases of property and equipment and intangible assets		(1,199,037)	(4,877,682)	(2,878,871)	(11,737,157)
Statutory capital deposit		(3,000,000)	(12,203,999)	-	-
Proceeds from disposal of property and equipment		-	-	482	1,965
Net cash used in investing activities		(4,199,037)	(17,081,681)	(2,878,389)	(11,735,192)
Cash flows from financing activities					
Proceeds from borrowings	17	9,683,593	39,392,856	1,560,061	6,360,369
Repayment of borrowings	17	(302,721)	(1,231,469)	-	-
Payment of lease liabilities	18	(1,079,096)	(4,389,763)	(947,057)	(3,861,151)
Issuance of share capital		30,000,000	122,040,000	-	-
Net cash generated from financing activities		38,301,776	155,811,624	613,004	2,499,218
Net increase in cash and cash equivalents		160,110,904	651,331,158	68,127,703	277,756,646
Cash and cash equivalents at beginning of the year		139,227,471	563,175,120	71,099,768	289,731,555
Currency translation difference		-	4,998,262	-	(4,313,081)
Cash and cash equivalents at end of the year	6	299,338,375	1,219,504,540	139,227,471	563,175,120

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

8.7 Notes to the financial statements

for the year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

Chip Mong Commercial Bank Plc. ("the Bank") was incorporated in Cambodia on 15 June 2018 under the Registration No. 00034187 issued by the Ministry of Commerce. On 17 January 2019, the Bank obtained a permanent banking license No. B-47 from the National Bank of Cambodia ("the NBC").

The principal activities of the Bank are the provision of all aspect of banking business and related financial services in Cambodia.

The original registered office of the Bank was located at No. 137B, Mao Tse Tung Blvd, Sangkat Boeng Keng Kang 3, Khan Chamkarmon, Phnom Penh, Cambodia. Subsequently, the registered office of the Bank was changed to Building No. 174, 1st, 3rd & 4th floor, Czech Republic Boulevard corner Street No.164, Sangkat Veal Vong, Khan Prampir Makara, Phnom Penh, Kingdom of Cambodia. The amendment to the Memorandum and Articles of Association ("M&AA") was endorsed by the Ministry of Commerce ("MoC") on 19 October 2021.

The Bank had 334 employees as at 31 December 2021 (31 December 2020: 429 employees).

2. Basis of accounting

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Details of the Bank's accounting policies are included in Note 35.

The financial statements were authorised for issue by the Board of Directors on 31 March 2022.

3. Functional and presentation currency

The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Bank transacts its business and maintains its accounting records in United States Dollars ("US$"). Management has determined the US$ to be the Bank's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

These financial statements are presented in US$, which is the Bank's functional currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

4. Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

- Note 35C(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

- Note 35C(vii): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since its initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within next financial year are included in the following notes:

- Note 35C(vi): determination of the fair value of financial instruments with significant unobservable inputs.

- Note 35C(vii): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.

- Note 35C(vii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollar which is the Bank's functional currency. The translations of United States Dollar amounts into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIAS 21 - The Effects of Changes in Foreign Exchange Rates.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity accounts are translated at the historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR at the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the year. Exchange differences arising from the translation are recognised as "Currency Translation Reserves" in other comprehensive income.

The Bank uses the following exchange rates:

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

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riels at this or any other rate of exchange.

6. Cash and cash equivalents

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Cash on hand	19,973,275	81,371,122	25,318,084	102,411,650
Placements with other banks	5,108,209	20,810,843	3,817,285	15,440,918
Placements with NBC	273,342,774	1,113,598,462	100,147,880	405,098,175
Term deposits with original terms of 3 months or less (*)	-	-	5,502,274	22,256,698
Unpresented cheques	914,117	3,724,113	4,441,948	17,967,679
	299,338,375	1,219,504,540	139,227,471	563,175,120
Less: Allowance for impairment losses	(61,443)	(250,319)	(153,288)	(620,050)
	299,276,932	1,219,254,221	139,074,183	562,555,070

(*) These represent short term deposits at banks with original term to maturity less than 3 months and earned interest at rates ranging from 2% to 2.5% per annum.

The movement of allowance for impairment losses on cash and cash equivalents is as follow:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
At 1 January	153,288	620,050	162,477	662,094
Reversal for the year (Note 30)	(91,845)	(373,625)	(9,189)	(37,464)
Currency translation difference	-	3,894	-	(4,580)
At 31 December	61,443	250,319	153,288	620,050

7. Statutory deposits

		31 December 2021		31 December 2020	
		US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Statutory capital deposit	(A)	10,500,000	42,777,000	7,500,000	30,337,500
Reserve requirements on customers' deposits	(B)	51,471,009	209,692,891	23,757,559	96,099,326
		61,971,009	252,469,891	31,257,559	126,436,826

A. Statutory capital deposit

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit 10% of its capital. This deposit is not available for use in the Bank's day-to-day operations and is refundable should the Bank voluntarily cease its operations in Cambodia.

B. Reserve requirements on customers' deposits

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

On 18 March 2020, the NBC announced the reduction of the Reserve Requirements Rate ("RRR") to 7% for both local and foreign currencies deposits and borrowings in order to help mitigate the impact of the Covid-19 pandemic on Cambodia's economy.

C. By interest rate (per annum):

	2021	2020
Statutory capital deposit	0.06%- 0.09%	0.06%- 0.48%
Reserve requirements on customers' deposits	Nil	Nil

8. Term deposits, net

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Term deposits with maturity terms of more than 3 months (*)	33,708,845	137,329,834	10,162,764	41,108,380
Negotiable certificate of deposits (**)	6,718,213	27,370,000	-	-
	40,427,058	164,699,834	10,162,764	41,108,380
Less: Allowance for impairment losses	(622,624)	(2,536,570)	(188,067)	(760,731)
	39,804,434	162,163,264	9,974,697	40,347,649

(*) These represent long term deposits at bank with original term to maturity of more than 3 months and earned interest at rates ranging from 0.05% to 7.8% (2020: 2.00% to 7.62%) per annum.

(**) These represents negotiable certificates of deposits ("NCD") that the Bank has pledged with the NBC as collateral for overdraft facility. The NCDs earned interest at rates ranging from 0.05% to 1.55% (2020: Nil) per annum.

The movement of allowance for impairment losses on term deposits is as follow:

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
At 1 January	188,067	760,731	-	-
Impairment for the year (Note 30)	434,557	1,767,778	188,067	766,750
Currency translation difference	-	8,061	-	(6,019)
At 31 December	622,624	2,536,570	188,067	760,731

9. Loans and advances to customers, net

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Commercial loans:				
Overdrafts	22,621,812	92,161,262	17,486,284	70,732,020
Short term loans	10,014,330	40,798,380	36,112,109	146,073,481
Long term loans	231,085,943	941,444,132	129,255,828	522,839,822
Consumer loans	263,570,121	1,073,784,673	91,456,548	369,941,737
Gross loans and advances to customers at amortised cost	527,292,206	2,148,188,447	274,310,769	1,109,587,060
Less: Allowance for impairment losses	(2,085,229)	(8,495,223)	(623,217)	(2,520,913)
Loans and advances to customers – net	525,206,977	2,139,693,224	273,687,552	1,107,066,147

The amounts of allowance for impaiment losses on loans and advance to customers are as follows:

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
At 1 January	623,217	2,520,913	276,912	1,128,415
Impairment for the year (Note 30)	1,462,012	5,947,465	346,305	1,411,885
Currency translation difference	-	26,845	-	(19,387)
At 31 December	2,085,229	8,495,223	623,217	2,520,913

The amounts of loans and advances to customers by maturity are as follows:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Within 1 month	35,325,355	143,915,496	17,967,571	72,678,824
> 1 to 3 months	16,145,407	65,776,388	10,272,314	41,551,510
> 3 to 6 months	10,115,218	41,209,398	2,625,567	10,620,418
> 6 to 12 months	51,406,765	209,431,161	21,913,581	88,640,436
> 1 to 3 years	43,582,626	177,555,618	41,031,725	165,973,328
> 3 to 5 years	87,072,077	354,731,642	70,196,543	283,945,016
Over 5 years	281,559,529	1,147,073,521	109,680,251	443,656,615
	525,206,977	2,139,693,224	273,687,552	1,107,066,147

For additional analysis of the amounts of loans and advances to customers, refer to Note 33B.

10. Derivative held for risk management

	31 December 2021		31 December 2020	
	US $	KHR'000 (Note5)	US$	KHR'000 (Note5)
Derivative assets				
Foreign currency swap	417,894	1,702,500	-	-

On 5 November 2021, the Bank entered into a Foreign Currency Swap agreement with BRED Bank (Cambodia) Plc amounting to KHR81,400,000,000, effective from 5 November 2021 to 5 November 2022.

On 29 April 2021, the Bank entered into a Foreign Currency Swap agreement with AMK Microfinance Institution Plc amounting to KHRt8,100,000,000, effective from 29 April 2021 to 29 April 2022.

11. Other assets

	31 December 2021		31 December 2020	
	US $	KHR'000 (Note5)	US$	KHR'000 (Note5)
Prepaid employee benefits	564,168	2,298,420	694,238	2,808,193
Guarantee deposits	371,135	1,512,004	287,103	1,161,332
Prepayments and others	530,840	2,162,642	423,416	1,712,718
Others	20,753	84,548	88,707	358,819
	1,486,896	6,057,614	1,493,464	6,041,062

The allowance for impairment losses on other assets as at 31 December 2021 is Nil (31 December 2020: Nil).

12. Property and equipment

	Leasehold improvements	Office	Computer and IT equipment
	US$	US$	US$
2021			
Cost			
At 1 January 2021	3,620,727	1,760,503	1,740,441
Additions	47,777	30,501	59,948
Transfer	436,636	-	-
Reclassification to intangible assets	-	-	-
Write-offs	(1,340)	(3,850)	(822)
Currency translation difference	-	-	-
At 31 December 2021	4,103,800	1,787,154	1,799,567
Less: Accumulated depreciation			
At 1 January 2021	498,744	540,834	663,639
Depreciation	405,179	431,084	443,968
Write-offs	(213)	(1,176)	(616)
Currency translation difference	-	-	-
At 31 December 2021	903,710	970,742	1,106,991
Carrying amounts			
At 31 December 2021t			
	3,200,090	816,412	692,576
2020			
Cost			
At 1 January 2020	2,272,009	1,255,432	1,263,825
Additions	1,157,133	535,939	483,018
Transfer	192,339	-	-
Write-offs	-	(30,868)	(6,402)
Disposal	(754)	-	-
Currency translation difference	-	-	-
At 31 December 2020	3,620,727	1,760,503	1,740,441
Less: Accumulated depreciation			
At 1 January 2020	182,181	187,383	259,207
Depreciation	316,835	384,319	408,690
Write-offs	-	(30,868)	(4,258)
Disposal	(272)	-	-
Currency translation difference	-	-	-
At 31 December 2020	498,744	540,834	663,639
Carrying amounts			
At 31 December 2020	3,121,983	1,219,669	1,076,802

Motor vehicles	Furniture and fixtures	Construction in progress	Total	
US$	US$	US$	US$	KHR'000 (Note5)
410,500	99,215	174,069	7,805,455	31,573,065
-	13,185	813,754	965,165	3,926,291
-	-	(436,636)	-	-
-	-	(48,620)	(48,620)	(197,786)
-	-	-	(6,012)	(24,457)
-	-	-	-	231,822
410,500	112,400	502,567	8,715,988	35,508,935
138,516	11,750	-	1,853,483	7,497,338
82,100	24,975	-	1,387,306	5,643,561
-	-	-	(2,005)	(8,156)
-	-	-	-	62,063
220,616	36,725	-	3,238,784	13,194,806
189,884	75,675	502,567	5,477,204	22,314,129
341,890	8,471	366,408	5,508,035	22,445,242
68,610	90,744	-	2,335,444	9,521,605
-	-	(192,339)	-	-
-	-	-	(37,270)	(151,950)
-	-	-	(754)	(3,074)
-	-	-	-	(238,758)
410,500	99,215	174,069	7,805,455	31,573,065
58,884	1,655	-	689,310	2,808,938
79,632	10,095	-	1,199,571	4,890,651
-	-	-	(35,126)	(143,209)
-	-	-	(272)	(1,109)
-	-	-	-	(57,933)
138,516	11,750	-	1,853,483	7,497,338
271,984	87,465	174,069	5,951,972	24,075,727

13. Intangible assets

	Software	WIP	Total	
	US$	US$	US$	KHR'000 (Note5)
2021				
Cost				
At 1 January 2021	4,466,784	168,247	4,635,031	18,748,700
Additions	180,117	53,755	233,872	951,391
Transfer	240,262	(240,262)	-	-
Reclassification from property and equipment	-	48,620	48,620	197,786
Currency translation difference	-	-	-	136,111
At 31 December 2021	4,887,163	30,360	4,917,523	20,033,988
Less: Accumulated amortisation				
At 1 January 2021	837,100	-	837,100	3,386,069
Amortisation	594,421	-	594,421	2,418,105
Currency translation difference	-	-	-	27,842
At 31 December 2021	1,431,521	-	1,431,521	5,832,016
Carrying amounts				
At 31 December 2021	3,455,642	30,360	3,486,002	14,201,972

	Software	WIP	Total	
	US$	US$	US$	KHR'000 (Note5)
2020				
Cost				
At 1 January 2020	4,007,290	88,737	4,096,027	16,691,310
Additions	463,917	79,510	543,427	2,215,552
Write-offs	(4,423)	-	(4,423)	(18,033)
Currency translation difference	-	-	-	(140,129)
At 31 December 2020	4,466,784	168,247	4,635,031	18,748,700
Less: Accumulated amortisation				
At 1 January 2020	345,976	-	345,976	(1,409,852)
Amortisation	495,547	-	495,547	2,020,345
Write-offs	(4,423)	-	(4,423)	(18,033)
Currency translation difference	-	-	-	2,793,609
At 31 December 2020	837,100	-	837,100	3,386,069
Carrying amounts				
At 31 December 2020	3,629,684	168,247	3,797,931	15,362,631

14. Right-of-use assets

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Right-of-use assets	**4,755,991**	**19,375,907**	**3,139,910**	**12,700,936**

The Bank leases many assets including ATM spaces and office spaces. Information about leases for which the Bank are a lessee are presented belows:

	Office space	ATM space	Total	
	US$	US$	US$	KHR'000 (Note5)
2021				
Cost				
At 1 January 2021	4,361,242	119,922	4,481,164	18,126,308
Additions to right-of-use assets	2,744,378	43,587	2,787,965	11,341,442
Remeasurement of right-of-use assets (*)	(205,612)	-	(205,612)	(836,430)
Currency translation difference	-	-	-	145,448
At 31 December 2021	6,900,008	163,509	7,063,517	28,776,768
Less: Accumulated depreciation				
At 1 January 2021	1,252,276	88,978	1,341,254	5,425,372
Depreciation	939,082	27,190	966,272	3,930,794
Currency translation difference	-	-	-	44,695
At 31 December 2021	2,191,358	116,168	2,307,526	9,400,861
Carrying amounts				
At 31 December 2021	4,708,650	47,341	4,755,991	19,375,907
2020				
Cost				
At 1 January 2020	4,048,483	104,274	4,152,757	16,922,485
Additions to right-of-use assets	597,277	15,648	612,925	2,498,895
Remeasurement of lease liabilities	(206,656)	-	(206,656)	(842,537)
Derecognition of right-of-use assets (**)	(77,862)	-	(77,862)	(317,443)
Currency translation difference	-	-	-	(135,092)
At 31 December 2020	4,361,242	119,922	4,481,164	18,126,308
Less: Accumulated depreciation				
At 1 January 2020	536,842	37,946	574,788	2,342,261
Depreciation	729,211	51,032	780,243	3,181,051
Derecognition of right-of-use assets (*)	(13,777)	-	(13,777)	(56,169)
Currency translation difference	-	-	-	(41,771)
At 31 December 2020	1,252,276	88,978	1,341,254	5,425,372
Carrying amounts				
At 31 December 2020	3,108,966	30,944	3,139,910	12,700,936

(*) Remeasurement of the right-of-use assets is as a result of lease modification on lease payment.
(**) Derecognition of the right-of-use asset is as a result of termination of lease contract.
Information about the Bank's leases is disclosed within this note and Note 18.

15. Deposits from customers

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Demand deposits	485,481,608	1,977,852,071	163,549,071	661,555,992
Fixed deposits	247,781,616	1,009,462,303	191,981,292	776,564,326
Margin deposits	86,728	353,330	80,268	324,684
	733,349,952	2,987,667,704	355,610,631	1,438,445,002

Deposits from customers are analysed as follows:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
A. By maturity:				
Within 1 month	537,768,306	2,190,868,078	173,615,463	702,274,548
> 1 to 3 months	36,201,920	147,486,622	39,965,465	161,660,306
> 3 to 6 months	23,565,025	96,003,912	14,179,572	57,356,369
> 6 to 12 months	77,704,618	316,568,614	86,600,858	350,300,471
> 1 year	58,110,083	236,740,478	41,249,273	166,853,308
	733,349,952	2,987,667,704	355,610,631	1,438,445,002
B. By customer type:				
Individuals	180,282,943	734,472,710	280,371,946	1,134,104,522
Business enterprises	553,067,009	2,253,194,994	75,238,685	304,340,480
	733,349,952	2,987,667,704	355,610,631	1,438,445,002
C. By residency status:				
Residents	726,512,279	2,959,811,024	329,902,052	1,334,453,800
Non-residents	6,837,673	27,856,680	25,708,579	103,991,202
	733,349,952	2,987,667,704	355,610,631	1,438,445,002

D. By interest rate (per annum):

	2021	2020
Demand deposits	0.25% - 2.50%	0.25% - 2.00%
Fixed deposits	2.20% - 7.00%	2.00% - 7.62%
Margin deposits	Nil	Nil

16. Deposits from other financial institutions

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Demand deposits	264,119	1,076,021	146,094	590,950
Fixed deposits	84,807,699	345,506,566	39,094,475	158,137,152
	85,071,818	346,582,587	39,240,569	158,728,102

Deposits from other financial institutions are analysed as follows:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
A. By maturity:				
Within 1 month	11,688,666	47,619,625	10,184,824	41,197,613
> 1 to 3 months	3,001,644	12,228,698	-	-
> 3 to 6 months	-	-	-	-
> 6 to 12 months	70,381,508	286,734,264	29,055,745	117,530,489
	85,071,818	346,582,587	39,240,569	158,728,102
B. By residency status:				
Residents	85,071,818	346,582,587	39,240,569	158,728,102

C. By interest rate (per annum):	2021	2020
Demand deposits	0.25% - 2.50%	0.25% - 2.00%
Fixed deposits	2.20% - 7.00%	2.00% - 7 .62%

17. Borrowings

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Borrowings from other banks	10,976,538	44,718,416	1,562,593	6,320,689

On 31 March 2020, the Bank entered into an agreement of co-financing scheme with SME Bank of Cambodia Plc. ("SME Bank"). In this scheme, the Bank receive credit limit up to US$20 million with the interest rate of 2% per annum. The term of the funding is ranging from 4 to 7 years. On 16 November 2021, the Bank entered into an agreement of borrowing with RHB (Cambodia) Plc. with interest rate of 4.5% per annum with maturity of 1 year.

The movements of borrowings are as follows:

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
At 1 January	1,562,593	6,320,689	-	
Proceeds from borrowings	9,683,593	39,392,856	1,560,061	6,360,369
Repayment of borrowings	(302,721)	(1,231,469)	-	-
Interest expense	75,600	307,541	53,523	218,213
Interest paid	(42,527)	(173,000)	(50,991)	(207,890)
Currency translation difference	-	101,799	-	(50,003)
At 31 December	10,976,538	44,718,416	1,562,593	6,320,689

18. Lease liabilities

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Maturity analysis – contractual undiscounted cash flows	117,331	478,006	1,043,908	4,222,608
Less than one year	3,017,476	12,293,197	2,730,376	11,044,371
Between two and five years	3,448,122	14,047,649	219,990	889,860
More than five years	6,582,929	26,818,852	3,994,274	16,156,839
Total undiscounted lease liabilities				
Present value of lease liabilities	113,517	462,468	822,670	3,327,700
Current	5,141,136	20,944,988	2,564,395	10,372,978
Non-current	5,254,653	21,407,456	3,387,065	13,700,678

A. Amounts recognised in profit or loss

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Interest on lease liabilities (Note 24)	364,331	1,482,099	250,817	1,022,581
Remeasurement of lease liabilities	-	-	(4,343)	(17,706)
Termination of lease contract	-	-	(6,143)	(25,045)
Expenses relating to leases of low-value assets	134,047	545,303	85,412	348,225
	498,378	2,027,402	325,743	1,328,055

B. Amounts recognised in the statement of cash flows

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Total cash outflow for leases	1,079,096	4,389,763	947,057	3,861,151

19. Other liabilities

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Other payables	338,600	1,379,456	970,958	3,927,525
Accrued personnel expenses	1,031,486	4,202,274	549,006	2,220,729
Other accruals	89,334	363,947	117,123	473,763
Unearned revenue	23,761	96,802	134,448	543,842
Other tax payables	31,418	127,997	33,543	135,681
	1,514,599	6,170,476	1,805,078	7,301,540

20. Income tax

A. Deferred tax assets/(liabilities), net

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Deferred tax assets	1,588,891	6,473,141	243,781	986,095
Deferred tax liabilities	(389,187)	(1,585,547)	(436,569)	(1,765,922)
Deferred tax assets/(liabilities), net	1,199,704	4,887,594	(192,788)	(779,827)

Deferred tax assets/(liabilities) are attributable to the followings:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Impairment losses on financial instruments	556,643	2,267,764	167,460	677,376
Leases	99,733	406,312	49,431	199,949
Unearned revenue	932,515	3,799,066	26,890	108,770
Depreciation and amortisation	(305,608)	(1,245,047)	(436,569)	(1,765,922)
Loss on fair value	(83,579)	(340,501)	-	-
	1,199,704	4,887,594	(192,788)	(779,827)

The movements of deferred tax are as follows:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
At 1 January	192,788	779,827	136,582	556,572
Recognised in profit or loss	(1,392,492)	(5,664,657)	56,206	229,152
Currency translation difference	-	(2,764)	-	(5,897)
At 31 December	(1,199,704)	(4,887,594)	192,788	779,827

B. Minimum tax/Current income tax liabilities

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
At 1 January	-	-	-	-
Income tax/Minimum tax expense	1,444,980	5,878,178	192,521	784,908
Income tax paid	(404,346)	(1,644,880)	(192,521)	(784,908)
Currency translation difference	-	6,245	-	-
At 31 December	1,040,634	4,239,543	-	-

C. Income tax expense/Minimum tax expense

In accordance with Cambodian Law on Taxation, the Bank has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, which-ever is higher.

The minimum tax can be exempted, if the Bank maintains proper accounting records as defined in the Prakas No. 638 issued by the General Department of Taxation ("GDT") in which is subject to be approved by the GDT.

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Current income tax expense	1,444,980	5,878,178	-	-
Deferred tax (benefit)/expense	(1,392,492)	(5,664,657)	56,206	229,152
	52,488	213,521	56,206	229,152
Minimum tax expense	-	-	192,521	784,908

The reconciliation of income tax computed at the statutory tax rate of 20% to the income tax expense shown in profit or loss is as follows:

	2021			2020		
	US$	KHR'000 (Note5)	%	US$	KHR'000 (Note5)	%
Profit/(Loss) before income tax	9,343,549	38,009,557		(2,366,819)	(9,649,521)	
Income tax using statutory rate at 20%	1,868,710	7,601,912	20.00	(473,364)	(1,929,905)	(20.00)
Non-deductible expenses	(435,579)	(1,771,935)	(4.66)	17,190	70,084	0.73
Deferred tax assets on tax losses						
(utilised)/not recognised	(1,380,643)	(5,616,456)	(14.78)	512,380	2,088,973	21.65
Income tax expense	52,488	213,521	0.56	56,206	229,152	2.38
Minimum tax expense at 1% of turnover	-	-		192,521	784,908	

The calculation of taxable income is subject to the final review and approval of the tax authorities.

21. Share capital

	31 December 2021			31 December 2020		
	% of ownership	Number of shares	Amount US$	% of ownership	Number of shares	Amount US$
Lok Chumteav Neak Oknha Pheap Heak	39	409,500	40,950,000	39	292,500	29,250,000
Neak Oknha Leang Khun	38	399,000	39,900,000	38	285,000	28,500,000
Neak Oknha Leang Meng	23	241,500	24,150,000	23	172,500	17,250,000
	100	1,050,000	105,000,000	100	750,000	75,000,000
KHR'000 (Note 5)			423,862,446			303,862,446

The movements of share capital are as follows:

	31 December 2021		31 December 2020	
	Number of shares	Amount US$	Number of shares	Amount US$
At 1 January	750,000	75,000,000	750,000	75,000,000
Addition during the year	300,000	30,000,000	-	-
At 31 December	1,050,000	105,000,000	750,000	75,000,000

The total authorised number of share capital is 1,050,000 (2020: 750,000) shares with par value of US$100 per share. All share capital are issued and fully paid up.

On 17 May 2021, the Bank requested to National Bank of Cambodia ("NBC") to increase the share capital from US$75,000,000 to US$85,000,000. This request has been approved by NBC on 27 July 2021.

On 9 July 2021, the Bank submitted another request to NBC to increase the share capital from US$85,000,000 to US$105,000,000, and the approval has been obtained from NBC on 5 August 2021. The amendment to the Memorandum and Articles of Association (M&AA) was endorsed by Ministry of Commerce ("MoC") on 19 October 2021.

On 21 December 2021, the Bank submitted a new request to the NBC to increase the share capital from US$105,000,000 to US$115,000,000. This request has been subsequently approved by the NBC on 12 January 2022, and the amendment to the Bank's M&AA was endorsed by the MoC on 23 February 2022.

22. Regulatory reserves

Regulatory reserves represented the variance of impairment loss on financial instruments in accordance with CIFRS and regulatory provision in accordance with National Bank of Cambodia. As at 31 December 2021, the Bank transferred from accumulated losses to regulatory reserves of US$1,254,933 (2020: US$1,112,630).

23. Interest income

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Loans and advances to customers	36,908,160	150,142,394	16,156,209	65,868,864
Placements with other banks	1,124,582	4,574,800	177,748	724,678
Placements with the NBC	228,421	929,217	32,620	132,992
	38,261,163	155,646,411	16,366,577	66,726,534

24. Interest expense

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Deposits from customers	14,788,438	60,159,365	8,104,436	33,041,786
Deposits from other financial institutions	2,108,424	8,577,069	140,870	574,327
Lease liabilities	364,331	1,482,099	250,817	1,022,581
Borrowings	75,600	307,541	53,523	218,213
	17,336,793	70,526,074	8,549,646	34,856,907

25. Net fee and commission income

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Service charges and fees	1,025,962	4,173,613	374,497	1,526,825
Other fees	651,887	2,651,876	246,123	1,003,443
Other fee and commission expenses	(64,257)	(261,397)	(29,114)	(118,698)
	1,613,592	6,564,092	591,506	2,411,570

26. Net gain from other financial instruments at FVTPL

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Foreign exchange	417,894	1,699,993	-	-

27. Personnel expenses

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Salaries and wages	5,818,821	23,670,964	4,949,832	20,180,465
Other benefits	110,173	448,183	105,709	430,975
Seniority indemnity	239,485	974,225	101,724	414,729
	6,168,479	25,093,372	5,157,265	21,026,169

28. Depreciation and amortisation

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Depreciation	1,387,306	5,643,561	1,199,571	4,890,651
Amortisation – intangible assets	594,421	2,418,105	495,547	2,020,345
Depreciation – right-of-use assets	966,272	3,930,794	780,243	3,181,051
	2,947,999	11,992,460	2,475,361	10,092,047

29. Other operating expenses

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Foreign exchange losses	163,904	666,761	33,691	137,358
IT consultant services	566,595	2,304,908	603,708	2,461,318
Marketing expenses	507,376	2,064,007	384,593	1,567,986
License fees	243,101	988,935	231,262	942,855
Communication	186,289	757,824	140,108	571,220
Office supplies	83,094	338,026	129,692	528,754
Travelling and entertainment	112,606	458,081	129,527	528,082
Utilities expenses	112,987	459,631	124,681	508,324
Professional fees	127,532	518,800	109,309	445,653
Rental expenses	134,047	545,303	85,412	348,225
Other tax expenses	52,998	215,596	68,301	278,463
Insurance expenses	45,293	184,252	56,838	231,729
Repairs and maintenance	18,417	74,920	15,273	62,268
Other expenses	346,171	1,408,224	304,610	1,241,894
	2,700,410	10,985,268	2,417,005	9,854,129

30. Impairment losses on financial instruments

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Cash and cash equivalents (Note 6)	(91,845)	(373,625)	(9,189)	(37,464)
Term deposits (Note 8)	434,557	1,767,778	188,067	766,750
Loans and advances to customers (Note 9)	1,462,012	5,947,465	346,305	1,411,885
Financial guarantee contracts (Note 31A)	5,244	21,332	8,676	35,372
	1,809,968	7,362,950	533,859	2,176,543

31. Commitments and contingencies

A. Operations

In the normal course of business, the Bank makes various commitments and incurs certain contingencies with legal recourse to its customers. No material losses are anticipated from these transactions, which consist of:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Unused portion of overdrafts	9,579,197	39,025,649	5,283,553	21,371,972
Loan commitments	3,515,422	14,321,829	23,059,095	93,274,039
Bank guarantee	3,023,268	12,316,794	3,068,781	12,413,219
	16,117,887	65,664,272	31,411,429	127,059,230
Less: Allowance for impairment losses	13,920	56,710	8,676	35,094
	16,103,967	65,607,562	31,402,753	127,024,136

The movement of allowance for impairment losses on loan commitments and financial guarantee contracts is as follows:

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
At 1 January	8,676	35,094	-	-
Impairment for the year (Note 30)	5,244	21,333	8,676	35,372
Currency translation difference	-	284	-	(278)
At 31 December	13,920	56,710	8,676	35,094

B. Capital commitments

The Bank has capital commitments in respect of construction and work-in-progress as follows:

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Approved and contracted	51,067	208,047	108,649	439,485

C. Taxation contingencies

The tax returns of the Bank are subject to periodic examination by the tax authorities. As the application of tax laws and regulations to various types of transactions is susceptible to varying interpretations, amounts reported in the financial statements of the Bank could be changed at a later date, upon final determination by the tax authorities.

32. Related parties

A. Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank have related party relationships with its substantial shareholders, companies in common control and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel include all the Directors of the Bank, and certain senior management members of the Bank.

Key management have banking relationships with Bank entities which are entered into in the normal course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

B. Transactions with related parties

	2021		2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Interest income	24,601	100,076	41,262	168,225
Payment of lease liabilities	639,994	2,603,496	323,389	1,318,457
Interest expense – lease liabilities	217,266	883,838	66,722	272,026
Key management remuneration				
Salary and related costs	533,412	2,169,920	424,726	1,731,608
Other benefits	48,920	199,007	2,986	12,174
	582,332	2,368,927	427,712	1,743,782

C. Balances with related parties

	31 December 2021		31 December 2020	
	US$	KHR'000 (Note5)	US$	KHR'000 (Note5)
Key management personnel				
Loan and advances	638,393	2,600,813	955,539	3,865,154
Deposits	325,844	1,327,488	389,546	1,575,716
Shareholders				
Guarantee deposits	41,260	168,093	41,260	166,897
Deposits	544,569	2,218,574	1,033,828	4,181,834
Right-of-use assets	259,213	1,056,034	920,378	3,722,929
Lease liabilities	273,599	1,114,642	1,022,220	4,134,880
Others				
Guarantee deposits	126,278	514,457	71,251	288,210
Loan and advances	358,208	1,459,339	1,760,343	7,120,587
Deposits	57,754,664	235,292,501	55,407,171	224,122,007

33. Financial risk management

A. Introduction and overview

The Bank has exposure to the following risks from financial instruments:
- credit risk;
- market risk;
- liquidity risk; and
- operational risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

For the purpose of preserving the financial stability and reduce the burden of the borrowers who are losing their primary incomes and facing difficulties in repayment during the impact of the Covid-19 pandemic, the Bank works constructively with affected borrowers and allows for loan restructuring. Loan restructuring is proposed by the relationship team and approved by the Bank's Credit Committee, which shall regularly conduct a portfolio review of affected borrowers to measure the impact on their financial conditions during the pandemic.

Risk management functional and governance structure

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Bank's Board Risk Committee ("BRC"), which is responsible for reviewing the Bank's risk management policies and recommending for approval to the Board of Directors.
The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market

conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Bank's Board Risk Committee oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Board Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Bank's Board Audit Committee.

In addition to the Board level committees, the Bank has also established 6 other management level committees including i) Executive Committee; ii) Risk Management Committee; iii) Asset-Liability Committee; iv) Credit Committee; v) Digital and Technology Committee; and vi) HR and Disciplinary Committee.

B. Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk, country and sector risk.

Credit risk is the potential loss of revenue and principal losses arising mainly from loans and advances and loan commitments as a result of default by the borrowers or counterparties through its lending activities.

(i). Management of credit risk

The Board of Directors created the Bank's Credit Committee for the oversight of credit risk. A separate Credit Risk department, reporting to the overall Risk Management Function of the Bank, is responsible for managing the Bank's credit risk, including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to President, business functional heads and credit risk heads. Larger facilities require dual approval between respective functional heads and credit risk heads, the Bank's Credit Committee or the Board of Directors, as appropriate.

- Reviewing and assessing credit risk: Bank Credit Analysis team assesses all credit exposures based on designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Bank's processes for measuring ECL: This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determining and monitoring significant increase in credit risk; and
  - incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, loan purposes and product types. Regular reports on the credit quality of local portfolios are reported to Bank's Risk Management Committee and Board Risk Committee, which may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

  Each business unit is required to implement the Bank's credit policies and procedures, with credit approval authorities delegated from the Bank's Credit Committee. Each business unit has a Designated Compliance and Risk Officer ("DCRO") who reports on all risk-related matters to overall Risk Management Function and the Bank's Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Regular audits of business units and the Bank's Credit processes are undertaken by Internal Audit.

(ii). Concentration of risk

The following table presents the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on statement of financial position assets, the exposure to credit risk equals their carrying amount. 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.

Type of credit exposure

	Maximum credit exposure	Maximum credit exposure	Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US$	KHR'000 (Note5)	%	%	%
31 December 2021					
On Balance sheet items					
Cash and cash equivalents	299,276,932	1,219,254,221	0%	0%	100%
Term deposits	39,804,434	162,163,264	0%	0%	100%
Loans and advances to customers	525,206,977	2,139,693,224	95%	0%	5%
Other assets	391,888	1,596,552	0%	0%	100%
Total	864,680,231	3,522,707,261			
Off-Balance sheet items					
Commitments	16,117,887	65,664,272	97%	0%	3%
31 December 2020					
On Balance sheet items					
Cash and cash equivalents	139,074,183	562,555,070	0%	0%	100%
Term deposits	9,974,697	40,347,649	0%	0%	100%
Loans and advances to customers	273,687,552	1,107,066,147	90%	0%	10%
Other assets	375,810	1,520,151	0%	0%	100%
Total	423,112,242	1,711,489,017			
Off-Balance sheet items					
Commitments	31,411,429	127,059,230	99%	0%	1%

Concentration risk by industrial sectors

	Cash and Cash equivalents	Term deposits	Loans and advances to customers	Other assets	Commitments	Total
	US$	US$	US$	US$	US$	US$
31 December 2021						
Real estate	-	-	258,325,114	371,135	253,728	258,949,977
Wholesale and retails	-	-	148,497,204	-	12,046,683	160,543,887
Construction	-	-	64,784,339	-	565,000	65,349,339
Financial institutions	299,276,932	39,804,434	35,865,238	-	-	374,946,604
Staff loans	-	-	2,250,193	-	6,121	2,256,314
Manufacturing	-	-	11,849,296	-	3,246,355	15,095,651
Transport and storage	-	-	3,635,593	-	-	3,635,593
Others	-	-	-	20,753	-	20,753
Total - US$	299,276,932	39,804,434	525,206,977	391,888	16,117,887	880,798,118
Total - KHR'000 (Note 5)	1,219,254,221	162,163,264	2,139,693,224	1,596,552	65,664,272	3,588,371,533
31 December 2020						
Real estate	-	-	87,576,553	287,103	310,263	88,173,919
Wholesale and retails	-	-	125,605,201	-	20,415,082	146,020,283
Construction	-	-	36,700,343	-	6,175,240	42,875,583
Financial institutions	139,074,183	9,974,697	17,996,516	-	1,605,485	168,650,881
Staff loans	-	-	2,164,206	-	121,435	2,285,641
Manufacturing	-	-	997,246	-	2,254,894	3,252,140
Transport and storage	-	-	2,647,487	-	529,030	3,176,517
Others	-	-	-	88,707	-	88,707
Total - US$	139,074,183	9,974,697	273,687,552	375,810	31,411,429	454,523,671
Total - KHR'000 (Note 5)	562,555,070	40,347,649	1,107,066,147	1,520,151	127,059,230	1,838,548,247

Concentration risk by residency and relationship, large-exposures, and concession for loans and advances to customers:

	31 December 2021 US$	31 December 2021 KHR'000 (Note5)	31 December 2020 US$	31 December 2020 KHR'000 (Note5)
By residency status:				
Residents	525,206,977	2,139,693,224	273,687,552	1,107,066,147
By relationship:				
External customers	522,956,784	2,130,525,939	271,523,346	1,098,311,935
Staff loans	2,250,193	9,167,285	2,164,206	8,754,212
	525,206,977	2,139,693,224	273,687,552	1,107,066,147
By exposure:				
Large exposures (*)	100,372,248	408,916,538	65,263,248	263,989,838
Non-large exposures	424,834,729	1,730,776,686	208,424,304	843,076,309
	525,206,977	2,139,693,224	273,687,552	1,107,066,147
By concession:				
Restructured (**)	26,114,922	106,392,192	-	-
Non-restructured	499,092,055	2,033,301,032	273,687,552	1,107,066,147
	525,206,977	2,139,693,224	273,687,552	1,107,066,147

(*) A "large exposure" is defined under the NBC's Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank's net worth. The exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

(**) A "restructured loan" is a loan that original contractual terms have been modified to provide for concessions for the borrowers for reasons related to real temporary financial difficulties.

(iii). Collateral

Whilst the Bank's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collateral and other actions taken to mitigate the Bank's exposure.

The description of collateral for each class of financial asset is set out below:

Cash and cash equivalents, term deposits and other assets

Collateral is generally not sought for these assets.

Loans and advances to customers and commitments
Certain loans and advances to customers, contingent liabilities, and commitments are typically collateralised to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties.

The table below summarises the Bank's security coverage of its financial assets:

	Collateral/Credit enhancement properties	Unsecured credit exposure	Total
	US$	US$	US$
31 December 2021			
Loans and advances to customers	500,658,589	24,548,388	525,206,977
Commitments	14,964,567	1,153,320	16,117,887
	515,623,156	25,701,708	541,324,864
31 December 2020			
Loans and advances to customers	245,204,057	28,483,495	273,687,552
Commitments	31,138,436	272,993	31,411,429
	276,342,493	28,756,488	305,098,981

(iv).Credit quality of gross loans and advances to customers

Pursuant to the NBC guideline Prakas B7.017.344, it has defined the each credit grading according to its credit quality as follows:

Normal
Outstanding facility is repaid on timely manner and is not in doubt for the future repayment. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capability, business, cash flow and financial position of the counterparty.

Special mention
A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that may adversely affect repayment of the counterparty at the future date, if not corrected in a timely manner, and close attention by the Institution.

Weaknesses include but are not limited to a declining trend in the business operations of the counterparty or in its financial position, and adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.

Substandard

A facility ranked in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position and repayment capacity of the counterparty. In essence, the primary source of repayment is not sufficient to service the debt, not taking into account the income from secondary sources such as the realisation of the collateral.

Factors leading to a substandard classification include:

- Inability of the counterparty to meet the contractual repayments' terms,
- Unfavourable economic and market conditions that would adversely affect the business and profitability of the counterparty in the future,
- Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments,
- Difficulties experienced by the counterparty in repaying other facilities granted by the Institution or by other institutions when the information is available, and
- Breach of financial covenants by the counterparty.

Doubtful

A facility classified in this category exhibits more severe weaknesses than one classified Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.

Loss

A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.

Recognition of ECL

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

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

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

Long-term facilities (more than one year)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
01	No significant increase in credit risk	Normal	0 ≤ DPD < 30	Performing
02	Credit risk increased significantly	Special Mention	30 ≤ DPD < 90	Underperforming
03	Credit impaired assets	Substandard	90 ≤ DPD < 180	Nonperforming
		Doubtful	180 ≤ DPD <360	
		Loss	DPD ≥ 360	

Short-term facilities (one year or less)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
0១	No significant increase in credit risk	Normal	0 ≤ DPD ≤ 14	Performing
0២	Credit risk increased significantly	Special Mention	15 ≤ DPD ≤ 30	Underperforming
0៣	Credit impaired assets	Substandard	31 ≤ DPD ≤ 60	Nonperforming
		Doubtful	61 ≤ DPD ≤ 90	
		Loss	DPD ≥ 91	

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

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (Stage1) or non-performing.

The table below summarises the credit quality of the Bank's gross financing according to the above classifications.

	Loans and advances to customers at amortised cost			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
31 December 2021				
Normal	527,245,265	-	-	527,245,265
Special Mention	-	7,430	-	7,430
Substandard	-	-	944	944
Doubtful	-	-	10,143	10,143
Loss	-	-	28,424	28,424
Total loans and advances to customers at amortised cost	527,245,265	7,430	39,511	527,292,206
Impairment losses	(2,085,229)	-	-	(2,085,229)
Carrying amounts - US$	525,160,036	7,430	39,511	525,206,977
Carrying amounts - KHR'000 (Note 5)	2,139,501,986	30,270	160,968	2,139,693,224

	Loans and advances to customers at amortised cost			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
31 December 2020				
Normal	274,306,939	-	-	274,306,939
Special Mention	-	3,830	-	3,830
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total loans and advances to customers at amortised cost	274,306,939	3,830	-	274,310,769
Impairment losses	(631,839)	(54)	-	(631,893)
Carrying amounts - US$	273,675,100	3,776	-	273,678,876
Carrying amounts - KHR'000 (Note 5)	1,107,015,778	15,275	-	1,107,031,053

Incorporation of forward-looking information

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

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the World Bank, and expected intuitive sign for correlation with default rates from the Bank's working team. The macroeconomic linkage modelling process is aimed to determine a relationship between default rates and macroeconomic variables.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

(v). Amounts arising from ECL

Loss allowance

The following tables show reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument.

	2021			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Loans and advances to customers at amortised cost				
At 1 January	623,163	54	-	623,217
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(62)	62	-	-
Transfer to Stage 3	(10,419)	-	10,419	-
Net remeasurement of loss allowance	240,230	-	-	240,230
New financial assets originated	1,397,587	-	-	1,397,587
Financial assets that have been derecognised	(175,805)	-	-	(175,805)
At 31 December - US$	2,074,694	116	10,419	2,085,229
At 31 December - KHR'000 (Note 5)	8,452,303	473	42,447	8,495,223

	2020			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Loans and advances to customers at amortised cost				
At 1 January	268,236	-	-	268,236
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(54)	54	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	384,988	-	-	384,988
Financial assets that have been derecognised	(30,007)	-	-	(30,007)
Net remeasurement of loss allowance	-	-	-	-
At 31 December - US$	623,163	54	-	623,217
At 31 December - KHR'000 (Note 5)	2,520,695	218	-	2,520,913

	2021			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Cash and cash equivalents				
At 1 January	153,288	-	-	153,288
Net remeasurement of loss allowance	(91,845)	-	-	(91,845)
New financial assets originated	-	-	-	-
At 31 December - US$	61,443	-	-	61,443
At 31 December - KHR'000 (Note 5)	250,319	-	-	250,319

	2020			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Cash and cash equivalents				
At 1 January	162477	-	-	162,477
Net remeasurement of loss allowance	(9,189)	-	-	(9,189)
New financial assets originated	-	-	-	-
At 31 December - US$	153,288	-	-	153,288
At 31 December - KHR'000 (Note 5)	620,050	-	-	620,050

	2021			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Term deposits				
At 1 January	188,067	-	-	188,067
Net remeasurement of loss allowance	434,557	-	-	434,557
New financial assets originated	-	-	-	-
At 31 December - US$	622,624	-	-	622624
At 31 December - KHR'000 (Note 5)	2,536,570	-	-	2,536,570

	2020			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Term deposits				
At 1 January	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated	188,067	-	-	188,067
At 31 December - US$	188,067	-	-	188,067
At 31 December - KHR'000 (Note 5)	760,731	-	-	760,731

	2021			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Loan commitments and financial guarantee contracts				
At 1 January	8,676	-	-	8,676
Net remeasurement of loss allowance	3,054	-	-	3,054
Financial assets that have been derecognised	(4,165)	-	-	(4,165)
New financial assets originated	5,094	-	1,261	6,355
At 31 December - US$	12,659	-	1,261	13,920
At 31 December - KHR'000 (Note 5)	51,573	-	5,137	56,710

	2020			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Loan commitments and financial guarantee contracts				
At 1 January	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated	8,676	-	-	8,676
At 31 December - US$	8,676	-	-	8,676
At 31 December - KHR'000 (Note 5)	35,094	-	-	35,094

(vi).Novel Coronavirus ("Covid-19") and impact on ECL

The Covid-19 pandemic has spread across globally as well as Cambodia and beyond, causing disruption to business and economic activity. The ECL was estimated based on a range of forecast economic conditions as at 31 December 2021. The Bank has made judgement on the impact of GDP and other key indicators when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL in which, the calculation of the ECL in this current environment is subject to significant uncertainty. Based on the evaluation of the Bank's management as at the date of this report, there are no significant impact on the Bank' ECL following the current loan portfolio performance and the repayment behavior of the customers.

The Bank has also performed the identification and periodic review of customers experiencing increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues, or have extended those deferrals, given limitations in the available credit information on these customers.

C. Market risk

Market risk is the risk that changes in market prices – e.g. interest rates, foreign exchange rates and equity prices – will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i). Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing and cost of funds. The potential reduction in net interest income from an unfavorable interest rate movement is regularly monitored against the risk tolerance limits set.

The table below summarises the Bank's exposure to interest rate risk. The table indicates the periods in which the financial instruments reprice or mature, whichever is earlier.

	Up to 1 month	> 1-3 month	> 3-6 month
	US$	US$	US$
31 December 2021			
Financial assets			
Cash and cash equivalents	-	5,108,209	-
Term deposits	-	-	6,718,213
Loans and advances to customers	35,325,355	16,145,407	10,115,218
Other assets	-	-	-
	35,325,355	21,253,616	16,833,431
Derivatives held for risk management	-	-	-
Financial liabilities			
Deposits from customers	537,768,306	36,201,920	23,565,025
Deposits from other financial institutions	11,688,666	3,001,644	-
Borrowings	-	-	-
Lease liabilities	-	-	1,616
Other liabilities	-	-	-
	549,456,972	39,203,564	23,566,641
Interest sensitivity gap	(514,131,617)	(17,949,948)	(6,733,210)
KHR'000 equivalents (Note 5)	(2,094,572,208)	(73,128,088)	(27,431,098)
31 December 2020			
Financial assets			
Cash and cash equivalents	-	12,587,722	-
Term deposits	-	-	-
Loans and advances to customers	17,967,571	10,272,314	2,625,567
Other assets	-	-	-
	17,967,571	22,860,036	2,625,567
Financial liabilities			
Deposits from customers	173,615,463	39,965,465	14,179,572
Deposits from other financial institutions	10,184,824	-	-
Borrowings	-	-	-
Lease liabilities	-	2,180	25,879
Other liabilities	-	-	-
	183,800,287	39,967,645	14,205,451
Interest sensitivity gap	(165,832,716)	(17,107,609)	(11,579,884)
KHR'000 equivalents (Note 5)	(670,793,338)	(69,200,280)	(46,840,631)

> 6-12 month	> 1-5 year	Over 5 year	Non-interest bearing	Total
US$	US$	US$	US$	US$
-	-	-	294,168,723	299,276,932
33,086,221	-	-	-	39,804,434
51,406,765	130,654,703	281,559,529	-	525,206,977
-	-	-	391,888	391,888
84,492,986	130,654,703	281,559,529	294,560,611	864,680,231
-	-	-	417,894	417,894
77,704,618	58,110,083	-	-	733,349,952
70,381,508	-	-	-	85,071,818
5,028,356	-	5,948,182	-	10,976,538
111,901	2,658,056	2,483,080	-	5,254,653
-	-	-	1,483,181	1,483,181
153,226,383	60,768,139	8,431,262	1,483,181	836,136,142
(68,733,397)	69,886,564	273,128,267	293,495,324	28,961,983
(280,019,859)	284,717,862	1,112,724,560	1,195,699,950	117,991,119
-	-	-	126,486,461	139,074,183
9,974,697	-	-	-	9,974,697
21,913,581	111,228,269	109,680,251	-	273,687,552
-	-	-	375,810	375,810
31,888,278	111,228,269	109,680,251	126,862,271	423,112,242
86,600,858	41,249,273	-	-	355,610,631
29,055,745	-	-	-	39,240,569
-	-	1,562,593	-	1,562,593
26,876	3,332,130	-	-	3,387,065
-	-	-	1,681,677	1,681,677
115,683,479	44,581,403	1,562,593	1,681,677	401,482,535
(83,795,201)	66,646,866	108,117,658	125,180,594	21,629,707
(338,951,587)	269,586,573	437,335,926	506,355,503	87,492,165

The Bank does not account for any fixed rate liabilities at fair value through profit or loss, and the Bank does not have derivatives as at year end. Therefore, a change in interest rates at the reporting dates would not affect profit or loss. The Bank does not have variance rate instruments. Therefore, no cashflow sensitivity analysis was prepared.

(ii). Foreign currency exchange risk

Foreign currency exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Concentration of currency risk

The amounts of financial assets and liabilities, by currency denomination, are as follows:

	Denomination US$ equivalents		
	KHR	US$	Total
31 December 2021			
Financial assets			
Cash and cash equivalents	109,476,228	189,800,704	299,276,932
Term deposits	29,711,662	10,092,772	39,804,434
Loans and advances to customers	54,826,242	470,380,735	525,206,977
Other assets	-	391,888	391,888
	194,014,132	670,666,099	864,680,231
Financial liabilities			
Deposits from customers	230,074,372	503,275,580	733,349,952
Deposits from other financial institutions	5,080,392	79,991,426	85,071,818
Borrowings	-	10,976,538	10,976,538
Lease liabilities	-	5,254,653	5,254,653
Other liabilities	-	1,483,181	1,483,181
	235,154,764	600,981,378	836,136,142
Net (liability)/asset position	(41,140,632)	69,684,721	28,544,089
KHR'000 equivalents (Note 5)	(167,606,935)	283,895,553	116,288,619

The amounts of financial assets and liabilities, by currency denomination, are as follows: (continued)

	Denomination US$ equivalents		
	KHR	US$	Total
31 December 2020			
Financial assets			
Cash and cash equivalents	26,076,703	112,997,480	139,074,183
Term deposits	-	9,974,697	9,974,697
Loans and advances to customers	31,894,791	241,792,761	273,687,552
Other assets	-	375,810	375,810
	57,971,494	365,140,748	423,112,242
Financial liabilities			
Deposits from customers	30,729,086	324,881,545	355,610,631
Deposits from other financial institutions	98,977.00	39,141,592	39,240,569
Borrowings	-	1,562,593	1,562,593
Lease liabilities	-	3,387,065	3,387,065
Other liabilities	-	1,681,677	1,681,677
	30,828,063	370,654,472	401,482,535
Net asset/(liability) position	27,143,431	(5,513,724)	21,629,707
KHR'000 equivalents (Note 5)	109,795,178	(22,303,014)	87,492,165

The foreign currency revaluation sensitivity(post-tax) for the Bank as at reporting date is summarised as follows:

	31 December 2021		31 December 2020	
	- 1% Depreciation	+ 1% Appreciation	- 1% Depreciation	+ 1% Appreciation
	US$	US$	US$	US$
KHR	(329,125)	329,125	(217,993)	217,993
KHR'000 equivalent (Note 5)	(1,340,855)	1,340,855	(881,782)	881,782

D. Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Bank's operations and investments.

Management of liquidity risk

The Bank manages its liquidity through its Asset-Liability Committee which is responsible for establishing the liquidity policy as well as monitoring liquidity on an ongoing basis. A Minimum Liquid Asset requirement has been established to ensure that the ratio of liquid assets to qualifying liabilities is subject to a minimum threshold at all times.

The table below summarises the Bank's assets and liabilities based on remaining contractual maturities. The expected cash flows of these assets and liabilities could vary significantly from what is shown in the table. For example, deposits from customers are not all expected to be withdrawn immediately.

	Up to 1 month	> 1-3 month
	US$	US$
31 December 2021		
Financial assets		
Cash and cash equivalents	294,168,723	5,108,209
Term deposits	-	-
Loans and advances to customers	35,325,355	16,145,407
Other assets	391,888	-
	329,885,966	21,253,616
Derivatives held for risk management	-	-
Financial liabilities		
Deposits from customers	537,768,306	36,201,920
Deposits from other financial institutions	11,688,666	3,001,644
Borrowings	-	-
Lease liabilities	-	-
Other liabilities	1,483,181	-
	550,940,153	39,203,564
Loan commitments and financial guarantee contracts	9,579,197	3,515,422
Net liquidity gap	(230,633,384)	(21,465,370)
KHR'000 equivalents (Note 5)	(939,600,406)	(87,449,917)
31 December 2020		
Financial assets		
Cash and cash equivalents	126,333,173	12,741,010
Term deposits	-	-
Loans and advances to customers	17,967,571	10,272,314
Other assets	375,810	-
	144,676,554	23,013,324
Financial liabilities		
Deposits from customers	173,615,463	39,965,465
Deposits from other financial institutions	10,184,824	-
Borrowings	-	-
Lease liabilities	-	2,180
Other liabilities	1,681,677	
	185,481,964	39,967,645
Loan commitments and financial guarantee contracts	5,248,153	23,140,008
Net liquidity gap	(46,053,563)	(40,094,329)
KHR'000 equivalents (Note 5)	(186,286,663)	(162,181,562)

> 3-6 month	> 6-12 month	> 1-5 year	Over 5 year	Total
US$	US$	US$	US$	US$
-	-	-	-	299,276,932
6,718,213	33,086,221	-	-	39,804,434
10,115,218	51,406,765	130,654,703	281,559,529	525,206,977
-	-	-	-	391,888
16,833,431	84,492,986	130,654,703	281,559,529	864,680,231
-	417,894	-	-	417,894
23,565,025	77,704,618	58,110,083	-	733,349,952
-	70,381,508	-	-	85,071,818
-	5,028,356	-	5,948,182	10,976,538
1,616	111,901	2,658,056	2,483,080	5,254,653
-	-	-	-	1,483,181
23,566,641	153,226,383	60,768,139	8,431,262	836,136,142
-	-	-	3,023,268	16,117,887
(6,733,210)	(68,315,503)	69,886,564	270,104,999	12,844,096
(27,431,098)	(278,317,359)	284,717,862	1,100,407,766	52,326,847
-	-	-	-	139,074,183
-	9,974,697	-	-	9,974,697
2,625,567	21,913,581	111,228,269	109,680,251	273,687,552
-	-	-	-	375,810
2,625,567	31,888,278	111,228,269	109,680,251	423,112,242
14,179,572	86,600,858	41,249,273	-	355,610,631
-	29,055,745	-	-	39,240,569
-	-	-	1,562,593	1,562,593
25,879	26,876	3,332,130	-	3,387,065
			-	1,681,677
14,205,451	115,683,479	44,581,403	1,562,593	401,482,535
-	-	-	3,068,781	31,456,942
(11,579,884)	(83,795,201)	66,646,866	105,048,877	(9,827,235)
(46,840,631)	(338,951,587)	269,586,573	424,922,707	(39,751,164)

33. Financial risk management (continued)

E. Operational risk

The operational risk is the risk of losses arising from inadequate or failed internal processes, people or systems or from external factors. This risk is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and oversight provided by the senior management. This includes legal, compliance, accounting and fraud risk.

The operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streaming procedures and documentation ensuring compliance with regulatory and legal requirements. These are reviewed continually to address the operational risks of its banking business.

F. Capital management

(i). Regulatory capital

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 requirements set by the NBC;

• To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

• To maintain a strong capital base to support the development of the business.

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The above regulated capital is calculated in accordance with the guidance issued by the NBC which may be different in some material respects compared to generally accepted principles applied by financial institutions in other jurisdiction. The above regulated capital information is therefore not intended for users who are not informed about the guidance issued by the NBC.

(ii). Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

34. Fair values of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed. These include investment in subsidiaries and property and equipment.
The fair value of the Bank's financial instruments such as cash and cash equivalents, loans and advances to customers, intangible assets, property and equipment, right-of-use assets and deferred tax liabilities, deposits from customers, other assets, other liabilities and borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

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

(i). Cash at banks

The fair values of balances with other banks and financial institutions with maturity of less than one year approximate their carrying amounts.

(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. The fair values of fixed rate loans with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for financing with similar credit risks and maturities.

(iii). Deposits from banks, other financial institutions and customers

The fair values of deposits payable on demand (current and savings accounts), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for similar deposits from banks and customers.

(iv). Other financial assets and liabilities

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

Fair value hierarchy

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

• Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
• Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The Bank's financial assets and liability, except debt investments at FVOCI, are not measured at fair value. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, the fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values.

35. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

A. Basis of measurement

The financial statements have been prepared on a historical cost.

B. Foreign currency

Transactions in foreign currencies are translated into the functional currency of at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
Foreign currency differences arising on translation are generally recognised in profit or loss.

C. Financial assets and financial liabilities

(i). Recognition and initial measurement

The Bank initially recognises loans and advances, borrowings and subordinated liabilities on the date on which they are originated. All other financial the date on which the Bank becomes a party to the contractual provisions of the instrument.

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

(ii). Classification

Financial assets

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

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

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

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

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

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

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

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

Non-recourse loans

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

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

Reclassifications

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

(iii). Derecognition

Financial assets

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

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

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv). Modifications of financial assets and financial liabilities

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

Interest rate benchmark reform (policy applied from 1 January 2021)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes.

(v). Offsetting

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

(vi). Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.
When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.
The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

(vii). Impairment

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.
The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 35B(iv)).

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

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

At each reporting date, the Bank assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.
The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due for long-term facilities or more than or equal to 15 days past due for short-term facilities. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.
If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- The Bank considers that a financial asset is credit-impaired when an asset is more than or equal to 90 days past due for long-term facilities or more than or equal to 30 days past due for short-term facilities.
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual

cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to recover.

Inputs, assumptions and techniques used for estimating impairment

The key inputs into the measurement of ECL are the term structure of the following variables:
• Probability of default ("PD");
• Loss given default ("LGD"); and
• Exposure at default ("EAD").

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

The statistical model has been employed to analyse data collected and generate estimate of remaining lifetime PD of exposure and how these are expected to change as result of passage of time.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters by benchmarking the value using Basel internal ratings-based framework ("IRBF") parameter set at 5% and 25% for mortgages and corporate loans.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on the forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

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

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see 35C(iv)) and ECL are measured as follows.

• If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

• If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

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

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

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days for long-term facilities or 30 days for short-term facilities is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statement of financial position

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

• for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
• loan commitments and financial guarantee contracts: generally, as a provision;
• where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

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

Recoveries of amounts previously written off are recognised when cash is received and are included in ‘impairment losses on financial instruments’ in the statement of profit and loss and OCI.

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

D. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and

are used by the Bank in the management of its short-term commitments.
Cash and cash equivalents are carried at amortised cost in the statement of financial position.

E. Derivatives held for risk management

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are measured at fair value in the statement of financial position.

F. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary share are recognised as a deduction from equity, net of any tax effects. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

G. Regulatory reserves

Regulatory reserve is set up for the variance of provision between loan impairment in accordance with CIFRS and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. In accordance with Article 73, the entity shall compare the provision calculated in accordance with Article 49 to 71 and the provision calculated in accordance with Article 72, and then record:

(i) In case that the regulatory provision calculated in accordance with Article 72 is lower than provision calculated in accordance with Article 49 to 71, the entity records the provision calculated in accordance with CIFRS; and

(ii) In case that the regulatory provision calculated in accordance with Article 72 is higher than provision calculated in accordance with Article 49 to 71, the entity records the provision calculated in accordance with CIFRS and transfer the difference from retained earnings or accumulated loss account into regulatory reserves in shareholders' equity of the statement of the financial position.

The regulatory reserve is not an item to be included in the calculated of the Bank's net worth.
On 28 December 2021, the NBC issued a new Circular, No. B7-021-2314 CL on Classification and Provisioning Requirement on Restructure Loans, which aims at phasing out the forbearance period for the existing restructured loans and phasing the classification and provisioning arrangements complying with the current regulation, Prakas No.B7-017-344 dated 01 December 2017 on Credit Risk Grading and Impairment Provisioning. In this regard, all restructured loans by 31 December 2021 shall be classified and provisioned based on the requirements under this circular. For loans that were still in the assessment period, they shall be kept at the same classification as before the restructured terms of contract.

Following the NBC's workshop on "the Circular on Classification and Provisioning Requirement for Restructured Loans" held on 18 January 2022, the NBC issued a communication on 4 February 2022 allowing banking and financial institutions ("BFIs") to defer the implementation of the new Circular until January 2022 onward though early adoption is encouraged. The Bank chose to defer the implementation of the new Circular in preparing these financial statements for the year ended 31 December 2021.

H. Deposits and placements with banks

Deposits and placements with banks are stated at amortised cost less impairment for any uncollectable amounts.

I. Statutory deposits

Statutory deposits included in balances with the NBC are maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by the defined percentage of the minimum share capital and the customers' deposits as required by NBC.

J. Loans and advances to customers

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

K. Other assets

Other assets are carried at cost less impairment if any.

L. Property and equipment

(i). Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within "other income" and "other operating expenses" respectively in profit or loss.

(ii). Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii). Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line over the estimated useful lives of each component of an item of property and equipment. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current period are as follows:

	Years
Leasehold improvements	10
Office equipment	2 - 10
Computer and IT equipment	3 - 5
Motor vehicles	5
Furniture and fixtures	5

Depreciation methods, useful lives and residual values are reassessed at end of the reporting period and adjusted if appropriate.

M. Intangible assets

Intangible assets, which comprise acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire the specific software and bring it to use.

Intangible assets are amortised over their estimated useful lives from 3 to 10 years using the straight-line method. Work-in-progress is not amortised until such time as the relevant intangible assets are completed and put into operational use.
Costs associated with the development or maintenance of computer software are recognised as expenses when incurred.

N. Leases

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

Leases in which the Bank is a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of branches and office premisesy the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated useful lives for the current year are as follows:

- Office space 3 – 10 years
- ATM space 2 – 3 years

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

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the lease term, a change in the assessment of the option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee.

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

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

O. Borrowings

Borrowings are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at amortised cost using effective interest method.

P. Employee benefits

(i). Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii). Other long-term employee benefits

The Bank's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit and loss in the period in which they arise.

Q. Provisions

Provisions are recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

R. Interest income and expense

(i). Effective interest rate

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

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

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

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

(ii). Amortised cost and gross carrying amount

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

(iii). Calculation of interest income and expense

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

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

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

(iv). Presentation

Interest income calculated using the effective interest method presented in the statement of profit and loss and OCI includes interest on financial assets and financial liabilities measured at amortised cost.

Interest expense presented in the statement of profit and loss and OCI includes financial liabilities measured at amortised cost and lease liabilities.

S. Fee and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate. Other fee and commission income – including account servicing fees is recognised as the related services are performed.
A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

T. Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.
Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date 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.

U. Net gains/losses from other financial instruments at fair value through profit or loss (FVTPL)

Net gains/losses from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, and foreign exchange differences.

V. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except items recognised directly in equity or in other comprehensive income.

The Bank has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognised the related expenses in 'other operating expenses'.

(i). Current tax

Current tax comprises the expected tax payable or receivable on the taxable income for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii). Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. 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; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Differed tax assets and liabilities are offset only if certain criteria are met.

W. Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

X. Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

36. Change in significant accounting policies

Interest Rate Benchmark Reform – Phase 2 (Amendments to CIFRS 9, CIAS 39, CIFRS 7, CIFRS 4 and CIFRS 16) (the Phase 2 amendments) became effective on 1 January 2021.

The Bank applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Bank has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Bank had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

37. New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Bank have not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Bank's financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to CIFRS 16).
- Annual Improvements to CIFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to CIAS 16).
- Reference to Conceptual Framework (Amendments to CIFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to CIAS 1)
- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to CIAS 8).
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to CIAS 37).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CIAS 12).

38. Subsequent event

On 21 December 2021, the Bank submitted a new request to the NBC to increase the share capital from US$105,000,000 to US$115,000,000. This request has been subsequently approved by the NBC on 12 January 2022, and the amendment to the Bank's M&AA was endorsed by the MoC on 23 February 2022

NOTE

CHIP MONG COMMERCIAL BANK
BRANCH LOCATION

MAO TSE TUNG HEADQUARTER

#137B, Mao Tse Tung Blvd, Sangkat Boeng Keng Kang 3, Khan Chamkarmon, Phnom Penh, Cambodia

098 311 322 / 068 311 322

PSA DERM TKOV BRANCH

#37 St. 271 Sangkat Boeung Tumpun 1, Khan Meanchey, Phnom Penh, Cambodia

069 877 811 / 068 877 811

NORODOM BRANCH

#99, Norodom Blvd, Corner Samdach Pan Ave (214), Phnom Penh, Cambodia

069 311 377 / 068 311 377

TOUL KORK BRANCH

#16 & 18 Sangkat Toul Sangkae 2, Khan Reuseykeo, Phnom Penh, Cambodia

070 211 233 / 068 211 233

BOEUNG SALANG BRANCH

#19H St. 271 Sangkat Boeung Salang, Khan Toul Kork, Phnom Penhn, Cambodia

070 833 811 / 068 833 811

BAK TOUK

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093 355 311 / 068 355 311

NORO MALL BRANCH

Noro Mall building, 1st floor, Norodom Blv South, Corner Street 360 & Street 370, Phnom Penh, Cambodia

093 322 311 / 068 322 311

SIEM REAP

National Road No 6A, Phum Banteay Chas, Sangkat Sla Kram, Krong Siem Reap, Siem Reap Province

010 966 911 / 090 966 911

BATTAMBANG

St. No3, Phum Kammeakor, Sangkat Svay Por, krong Battambang, Battambang Province

070 344 311 / 090 344 311

LAND MARK 271

No 208 & 210, St. Commercial, Phum Prek Ta Nu, Sangkat Chak Angrae Leu, Khan Mean Chey, Phnom Penh

076 776 9999

KAMPONG CHAM

National Road No 7, Phnum Boeng Snay, Sangkat Sambuor Meas, Krong Kampong Cham, Kampong Cham Province

070 599 511 / 090 599 511

598 Mall Branch

Street No 598, Phnum Phum Ka, Sangkat Chrang Chamreh Ti Pir, Khan Russey Keo, Phnom Penh

067 765 222

Sensok Mall Branch

Street No 1928, Phum Bayab, Sangkat Phnom Penh Thmei, Khan Saensokh, Phnom Penh

067 783 222

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