



ធនាគារ ប៊ូយ៉ុង ខ្មែរ
BOOYOUNG KHMER BANK

ANNUAL REPORT



#86-88, Preah Norodom Blvd (41), Sangkat Chey Chumneah, Khan Doun Penh, Phnom Penh
Tel: +855(0) 23 951 +855 (0) 23 954 888, Email: hrs@bkb.com.kh

1. CORPORATION MISSION AND VISION



Build Your Dream with Booyoung Khmer Bank!

❖ MISSION

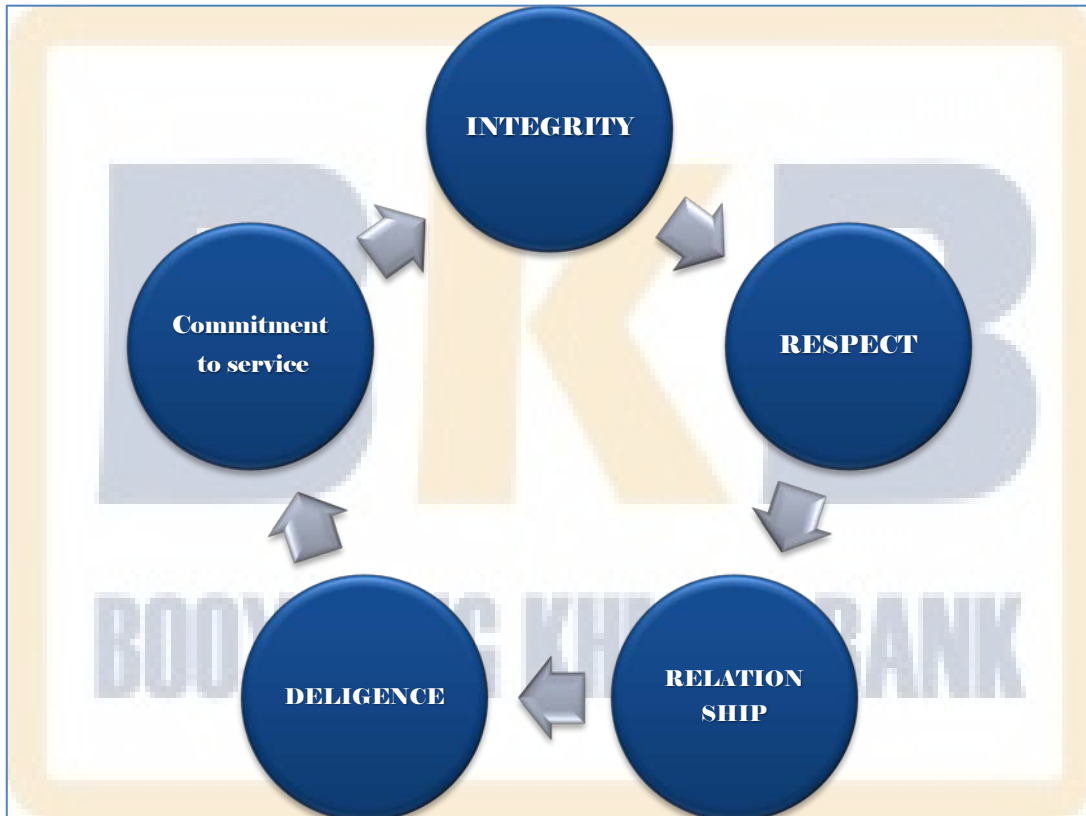
Booyoung Khmer Bank will strive to be the premier financial partner providing the best products and services for achievement of customers, shareholders, and the community's goals and dreams. On the solid foundation of Booyoung Group, Booyoung Khmer Bank promise to be the best financial service provider in Cambodia.

❖ VISION

To be a reputable and leading financial service provider focusing on commercial banking, investment banking and other financial service in Cambodia and in the region by offering innovative and quality financial products and services, as well as to be a profitable and well managed Financial Institution.

2. CORE VALUES/BELIEFS

Booyoung Khmer Bank has set up our core values and beliefs which will lead us to be a premier financial service provider throughout Cambodia. We treat our customers with integrity, respect, relationship, diligence and commitment to service.



3. CODE OF ETHIC

Booyoung Khmer Bank sets out the regulations to guide Executive officers and employees conduct based on key principles:

- I) Integrity,** Booyoung Khmer Bank expects that all employees will demonstrate honesty and commitment in all dealings.
- II) Caring,** All employees should reflect both a personal commitment to your job and also taking care of the Bank's properties.
- III) Fairness,** Bank's Executives and employees shall maintain a sense of individual respect for human dignity, good judgment, openness, understanding, and respect duty.
- IV) Responsibility,** Booyoung Khmer Bank demands a dedicated commitment the bank operation, to engender trust, faith and confidence from others. This is a strict conduct in accordance with the Bank's core values.
- V) Avoid conflict of interest,** Booyoung Khmer Bank avoid any problems that come up from conflict of interest

4. CORPORATE PROFILE



Booyoung Khmer Bank has started its banking operation on 16th of July 2008 with full banking license from National Bank of Cambodia as commercial bank. The shareholders of Booyoung Khmer Bank are solely held by Booyoung Housing Co., Ltd that belongs to Booyoung group which in Asset Size ranked at 22 largest Korea group in 2023. By the end of 2023, Booyoung Khmer Bank has three branches: Meanchey branch established in 2017, Siem Reap branch established in 2018 and Krong Preah Sihanouk Branch established in 2023 and Booyoung Khmer Bank plan to expand its business by open some more branches in the following year. Booyoung Khmer Bank has continuously increased its registered capital. As of the end of 2020, Booyoung Khmer Bank has increased its registered capital by an additional USD30,000,000.00, bringing the registered capital of Boyoung Khmer Bank to USD105,000,000.00 with approval from the National Bank of Cambodia on November 05, 2020.

5. CORPORATE INFORMATION

Shareholders	Booyoung Housing Co., Ltd	
Board of directors	Dr. Lee Joong Keun	(Chairman)
	Mr. Lee Se Whi	(Director)
	Mrs. Lee Seo Jeong	(Director)
	Mr. Lee Sung Keun	(Director)
	Mr. An Kio Byung	(Independent Director)
	Mr. Lee Hana	(Independent Director)
Registered office (HO)	No. 86-88, Preah Norodom Blvd (41), Sangkat Chey Chumneah, Khan Doun Penh, Phnom Penh.	
MeanChey Branch	4 th floor, ANINA Building, No 240, St 271, Sangkat Beoung Tumpun, Khan Meanchey, Phnom Penh.	
Siem Reap Provincial Branch	(Land Title No 3766) National Road 6A, Khna Village, Sangkat Chreav, Krong Siem Reap, Siemreap Province, Cambodia.	
Krong Preah Sihanouk Branch	Lot No: 820, 821, 228 & 229, Ekareach Street, Phum Muoy, Sangkat Pir, Krong Preah Sihanouk, Preah Sihanouk Province.	
Auditors	CAM ACCOUNTING & TAX SERVICE Co., Ltd.	



Dr. Lee Joong Keun, Chairman of the Board of Directors

6. PRESIDENT & CEO'S MESSAGE

Dear valued customers!

I am honor to present to you all our Annual Report for the year 2023 of Booyoung Khmer Bank in the face of unprecedented challenges. As we reflect on the past year, marked by global uncertainty and local adversities, I am immensely proud of what we have achieved together as a bank, and as an integral part of Cambodia's financial landscape.



The year 2023 posed multifaceted challenges, from the lingering impacts of the global pandemic to the evolving economic landscape. However, amidst these challenges, our bank stood stable, guided by our steadfast commitment to our core values of integrity, innovation, and customer-centricity.

I am pleased to report that our bank continued to demonstrate robust financial performance in 2023. We achieved notable milestones in expanding our market presence, enhancing operational efficiency, and delivering sustainable value to our shareholders. Our prudent risk management practices, coupled with strategic investments in technology and talent, have fortified our position as a trusted financial partner for individuals, businesses, and institutions across Cambodia.

Booyoung Khmer Bank was continued to strengthen its business. The annual profit for the year 2023 of Booyoung Khmer Bank increased by 10.56% compared to the previous year from USD 5,984,096 in 2022 to USD 6,616,084 in 2023, even though the assets decreased 5.10% from USD 167,200,227 in 2022 to USD 158,681,089 in 2023. As end of 2023, Booyoung Khmer Bank there were 45 of total staffs, a Head office and 3 Branch Offices located at Mean Chey, Siem Reap Province and Krong Preah Sihanouk with the total amount of loans and advances increased 5.41% from USD 98,039,302 in 2022 to USD 103,347,495 in 2023. The deposits from customers decreased 47.01% from the deposit balance USD 32,821,661 in 2022 to USD 17,392,090 in 2023.

Looking ahead, we remain cautiously optimistic about the opportunities that lie ahead, even as we navigate the uncertainties of a rapidly changing global landscape. As Cambodia continues its path of economic development and digital transformation, our bank is poised to play a pivotal role in driving sustainable growth and prosperity for all stakeholders. We will continue to innovate, adapt, and collaborate to meet the evolving needs of our customers and communities, while upholding the highest standards of corporate governance and social responsibility.

In closing, I would like to express my sincere gratitude to our shareholders, customers, partners, and employees for their unwavering support and dedication. It is through your collective efforts and resilience that we have emerged stronger and more resilient in the face of adversity. As we embark on the journey ahead, let us remain steadfast in our commitment to excellence, integrity, and inclusivity, knowing that together, we can overcome any challenge and achieve greater heights of success.

Booyoung Khmer Bank is very proud to provide you with the financial services.



Mr. Kim Hyuk Jun
President and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 18 March 2024

7. PRODUCTS AND SERVICES

Booyoung Khmer Bank offers a wide range of financial products and services to individuals and corporates customer to meet their needs. Our products and services are:



Deposit product
Current Account
Saving Account
Fix Deposit

Loan product
Individual Loan
Commercial Loan
Trade Finance
Local Transfer (Inward/Outward)
Oversea Transfer (Inward/Outward)
Other Services
Cheque Clearing
Fast Payment

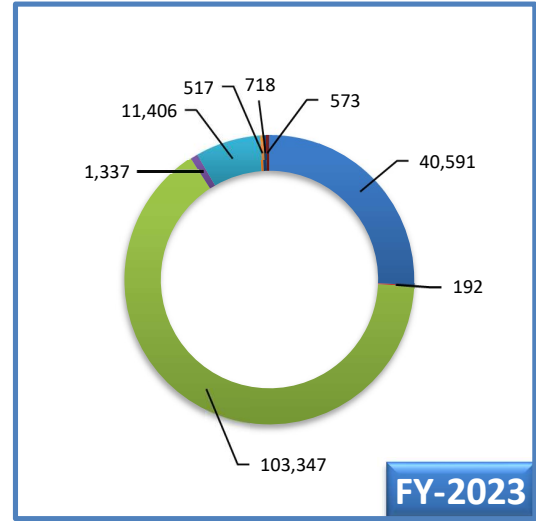
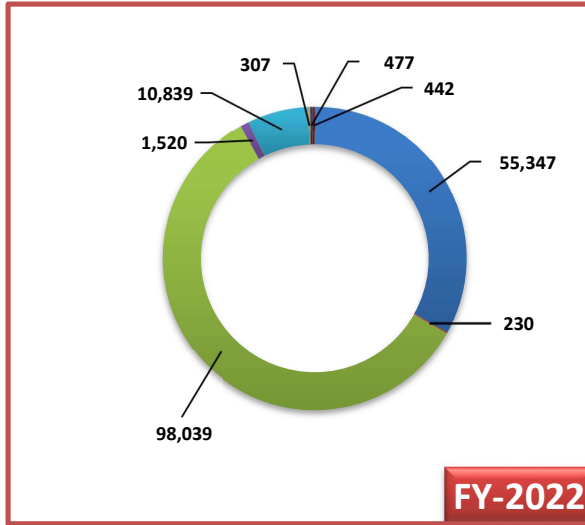
8. FINANCIAL HIGHLIGHTS

Year Ended December 31		
	2022	2023
OPERATION RESULTS(USD)		
Profit Before Tax Expense	7,535,686	7,826,380
Profit After Tax Expense	5,984,096	6,616,084
KEY BALANCE SHEET DATA (USD)		
Total Assets	167,200,227	158,681,089
Loans and Advance	98,039,302	103,347,495
Total Liabilities	34,856,183	19,720,961
Deposits from Customers	32,821,661	17,392,090
Paid-up Capital	105,000,000	105,000,000
Shareholder's Equity	132,344,044	138,960,128
FINANCIAL RATIO		
Return on Assets	3.58%	4.17%
Return on Equity	4.52%	4.76%
Equity to Total Assets	79.15%	87.57%
Net Worth to Total Assets	73.69%	81.18%
Net interest margin to total assets	4.64%	5.78%
None-interest expense to gross income	11.71%	5.69%
Liquid assets to total asset	33.24%	25.70%
Solvency Ratio	74.90%	82.21%
Deposit to total Loan	33.96%	16.83%
Quick Ratio	483.56%	846.79%

9. SIMPLIFIED BALANCE SHEET

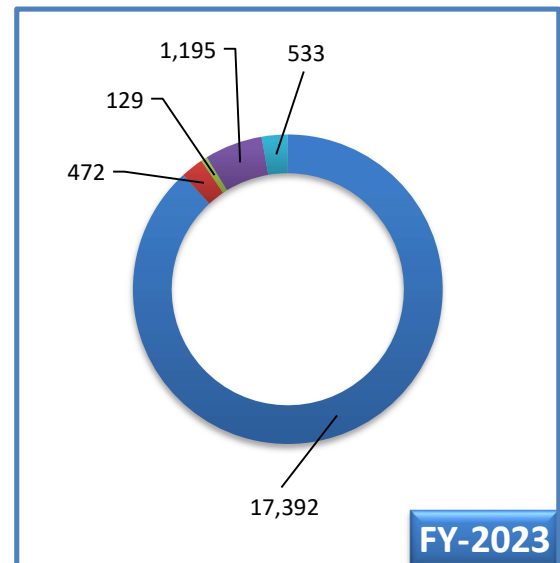
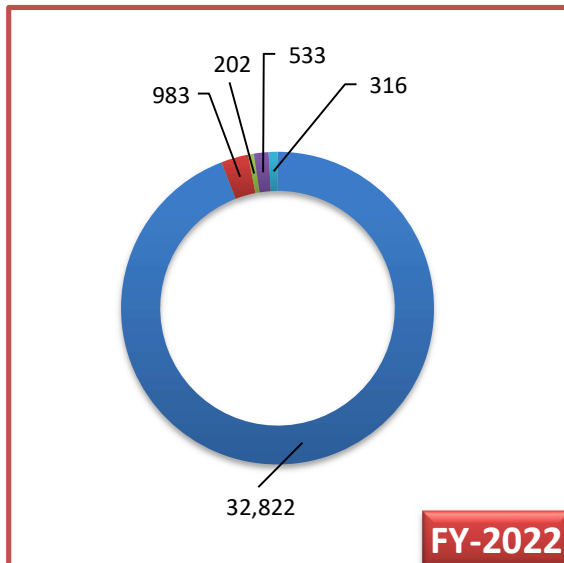
Amount in USD' 000

ASSETS



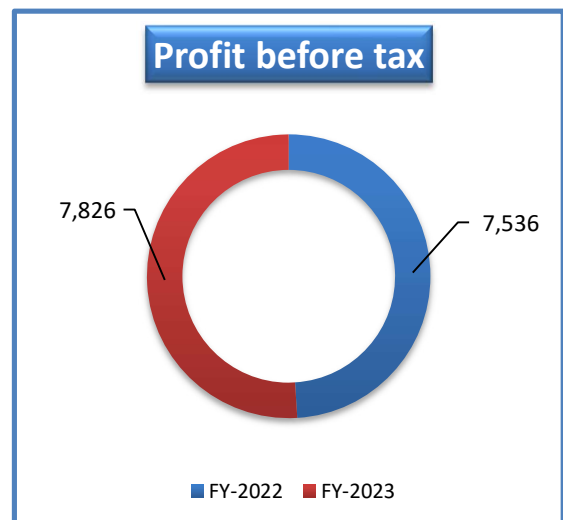
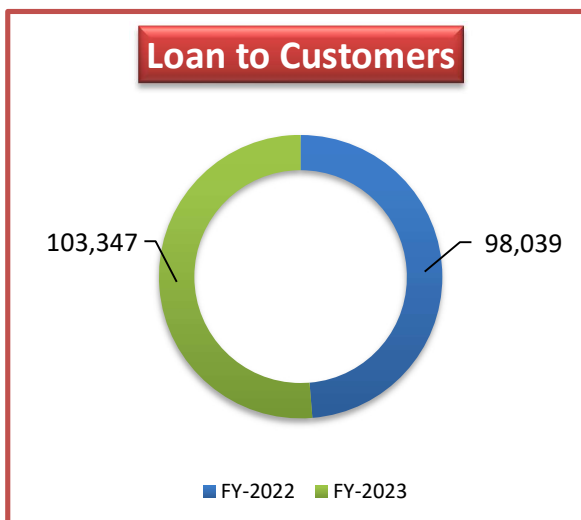
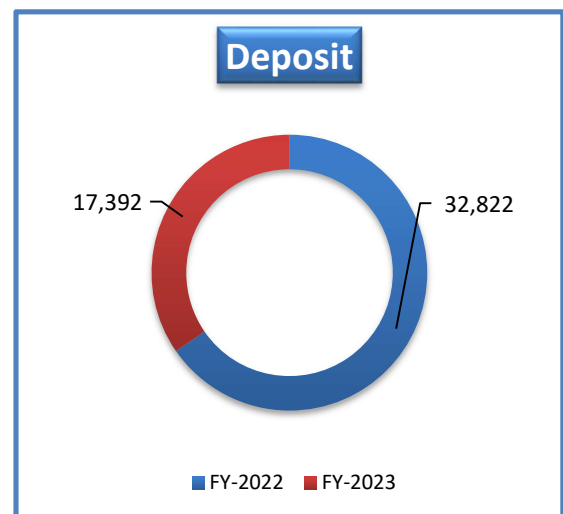
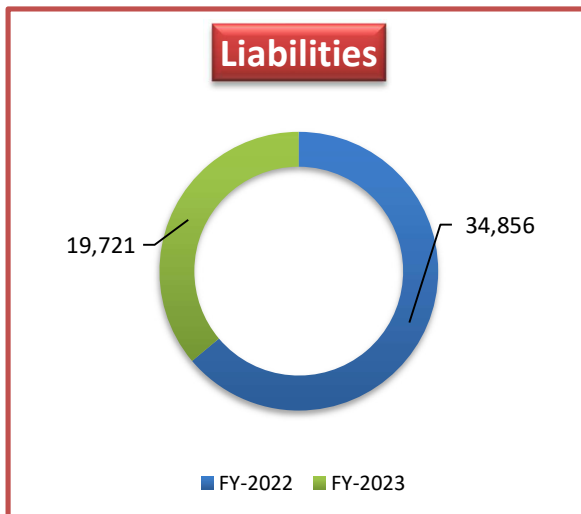
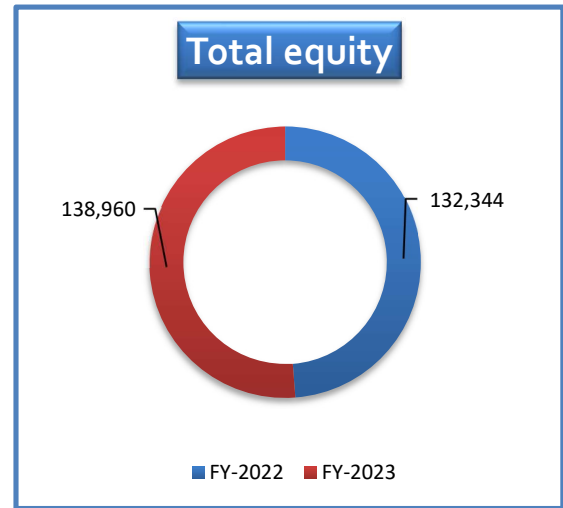
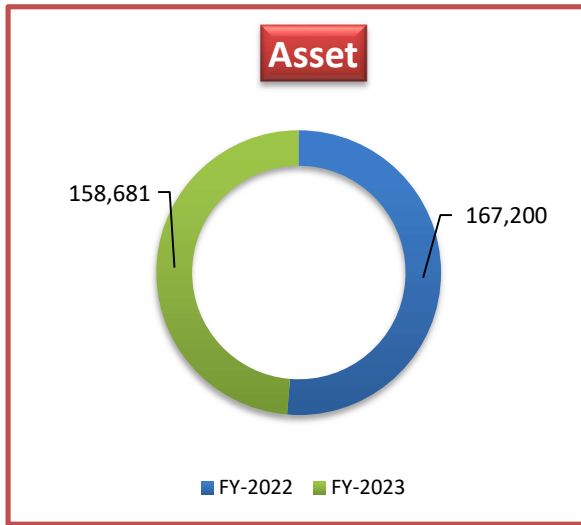
- Cash and bank balances
- Loan and advance
- Statutory deposits with NBC
- Property and equipment
- Deposit and placements with NBC
- Other Assets
- Right-of use assets
- Intangible asset

LIABILITIES

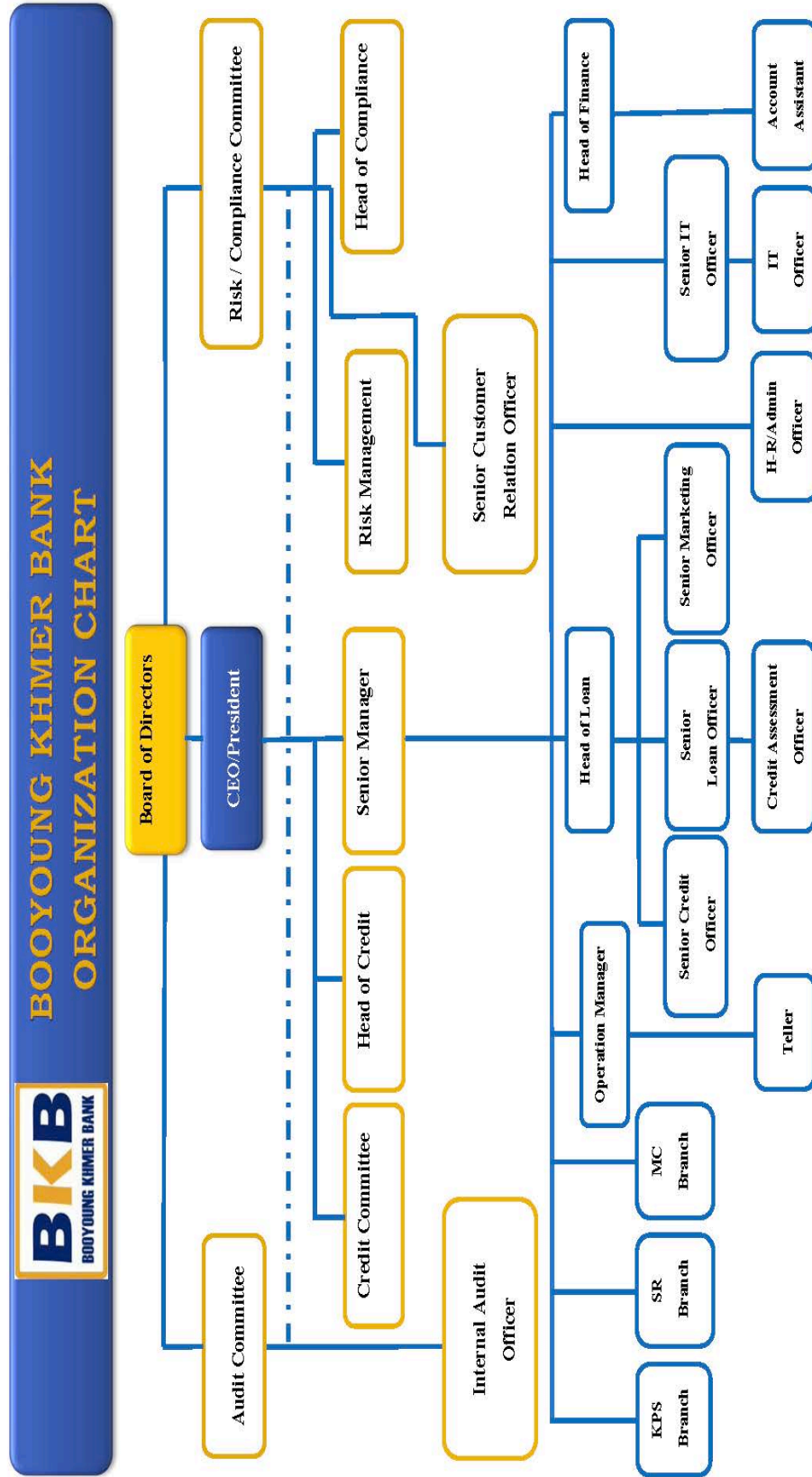


- Deposit
- Income tax paid
- Other Liabilities
- Deferred tax liability
- Lease liability

10. SUMMARY OF TWO-YEAR GROWTH



11. ORGANIZATION CHAT



SOCIAL RESPONSIBILITY

Cambodia, Korean Firm Sign MoU on Donation Of 1,000 Buses

AKP Phnom Penh, June 30, 2023

Booyoung Khmer II Co., Ltd., a subsidiary of Booyoung Group of the Republic of Korea, has donated 1,000 new buses to the Royal Government of Cambodia.

A Memorandum of Understanding on the bus donation was signed here on June 29 between H.E. Dr. Aun Pornmoniroth, Deputy Prime Minister, Minister of Economy and Finance who represented the Royal Government and Mr. Lee Joong Keun, Chairman of the Board of Directors of Booyoung Khmer II Co., Ltd.

According to an announcement of the Ministry of Economy and Finance, the buses will be delivered to Cambodia in three phases: 400 buses in 2023, 300 in 2024, and 300 in 2025.

The buses will be distributed to all municipal and provincial administrations to serve their public transport mechanism in order to help ease the local people's travel, the source added.

BOOYOUNG KHMER II Co., Ltd. has been investing in various sectors since 2007, including real estate, condominiums, hotels, golf courses, telecommunications services, schools, universities, banking and so on. The company has also supported the construction of 300 school buildings, donated 200 buses to the Phnom Penh capital administration, and participated in humanitarian activities through the Cambodian Red Cross and Samdech Techo Volunteer Doctors Association.



Source: <https://www.information.gov.kh/articles/108274>

Booyoung donates 200 buses to Phnom Penh

South Korean construction giant Booyoung Group said Wednesday it has donated a total of 200 buses to the Cambodian capital of Phnom Penh as part of its ongoing social contribution activities in the Southeast Asian country.

Booyoung Group founder and Chairman Lee Joong-keun and Phnom Penh Municipal Gov. Khuong Sreng attended the delivery ceremony held Tuesday (local time), with dozens of city and company officials and Korean residents there present.

The latest donation, worth \$8.83 million, aims to help improve Phnom Penh's public transportation infrastructure, which Booyoung hopes will become a fresh opportunity to bolster ties between Korea and Cambodia.

“As I watched Cambodian mothers and their children riding a motorbike during rains or heat waves, I thought about offering them buses for better safety,” the Booyoung founder said during the event.

“It would be great if Phnom Penh citizens, especially young students, commute more comfortably in an air-conditioned bus and use the commuting time more effectively.”

He added that the buses could help innovate the city's public transportation which has thus far been focused on motorbikes and tuk tuk taxis.

In response, the city mayor expressed gratitude for the donation, stressing Booyoung has made great contribution to the bilateral ties between the two governments.

The newly donated buses are also expected to run on routes connecting Booyoung's planned residential complex, called "Booyoung Town," with the city center. The mega housing project is planned for 15,000 households.

The group has also started the construction of Woojeong Cambodia School within the complex. The school, located on a site of 15,475 square meters, consists of three five-story buildings and 71 classrooms for some 1,800 students from kindergarten to high school. “Woojeong” means “friendship” in Korean.

The school also includes a nursing school and facilities for elderly people to offer more comprehensive welfare services for diverse demographic groups.

Booyoung has carried out extensive social contribution activities in Cambodia. It has thus far built a total of 300 elementary schools, worth about \$8.9 million, as well as donated some 3,000 digital pianos and 40,000 electronic whiteboards. An additional \$550,000 has been donated mostly to help improve the educational environment for young students.

Long Dimanche, a former Cambodian Ambassador to Korea, picked Booyoung as the most beloved Korean company in Southeast Asia in a media interview last year.

(Source: By Lee Yoon-seo, Published: Mar 1, 2023 Website: The Korean Herald)



Booyoung Khmer Bank donates to TYDA

Booyoung Khmer Bank received a Certificate of Appreciation, In recognition of generous donation to Samdech Techo Voluntary Youth Doctor Association (TYDA) the amount of 100,000USD. Booyoung Khmer Bank always care about Cambodian people.



Staff's capacity building

Booyoung Khmer Bank fostered a culture of continuous learning and professional development by offering various learning opportunities to its employees. These included in-house training sessions, workshops, seminars, webinars, e-learning modules, and certifications. By encouraging employees to take ownership of their learning and development, the bank aimed to nurture a highly skilled and motivated workforce.

The bank's investment in staff capacity building reflected its commitment to staying ahead of the curve, driving innovation, maintaining regulatory compliance, and delivering value to customers. By prioritizing the development of its workforce, the bank positioned itself for long-term success and growth in an increasingly dynamic and challenging business environment.

The following training courses which BKB's managements and staffs has attended as below list.

- In house training courses:

<i>N</i>	<i>Training course</i>	<i>Participant</i>	<i>Number</i>
1	Training on understanding on AML-CFT	Mean Chey's Branch	5
2	Training on understanding AML-CFT	Siem Reap's Branch	7
3	Training on Banking Operation Business	Krong Preah Sihanouk's Branch	5
4	Training on Understanding of AML-CFT and CTR, STR Reporting. Date: 27 December 2023	Head Office	15

- External Training Courses: which staffs had attended at IBF

<i>N</i>	<i>Training course</i>	<i>Participant</i>	<i>Number</i>
1	The Roles of Governance in Ensuring Commitment and Effective Implementation of Client Protection in Banks and Financial Institutions	Head Office	1
2	Internal Audit Foundation	Head Office	1
3	Regulatory Compliance Certification	Head Office	1
4	Responsible Lending Certification	Head Office Mean Chey's Branch Siem Reap's Branch Krong Preah Sihanouk's Branch	11

12. DIRECTOR'S REPORT

The directors hereby submit the report and the audited financial statements of the Booyoung Khmer Bank (“the Bank”) for the financial year ended 31 December 2023

1.DIRECTORS

The names of directors of the Bank who served during the financial year and up to the date of this report are as follows:

Mr. Lee Joong Keun	Chairman
Mr. Lee Se Whi	Director
Mrs. Lee Seo Jeong	Director
Mr. Lee Sung Keun	Director
Mr. An Kio Byung	Independent Director
Mr. Lee Hana	Independent Director

2.DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for the financial statements of the Bank to be properly drawn up so as to give a true and fair view of the financial position of the Bank as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended. In the preparation of these financial statements, the directors are required to:

- i) adopt appropriate accounting policies in compliance with Cambodian International Financial Reporting Standards (“CIFRSs”) which are supported by reasonable and appropriate judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements CIFRSs, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) Maintain adequate accounting records and an effective system of internal controls;
- iv) Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- v) Control and direct effectively the Bank in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The directors confirm that the Bank has complied with the above requirements in preparing the financial statements of the Bank.

3. PREPARATION OF THE FINANCIAL STATEMENTS

In the preparation of the financial statement, the directors have taken account of the following matters:

- i) All material transfers to or from reserves or provisions during the financial year are disclosed in the statements;
- ii) Adequate allowance for impairment losses on receivables and other current and non-current assets, if required, has been made;
- iii) Known bad debts had been written off, if any;
- iv) Existing methods of valuation of assets or liabilities is not misleading or inappropriate;
- v) There are no known circumstances that would render any amount stated in the financial statements to misleading;
- vi) There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the bank for the financial year in which this report is made;
- vii) The results of the operations of the Bank during the financial year were not, in the opinion of the directors, substantially affected by any item, transition or event of a material and unusual nature;
- viii) No contingent or other liability of the Bank has become enforceable or is likely to become enforceable within the period or twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Bank to meet its obligations when they fall due.

4. APPROVAL OF THE FINANCIAL STATEMENTS

The directors hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2023, its financial performance and cash flows for the financial year then ended in accordance with CIFRSs.

On behalf of Board of Directors



Mr. Kim Hyuk Jun
President and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 18 March 2024

13. INDEPENDENT AUDITORS'REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Booyoung Khmer Bank, ("the Bank") which comprise the statement of financial position as at 31 December 2023 of the Bank, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 23 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flow for the financial 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Bank in accordance with the 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Bank does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Directors for the Financial Statements

The directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRSs. The directors are also responsible for such internal controls as the directors determine are 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 of the Bank, the directors are 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 the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Bank 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 CISA 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 of the Bank, 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 the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the directors 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.

On behalf of Cam Accounting & Tax Service Co., Ltd.
Certified Public Accountants and Auditors



Keat Heng, CPA, ACCA
Audit Partner

Phnom Penh, Kingdom of Cambodia
Date: 18 March 2024

Financial Statements for the year ended 31 DECEMBER 2023

14. STATEMENT OF FINANCIAL POSITION

	Note	2023		2022	
		USD	KHR'000	USD	KHR'000
Assets					
Cash and bank balance	6	40,590,778	165,813,328	55,346,533	227,861,676
Deposits and placements with NBC	7	192,209	785,174	229,562	945,107
Loans and advances	8	103,347,495	422,174,517	98,039,302	403,627,806
Other assets	9	1,337,379	5,463,193	1,520,448	6,259,685
Statutory deposits with NBC	10	11,406,193	46,594,298	10,838,845	44,623,525
Right-of use assets	11	516,539	2,110,062	306,557	1,262,095
Equipment	12	717,956	2,932,850	476,827	1,963,097
Intangible assets	13	572,540	2,338,826	442,153	1,820,344
Total assets		<u>158,681,089</u>	<u>648,212,248</u>	<u>167,200,227</u>	<u>688,363,335</u>
Liabilities					
Deposits from customers	14	17,392,090	71,046,688	32,821,661	135,126,778
Other liabilities	15	128,706	525,764	202,272	832,754
Lease liabilities	28b	533,326	2,178,637	316,382	1,302,545
Income tax payable	26b	471,650	1,926,690	983,237	4,047,987
Deferred tax liability	26a	1,195,189	4,882,347	532,631	2,192,842
Total liabilities		<u>19,720,961</u>	<u>80,560,126</u>	<u>34,856,183</u>	<u>143,502,906</u>
Equity					
Share capital	16	105,000,000	420,000,000	105,000,000	420,000,000
Regulatory reserve	17	10,483,883	42,982,501	3,445,732	14,055,700
Retained profits	18	23,476,245	95,188,255	23,898,312	96,922,952
Translation reserve		-	9,481,366	-	13,881,777
Total equity		<u>138,960,128</u>	<u>567,652,122</u>	<u>132,344,044</u>	<u>544,860,429</u>
Total liabilities and equity		<u>158,681,089</u>	<u>648,212,248</u>	<u>167,200,227</u>	<u>688,363,335</u>

Financial Statements for the year ended 31 DECEMBER 2023

15. STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023		2022	
		USD	KHR'000	USD	KHR'000
Interest Income	19	9,749,627	40,070,967	8,196,687	33,499,860
Interest Expense	20	(581,074)	(2,388,214)	(434,530)	(1,775,924)
Net interest income		<u>9,168,553</u>	<u>37,682,753</u>	<u>7,762,157</u>	<u>31,723,936</u>
Non-interest income	21	<u>554,611</u>	<u>2,279,451</u>	<u>959,562</u>	<u>3,921,730</u>
Net income		<u>9,723,164</u>	<u>39,962,204</u>	<u>8,721,719</u>	<u>35,645,666</u>
Employee expenses	22	(610,535)	(2,509,299)	(542,976)	(2,219,143)
Depreciation and amortization	23	(546,950)	(2,247,965)	(208,458)	(851,968)
General and administrative expenses	24	(566,832)	(2,329,680)	(687,102)	(2,808,186)
Operation profit before impairment losses		<u>7,998,847</u>	<u>32,875,260</u>	<u>7,283,183</u>	<u>29,766,369</u>
Loss allowance for expected credit losses ("ECL")	25	(172,467)	(708,839)	252,503	1,031,980
Profit before taxes		<u>7,826,380</u>	<u>32,166,421</u>	<u>7,535,686</u>	<u>30,798,349</u>
Income taxes	26c	(1,210,296)	(4,974,317)	(1,551,590)	(6,341,348)
Profit for the year		<u>6,616,084</u>	<u>27,192,104</u>	<u>5,984,096</u>	<u>24,457,001</u>
Other comprehensive income		-	-	-	-
Currency translation difference		-	(4,400,411)	-	5,613,000
Total comprehensive income for the year		<u>6,616,084</u>	<u>22,791,693</u>	<u>5,984,096</u>	<u>30,070,001</u>

Financial Statements for the year ended 31 DECEMBER 2023

16. STATEMENT OF CHANGES IN EQUITY

	Share Capital	Regulatory Reserve	Retained Profits	Total
	USD	USD	USD	USD
Balance at 1.1.2022	105,000,000	1,179,816	20,180,132	126,359,948
Profit for the year	-	-	5,984,096	5,984,096
Transfer	-	<u>2,265,916</u>	<u>(2,265,916)</u>	-
Balance at 31 .12. 2022	<u>105,000,000</u>	<u>3,445,732</u>	<u>23,898,312</u>	<u>132,344,044</u>
Profit for the year	-	-	6,616,084	6,616,084
Transfer	-	<u>7,038,151</u>	<u>(7,038,151)</u>	-
Balance at 31.12.2023	<u>105,000,000</u>	<u>10,483,883</u>	<u>23,476,245</u>	<u>138,960,128</u>

	Share Capital	Regulatory Reserve	Retained Profits	Translation Reserve	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Balance at 1.1.2022	420,000,000	4,794,901	81,726,750	8,268,777	514,790,428
Profit for the year	-	-	24,457,001	-	24,457,001
Transfer	-	9,260,799	(9,260,799)	-	-
Translation differences	-	-	-	<u>5,613,000</u>	<u>5,613,000</u>
Balance at 31.12.2022	<u>420,000,000</u>	<u>14,055,700</u>	<u>96,922,952</u>	<u>13,881,777</u>	<u>544,860,429</u>
Profit for the year	-	-	27,192,104	-	27,192,104
Transfer	-	28,926,801	(28,926,801)	-	-
Translation differences	-	-	-	<u>(4,400,411)</u>	<u>(4,400,411)</u>
Balance at 31.12.2023	<u>420,000,000</u>	<u>42,982,501</u>	<u>95,188,255</u>	<u>9,481,366</u>	<u>567,652,122</u>

Financial Statements for the year ended 31 DECEMBER 2023

17. STATEMENT OF CASH FLOWS

	Note	2023		2022	
		USD	KHR'000	USD	KHR'000
Cash flow from operating activities					
Profit before tax		7,826,380	32,166,421	7,535,686	30,798,349
Adjustments for – Depreciation and amortization	23	546,949	2,247,956	208,458	851,968
Loss allowance for ECL	25	172,467	708,839	(252,503)	(1,031,980)
Interest expense on lease liabilities	28b	<u>26,166</u>	<u>107,542</u>	<u>16,098</u>	<u>65,793</u>
Operating profit before working capital changes		<u>8,571,962</u>	<u>35,230,767</u>	<u>7,507,739</u>	<u>30,684,130</u>
Changes in: Loans and advances	8	(6,898,579)	(28,353,160)	(32,309,445)	(132,048,702)
Other assets	9	1,586,669	6,521,210	(759,878)	(3,105,621)
Statutory deposits with NBC	10	(567,348)	(2,331,800)	286,065	1,169,148
Deposits from customers	14	(15,429,571)	(63,415,537)	15,045,363	61,490,399
Other liabilities	15	<u>(73,566)</u>	<u>(302,356)</u>	<u>152,974</u>	<u>625,205</u>
Cash flows used in operating activities		<u>(12,810,433)</u>	<u>(52,650,876)</u>	<u>(10,077,182)</u>	<u>(41,185,441)</u>
Income tax paid	26b	<u>(1,059,325)</u>	<u>(4,353,826)</u>	<u>(1,184,491)</u>	<u>(4,841,015)</u>
Net Cash flow used in operating activities		<u>(13,869,758)</u>	<u>(57,004,702)</u>	<u>(11,261,673)</u>	<u>(46,026,456)</u>
Cash flows from investing activities					
Acquisition of property and equipment	12	(395,217)	(1,624,342)	(386,655)	(1,580,259)
Acquisition of intangible asset	13	(310,332)	(1,275,465)	(448,200)	(1,831,793)
(Placement)/Withdrawal of fixed deposits with tenure more than 3 months.	28b	<u>2,000,000</u>	<u>8,220,000</u>	-	-
Net cash flow used in investing activities		<u>1,294,451</u>	<u>5,320,193</u>	<u>(834,855)</u>	<u>(3,412,052)</u>

Financial Statements for the year ended 31 DECEMBER 2023

17. STATEMENT OF CASH FLOWS (CON'D)

	Note	2022		2021	
		USD	KHR'000	USD	KHR'000
Cash flows from financing activities					
Finance charge on lease	28c	(26,166)	(107,542)	(16,098)	(65,793)
Repayment of lease liabilities	28c	<u>(205,954)</u>	<u>(846,471)</u>	<u>(150,396)</u>	<u>(614,668)</u>
Net Cash generated from financing activities		<u>(232,120)</u>	<u>(954,013)</u>	<u>(166,494)</u>	<u>(680,461)</u>
Net changes in cash and cash equivalents		<u>(12,807,427)</u>	<u>(52,638,522)</u>	<u>(12,263,022)</u>	<u>(50,118,969)</u>
Cash and cash equivalents at 01. January		<u>26,529,771</u>	<u>109,223,067</u>	<u>38,792,793</u>	<u>158,041,839</u>
Currency translation differences		=	<u>(528,769)</u>	=	<u>1,300,197</u>
Cash and cash Equivalents at 31. December	28d	<u>13,722,344</u>	<u>56,055,776</u>	<u>26,529,771</u>	<u>109,223,067</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Booyoung Khmer Bank (“the Bank”) was incorporated in Cambodia on 18 June 2008 under Registration No. Co. 4995E /2008. On 3 July 2008, the National Bank of Cambodia (“NBC”) issued a license to conduct commercial banking business for an indefinite period. On 6 October 2016, the Bank obtained the new Registration No. 00020206 from the Ministry of Commerce.

On 3 April 2017, the Bank received a license to operate a branch located at No. 240 (4th Floor), Street 271, Sangkat Boeng Tumpun, Khan Mean Chey, Phnom Penh.

On 16 March 2018, the Bank received a license to operate a new branch located at Land Tittle No.3766, National Road No. 6A, Khnar Village, Sangkat Chreav, Krong Siem Reap, Siem Reap Province.

On 27 July 2023, the Bank received a license to operate a branch located at No.820,821,228 & 229, Ekreach Street, Phum Muoy, Sangkat Pir, Krong Preah Sihanouk, Preah Sihanouk Province.

Registered office: No.86-88, Street 41 Preah Norodom Blvd
Sangkat, Chey Chumneas, Khan Daun Penh,
Phnom Penh, Kingdom of Cambodia.

2. PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is Booyoung Housing Co., Ltd, a company incorporated in The Republic of South Korea.

4. BASIS OF PREPARATION

The financial statements of the Bank are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

4.1 STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR THE CURRENT FINANCIAL YEAR

The Bank adopted all accounting standards and interpretations as at 31 December 2023. The amended accounting standards assessed to be applicable and have no material impact to the bank as the following:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current.
- IAS 8 Definition of Accounting Estimates.
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

4.2 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Those standards, amendments and interpretations are not yet effective and have not been adopted early by the Company include:

- Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

(a) Impairment of loan and advances

The loss allowances for loan to customer are based on assumptions about risk of default and expected loss rates. The Bank uses judgment in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

b) Income tax

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Bank recognizes tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognized, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

c) The useful life of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property and equipment and software.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Bank's accounting policies which will have a significant effect on the amounts recognised in the financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below. These accounting policies have been consistently applied by the Bank during the year.

5.2 FUNCTIONAL AND FOREIGN CURRENCIES

a) Functional and Presentation Currency

The financial statements of the Bank are presented in the currency of the primary economic environment in which the Bank operates, which is the functional currency.

The financial statements are presented in US dollar ("USD"), which is the Bank's functional and presentation currency.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.2 FUNCTIONAL AND FOREIGN CURRENCIES(CONT'D)

b. Translation of United States Dollar into Khmer Riel

The financial statements are expressed in USD. The translations of USD amounts into Khmer Riel (“KHR”) are included solely for compliance with the Law on Accounting and Auditing. Assets and liabilities are translated using the closing rate as at the reporting date. The statement of profit or loss and other comprehensive income and the statement of cash flows are translated into KHR using the applicable average rates for the reporting date. Exchange differences arising from the translation are recognised as “Currency translation differences” in the other comprehensive income.

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

The financial statements are presented in KHR based on the following applicable exchange rates per USD1:

			Closing rate	Average rate
31 December 2023	US\$1	=	KHR4,085	KHR4,110
31 December 2022	US\$1	=	KHR4,117	KHR4,087

Amounts in the financial statements have been rounded off to the nearest dollar and nearest thousand for USD and KHR amounts, respectively.

c. Foreign currencies transactions and balances

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

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.3 PROPERTY AND EQUIPMENT

All items of equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset and other cost directly attributable to bringing the asset to working condition for its intended use. Freehold land is stated at cost less impairment losses, if any and is not depreciated.

Subsequent to initial recognition, equipment is stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognized. The costs of day-to-day servicing of equipment are recognized in profit or loss as incurred.

Depreciation is charged to profit or loss and is calculated under the declining balance method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are: -

Items	Method
Furniture and fittings	25% (Double-Declining)
Renovation	25% (Double-Declining)
Computer equipment	25% (Double-Declining)
Motor vehicles	25% (Double-Declining)
Office equipment	25% (Double-Declining)

Construction work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Construction work-in-progresses stated at cost, and is transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of construction work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the asset still the date that the assets are completed and put into use, net of interest income on the temporary investment of those borrowings.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.3 PROPERTY AND EQUIPMENT(CONT'D)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the terms of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognized.

The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Bank is obligated to incur when the asset is acquired, if applicable.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on recognition of the asset is included in profit or loss.

5.4 INTANGIBLE ASSETS

Intangible assets represent the initial costs incurred in obtaining software at rate 50%.

Following initial recognition, intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are assessed to have finite useful lives and are amortised over the license period using declining balance method. The intangible assets are also assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at least at the end of each reporting period.

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the statements of financial position when the Bank has become a party to the contractual provisions of the instruments.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.5 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in CIAS 32. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Bank has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

A financial instrument is recognized initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in CIFRS 15 – Revenue from Contracts with Customer sat inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognized immediately in profit or loss.

Financial instruments recognized in the statements of financial position are disclosed in the individual policy statement associated with each item.

a) Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value through profit or loss, or other comprehensive income, depending on the classification of the financial assets.

Classification

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

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(i) Amortized cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognized directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Bank reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Investment

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Bank has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.5 FINANCIAL INSTRUMENTS (CONT'D)

a) Financial assets (Cont'd)

Equity Investment (Cont'd)

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Bank's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

b) Financial liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognized in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not premeasured subsequently.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the recognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.7 STATUTORY DEPOSITS WITH NATIONAL BANK OF CAMBODIA

Statutory deposits represent mandatory reserve deposits and cash maintained with the National Bank of Cambodia in compliance with the Law on Banking and Financial Institutions (“LBFI”) and are not available to finance the Bank’s Day to day operations and hence are not considered as part of cash and cash equivalents for the purpose of cash flow statement.

5.8 IMPAIRMENT

(a) Impairment of Financial Assets

The Bank recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortized cost and at fair value through other comprehensive income.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate.

12-month expected credit loss are the portion of lifetime expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month expected credit loss are recognised are referred to as ‘Stage 1 financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime expected credit loss are the expected credit loss that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime expected credit loss are recognised but that are not credit-impaired are referred to as ‘Stage 2 financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime expected credit loss are recognised and that are credit-impaired are referred to as ‘Stage 3 financial instruments.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.8 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Bank recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Bank recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Regulatory Provision for Loans and Advances

On 1 December 2017, the National Bank of Cambodia (“NBC”) issued Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning which effectively repealed Prakas No. B7-09-074 on Asset Classification and Provisioning effective from the date of its issue. The Prakas requires banks and financial institutions to classify their loan portfolio into five classes. The NBC subsequently issued Circular No. B7-018-001 dated 16 February 2018 to clarify the mandatory level of general and specific allowance to be provided based on the loans and advances classification as follows:

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.8 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

Classification	Number of days past due	Regulatory Provision
Short term loans (less than or equal one year): -		
Normal/Standard	0 to 14 days	1%
Special mention	15 days to 30 days	3%
Substandard	31 days to 60 days	20%
Doubtful	61 days to 90 days	50%
Loss	From 91 days	100%
Long term loans (more than one year):		
Normal/Standard	0 to 29 days	1%
Special mention	30 days to 89 days	3%
Substandard	90 days to 179 days	20%
Doubtful	180 days to 359 days	50%
Loss	From 360 days	100%

The regulatory provision applies to all on and off-balance sheet facilities of banks and financial institutions. Loans and advances classified as substandard, doubtful or loss are considered as non-performing loans.

The Prakas also requires the comparison of the regulatory provision with the impairment provision determined based on CIFRS. In case the regulatory provision calculated in accordance with Prakas is lower than expected credit loss determined based on CIFRS, the Bank shall recognise the expected credit loss calculated in accordance with CIFRS. In the case the regulatory provision is higher than expected credit loss, the Bank shall recognise the expected credit loss in accordance with CIFRS and transfer the difference from retained earnings into regulatory reserve. The Bank has presented the regulatory reserve in the statement of changes in equity.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realizable value of the collateral, if any when in the judgment of the management, there is no prospect of recovery. Recoveries on loans previously written off are disclosed as other income in the statement of profit or loss.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.8 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which CIAS 36 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank determines the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortization and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.9 PROVISION

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.10 EMPLOYEE BENEFITS

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

5.11 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.11 INCOME TAXES (CONT'D)

b) Deferred Tax (Cont'd)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.12 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

5.13 LEASES

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Bank recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.13 LEASES (CONT'D)

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability.

The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Bank or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Bank depreciates the right-of-use asset 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 the right-of-use assets are determined on the same basis as those plant and equipment. The right-of use assets is depreciated using straight-line method. The depreciation rate is 5.10% per annum.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

5.14 OTHER CREDIT RELATED COMMITMENT

In the normal course of business, the Bank enter into other credit related commitments including loan commitments, letters of credit and guarantees. The accounting policy and regulatory provision followed the National Bank of Cambodia's Prakas No. B7-017-344 and Circular No. B7-018-001 in Note 5.8(a) above.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.15 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.16 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer net of sales and service tax, returns, rebates and discounts. The Bank recognises revenue when (or as) it transfers control over a service to customer. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Interest Income

Interest income is recognised on an accrual basis, based on the effective interest method. Interest income on performing loans and advances, and deposits and placements with banks are recognised on a daily accrual basis.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

5.16 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Interest Income (Cont'd)

Interest on non-performing loans is recorded as interest in suspense rather than income until it is realised on cash basis.

For information on when customer's loan accounts are classified as nonperforming, see Note 5.8(a).

The policy on the suspension of interest is in conformity with the National Bank of Cambodia's guidelines on the suspension of interest on nonperforming loans and provision for loan losses.

(b) Fee and commission income

Loan arrangement fee and commissions are recognised in the statement of income when all the conditions precedent is fulfilled. Service charges, processing fees and other operating income are recognised when the right to receive payment is established.

5.17 INTEREST EXPENSE

Interest expense on deposits of customers, settlement accounts of other banks and borrowings are recognised on a daily accrual basis.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

6. CASH AND BANK BALANCE

	2023		2022	
	USD	KHR'000	USD	KHR'000
In Cambodia				
Current deposits	27,100,000	110,703,500	47,100,000	14,079,617
Saving deposits	8,180,736	33,418,307	2,282,951	9,398,909
Term deposits	2,743,140	11,205,727	3,419,873	193,910,700
Cash on hand	1,233,150	5,037,418	1,723,774	7,096,778
Cash in ATM*	<u>39,956</u>	<u>163,220</u>	=	=
	<u>39,296,982</u>	<u>160,528,172</u>	<u>54,526,598</u>	<u>224,486,004</u>
Less: Loss allowance for ECL	(38,024)	(155,329)	(52,802)	(217,386)
	39,258,958	160,372,843	54,473,796	224,268,618
Outside Cambodia:				
Current deposits	1,333,153	5,445,930	873,611	3,596,656
	<u>1,333,153</u>	<u>5,445,930</u>	<u>873,611</u>	<u>3,596,656</u>
Less: Loss allowance for ECL	(1,333)	(5,445)	(874)	(3,598)
	<u>1,331,820</u>	<u>5,440,485</u>	<u>872,737</u>	<u>3,593,058</u>
	40,590,778	165,813,328	55,346,533	227,861,676

*Cash in ATM amounting USD 39,956 in 2023 for staff demo testing only, which is not yet launched to customers.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

6. CASH AND BANK BALANCE (Cont'd)

Movements in the loss allowance for ECL are as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
In Cambodia				
At 1 January	52,802	217,386	29,988	122,171
Net remeasurement of allowances	(14,778)	(60,368)	22,814	93,925
Translation differences	-	(1,689)	-	1,290
At 31 December	38,024	155,329	52,802	217,386
Outside Cambodia:				
At 1 January	874	3,598	30,749	125,272
Net remeasurement of allowances	459	1,875	(29,875)	(122,995)
Translation differences	-	(28)	-	1,321
At 31 December	1,333	5,445	874	3,598

The current, savings and term deposits are with financial institutions. The loss allowance relates to 12-month ECL (Stage 1), and there were no transfers from stage 1 to stage 2 and 3.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

6. CASH AND BANK BALANCE (Cont'd)

The above amounts are analysed as follows: -

	2023		2022	
	USD	KHR'000	USD	KHR'000
a) By maturity: -				
Within 1 month	13,530,135	55,270,602	8,300,209	34,171,960
1 to 3 months	-	-	38,000,000	156,446,000
3 to 12 months	27,100,000	110,703,500	9,100,000	37,464,700
	<u>40,630,135</u>	<u>165,974,102</u>	<u>55,400,209</u>	<u>228,082,660</u>
b) By Currency: -				
Khmer Riels	181,038	739,540	156,261	643,327
US Dollars	40,449,097	165,234,562	55,243,948	227,439,333
	<u>40,630,135</u>	<u>165,974,102</u>	<u>55,400,209</u>	<u>228,082,660</u>
b) By Currency (per annum): -				
Current deposits	-	-	-	-
Saving accounts	0.2% - 0.25%	0.2% - 0.25%	0.2% - 0.25%	0.2% - 0.25%
Term deposits	3%-3.80%	3%-3.80%	3%-3.80%	3%-3.80%

7. DEPOSITS AND PLACEMENTS WITH NATIONAL BANK OF CAMBODIA

	2023		2022	
	USD	KHR'000	USD	KHR'000
Current accounts in:-				
Khmer Riels	148,435	606,357	103,931	427,884
US Dollars	43,774	178,817	125,631	517,223
	<u>192,209</u>	<u>785,174</u>	<u>229,562</u>	<u>945,107</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

8. LOAN AND ADVANCE

	2023		2022	
	USD	KHR'000	USD	KHR'000
Term loans	28,853,162	117,865,167	27,482,280	113,144,547
Consumer loans	<u>73,859,830</u>	<u>301,717,406</u>	<u>70,800,546</u>	<u>291,485,848</u>
Gross loans and advances at amortised cost	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
Less: Loss allowance for ECL	<u>(1,442,334)</u>	<u>(5,891,934)</u>	<u>(1,254,588)</u>	<u>(5,165,139)</u>
Net loans and advances at amortised cost	<u>101,270,658</u>	<u>413,690,639</u>	<u>97,028,238</u>	<u>399,465,256</u>
Interest receivable	2,358,272	9,633,541	1,403,541	5,778,621
Unearned interest revenue	<u>(281,435)</u>	<u>(1,149,663)</u>	<u>(392,536)</u>	<u>(1,616,071)</u>
	<u>103,347,495</u>	<u>422,174,517</u>	<u>98,039,302</u>	<u>403,627,806</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

8. LOAN AND ADVANCE (Cont'd)

Movements in the expected credit losses are as follows: -

	12-month ECL	Lifetime ECL - not credit Impaired	Lifetime ECL - credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	Total
	USD	USD	USD	USD
At 1 January 2022	79,606	70,224	1,350,201	1,500,031
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(242)	242	-	-
Transferred to Stage 3	(726)	(9,197)	9,923	-
Net remeasurement of allowances	(42,600)	(59,707)	(293,219)	(395,526)
New financial assets originated or purchased	97,838	12,203	40,042	150,083
At 31 December 2022	<u>133,876</u>	<u>13,765</u>	<u>1,106,947</u>	<u>1,254,588</u>
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(55,657)	55,657	-	-
Transferred to Stage 3	(180,891)	5,029	175,862	-
Net remeasurement of allowances	236,548	(60,686)	(175,862)	-
New financial assets originated or purchased	3,400	41,892	142,453	187,746
At 31 December 2023	<u>137,276</u>	<u>55,657</u>	<u>1,249,400</u>	<u>1,442,334</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

8. LOAN AND ADVANCE (Cont'd)

The Loans and advances are analysed as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
a) By maturity:				
Within 1 month	2,707,599	11,060,542	1,305,750	5,375,773
1 to 3 months	7,950,703	32,478,622	7,864,917	32,379,863
3 to 12 months	7,754,590	31,677,500	20,668,880	85,093,779
More than 12 months	<u>84,300,100</u>	<u>344,365,909</u>	<u>68,443,279</u>	<u>281,780,980</u>
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
b) By industry:				
Construction	102,712,992	419,582,573	71,981,358	296,347,251
Housing loan	-	-	26,301,468	108,283,144
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
c) By currency:				
US Dollars	91,623,380	374,281,508	86,898,369	357,760,585
Khmer Riels	11,089,612	45,301,065	11,384,457	46,869,810
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
d) By residency status:				
Residents	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

8. LOAN AND ADVANCE (Cont'd)

	2023		2022	
	USD	KHR'000	USD	KHR'000
e) By relationship:-				
External customers	96,240,722	393,143,349	92,649,422	381,437,670
Related party	6,271,670	25,619,773	5,401,404	22,237,580
Staff loans	<u>200,600</u>	<u>819,451</u>	<u>232,000</u>	<u>955,145</u>
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
f) By exposure: -				
Non-large	82,712,992	337,882,573	78,282,826	322,290,395
Large	<u>20,000,000</u>	<u>81,700,000</u>	<u>20,000,000</u>	<u>82,340,000</u>
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
g) By types of customers:				
Corporate	28,364,162	115,867,602	27,482,280	113,144,547
Individuals and sole traders	<u>74,348,830</u>	<u>303,714,971</u>	<u>70,800,546</u>	<u>291,485,848</u>
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
h) By collaterals:				
Non-collaterals	4,264,326	17,419,772	4,358,611	17,944,401
Real estate	<u>98,448,666</u>	<u>402,162,801</u>	<u>93,924,215</u>	<u>386,685,994</u>
	<u>102,712,992</u>	<u>419,582,573</u>	<u>98,282,826</u>	<u>404,630,395</u>
i) By interest rate (per annum):				
Term loans	8%-10%	8% - 10%	8% - 10%	8% - 10%
Consumer loans				
Loan to third party	8%-10%	8% - 10%	8% - 10%	8% - 10%
Staff loans	7%	7%	7%	7%
Loan to related party	<u>3.6% - 7%</u>	<u>3.6% - 7%</u>	<u>3.6% - 7%</u>	<u>3.6% - 7%</u>

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18. NOTES TO THE FINANCIAL STATEMENTS

9. OTHER ASSETS

	2023		2022	
	USD	KHR'000	USD	KHR'000
Interest receivable from deposits and placements with financial institutions	1,206,382	4,928,070	1,425,618	5,869,269
Prepayments	105,997	432,998	69,830	287,490
Other investment	<u>25,000</u>	<u>102,125</u>	<u>25,000</u>	<u>102,926</u>
	<u>1,337,379</u>	<u>5,463,193</u>	<u>1,520,448</u>	<u>6,259,685</u>

*The bank has invested in Credit Bureau Cambodia (CBC) in the amount of USD25,000 with a share of 1%.

10. STATUTORY DEPOSITS WITH NATIONAL BANK OF CAMBODIA

	2023		2022	
	USD	KHR'000	USD	KHR'000
Capital guarantee deposit	10,500,000	42,892,500	10,500,000	43,228,500
Reserve deposits	<u>906,193</u>	<u>3,701,798</u>	<u>338,845</u>	<u>1,395,025</u>
	<u>11,406,193</u>	<u>46,594,298</u>	<u>10,838,845</u>	<u>44,623,525</u>

Capital guarantee deposit

Under NBC Prakas No. B7-01-136 dated 15 October 2001; banks are required to maintain a capital guarantee of 10.0% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations but is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

Reserve deposits

Under Prakas No. B7-023-005 Prokor dated 09 January 2023, on the maintenance of reserve requirement against banking and financial institution's deposits and borrowings dated 09 January 2023, the institution shall maintain reserve requirement against deposits and borrowing in accordance with dates rate as follow:

From 01 January 2023 to 31 December 2023, reserve requirement in foreign currencies shall be at the rate of 9%. Moreover, From 01 January 2024 onwards, reserve requirement in foreign currencies shall be at the rate of 12.5%.

Although, under the announcement No. B7-023-2621 Chhor.Tor dated 23 November 2023 on the Maintenance of Reserve Requirement against Commercial Banks' Deposits and Borrowings in foreign currencies was changed at the rate of 7% until 31 December 2024.

Previously, the NBC issued on 18 March 2020 a press release announcing the reduction of the reserve requirement to 7% in order to mitigate the impact of COVID-19 pandemic to the banking sector and economy as whole.

11. RIGHT-OF –USE ASSETS

	2023		2022	
	USD	KHR'000	USD	KHR'000
COST				
AT 1. January	441,091	1,815,972	424,152	1,727,995
Additions	422,898	1,727,538	326,846	1,345,625
Derecognised	-	-	(309,907)	(1,275,887)
Translation difference	=	18,239	=	18,239
AT 31. December	<u>863,989</u>	<u>3,561,749</u>	<u>441,091</u>	<u>1,815,972</u>
Accumulated depreciation				
At 1. January	134,534	553,877	288,758	1,176,400
Depreciation	212,916	869,762	155,683	640,947
Derecognised	-	-	(309,907)	(1,275,887)
Translation difference	=	28,048	=	12,417
At 31. December	<u>347,450</u>	<u>1,451,687</u>	<u>134,534</u>	<u>553,877</u>
Carrying amount				
At 31. December	<u>516,539</u>	<u>2,110,062</u>	<u>306,557</u>	<u>1,262,095</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY AND EQUIPMENT

	Furniture and Fittings	Renovation	Computer Equipment	Motor Vehicles	Office Equipment	Total
	USD	USD	USD	USD	USD	USD
Cost						
At 1.1.2023	24,900	206,882	487,777	103,490	74,908	897,957
Additions	3,809	347,830	39,689	-	3,889	395,217
Reclass	1,375	-	-	-	(1,375)	-
Write-off	(16,809)	-	(75,310)	-	(11,577)	(103,696)
At 31.12.2023	<u>13,275</u>	<u>554,712</u>	<u>452,156</u>	<u>103,490</u>	<u>65,845</u>	<u>1,189,478</u>
Accumulated depreciation						
At 1.1.2023	22,040	159,162	110,860	74,576	54,492	421,130
Depreciation	1,316	40,498	100,150	7,129	4,995	154,088
Write-off	(16,809)	-	(75,310)	-	(11,577)	(103,696)
At 31.12.2023	<u>6,547</u>	<u>199,660</u>	<u>135,700</u>	<u>81,705</u>	<u>47,910</u>	<u>471,522</u>
Carrying amount						
At 31. 12. 2023	<u>6,728</u>	<u>355,052</u>	<u>316,456</u>	<u>21,785</u>	<u>17,935</u>	<u>717,956</u>
In KHR'000	<u>27,484</u>	<u>1,450,387</u>	<u>1,292,723</u>	<u>88,992</u>	<u>73,264</u>	<u>2,932,850</u>

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18. NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY AND EQUIPMENT(COND'T)

	Furniture and Fittings	Renovation	Computer Equipment	Motor Vehicles	Office Equipment	Total
	USD	USD	USD	USD	USD	USD
Cost						
At 01.01. 2022	24,900	206,882	106,595	103,490	69,996	511,863
Additions	-	-	381,743	-	4,912	386,655
Write-off	-	-	(561)	-	-	(561)
At 31.12.2022	<u>24,900</u>	<u>206,882</u>	<u>487,777</u>	<u>103,490</u>	<u>74,908</u>	<u>897,957</u>
Accumulated depreciation						
At 01.01.2022	21,055	143,518	99,303	64,996	49,268	378,140
Depreciation	985	15,644	12,118	9,580	5,224	43,551
Write-off	-	-	(561)	-	-	(561)
At 31.12.2022	<u>22,040</u>	<u>159,162</u>	<u>110,860</u>	<u>74,576</u>	<u>54,492</u>	<u>421,130</u>
Carrying amount At 31.12.2022	<u>2,860</u>	<u>47,720</u>	<u>376,917</u>	<u>28,914</u>	<u>20,416</u>	<u>476,827</u>
In KHR'000	<u>11,775</u>	<u>196,463</u>	<u>1,551,767</u>	<u>119,039</u>	<u>84,053</u>	<u>1,963,097</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

13. INTANGIBLE ASSET

	Software	Work in progress	Total
	USD	USD	USD
Cost			
At 1. January .2023	265,026	356,400	621,426
Additions	310,332	-	310,332
Reclass	356,400	(356,400)	-
Write off	(34)	-	(34)
At 31. December .2023	<u>931,724</u>	-	<u>931,724</u>
Accumulated amortization			
At 01.01.2023	179,273	-	179,273
Amortisation	179,945	-	179,945
Write off	(34)	-	(34)
At 31.12.2023	<u>359,184</u>	-	<u>359,184</u>
Carrying amount			
At 31.12.2023	<u>572,540</u>	-	<u>572,540</u>
In KHR'000	2,338,826	-	2,338,826
Cost			
At 1. January .2022	173,226	-	173,226
Additions	91,800	356,400	448,200
At 31. December .2022	<u>265,026</u>	<u>356,400</u>	<u>621,426</u>
Accumulated amortization			
At 01.01.2022	170,049	-	170,049
Amortisation	9,224	-	9,224
At 31.12.2022	<u>179,273</u>	-	<u>179,273</u>
Carrying amount			
At 31.12.2022	<u>85,753</u>	<u>356,400</u>	<u>442,153</u>
In KHR'000	<u>350,301</u>	<u>1,467,299</u>	<u>1,820,344</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

14. DEPOSITS FROM CUSTOMERS

	2023		2022	
	USD	KHR'000	USD	KHR'000
Current accounts	11,378,711	46,482,035	1,322,884	5,446,313
Saving accounts	5,955,244	24,327,172	2,100,877	8,649,311
Fixed deposits	58,135	237,781	29,397,900	121,031,154
	<u>17,392,090</u>	<u>71,046,688</u>	<u>32,821,661</u>	<u>135,126,778</u>

The above amounts are analysed as follows:-

	2023		2023	
	USD	KHR'000	USD	KHR'000
a) By maturity:-				
Within 1 month	2,100,000	8,578,500	22,068,800	90,857,250
1 to 3 months	4,102,225	16,757,589	3,000,300	12,352,235
Above 3 months	<u>11,189,865</u>	<u>45,710,599</u>	<u>7,752,561</u>	<u>31,917,293</u>
	<u>17,392,090</u>	<u>71,046,688</u>	<u>32,821,661</u>	<u>135,126,778</u>
b) By types of customers:-				
Business enterprises	5,582,213	22,803,340	2,829,858	11,650,525
Individuals	696,201	2,843,981	878,127	3,615,249
Financial institutions	<u>11,113,676</u>	<u>45,399,367</u>	<u>29,113,676</u>	<u>119,861,004</u>
	<u>17,392,090</u>	<u>71,046,688</u>	<u>32,821,661</u>	<u>135,126,778</u>
c) By relationship:-				
External customers	15,904,761	64,970,949	31,849,458	131,124,218
Related parties	<u>1,487,329</u>	<u>6,075,739</u>	<u>972,203</u>	<u>4,002,560</u>
	<u>17,392,090</u>	<u>71,046,688</u>	<u>32,821,661</u>	<u>135,126,778</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

14. DEPOSITS FROM CUSTOMERS (COND'T)

	2023		2022	
	USD	KHR'000	USD	KHR'000
d) By residency status: -				
Residents	17,391,200	71,043,052	32,820,771	135,123,114
Non-residents	890	3,664	890	3,664
	<u>17,392,090</u>	<u>71,046,688</u>	<u>32,821,661</u>	<u>135,126,778</u>
e) By currency:-				
Khmer Riels	7,634	31,185	17,259	71,055
US Dollars	17,384,456	71,015,503	32,804,402	135,055,723
	<u>17,392,090</u>	<u>71,046,688</u>	<u>32,821,661</u>	<u>135,126,778</u>
f) By interest rate(per annum):-				
Saving accounts	0.5%-1%	0.5%-1%	0.5%	0.5%
Fixed deposits	<u>3%-5%</u>	<u>3% -5%</u>	<u>3%-5%</u>	<u>3%-5%</u>

15. OTHER LIABILITIES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Accrued interest payable	98,977	404,321	74,704	307,556
Accrued expenses	23,427	95,699	120,707	496,951
Withholding tax payable	5,391	22,022	4,565	18,794
Other payable	<u>911</u>	<u>3,722</u>	<u>2,296</u>	<u>9,453</u>
	<u>128,706</u>	<u>525,764</u>	<u>202,272</u>	<u>832,754</u>

16. SHARE CAPITAL

	2023		2022	
	USD	KHR'000	USD	KHR'000
Issued and Fully Paid-Up				
Shares of USD1 each:				
105,000,000 Shares	<u>105,000,000</u>	<u>420,000,000</u>	<u>105,000,000</u>	<u>420,000,000</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

According to Prakas B7-016-117 issued by the NBC on 22 March 2016 on the “Minimum foreign subsidiary, whether or not their parent bank is rated with “investment grade” and/or their parent bank owns 100% share of the bank, shall have minimum registered capital of KHR300 billion (equivalent to USD75 million). The Bank is required to increase its minimum registered capital by half of the difference between their current registered capital and new minimum registered capital at the latest by end of March 2017, and in full at the latest by 22 March 2018.

On 16 August 2016, the Board of Directors approved to increase share capital from USD37,500,000 to USD75,000,000 of which half of the incremental amount of USD18,750,000 was paid by end of March 2017 and the remaining of USD18,750,000 was paid by 22 March 2018.

On 1 March 2017, the Bank requested to the NBC to increase additional share capital of USD18, 750,000 through cash injection and was approved by the NBC on 25 April 2017.

16. SHARE CAPITAL (CONT'D)

On 7 March 2018, the Bank submitted a letter to request for another USD18,750,000 capital injection in order to meet the new minimum registered capital of USD75,000,000 by 22 March 2018. This request was approved by the NBC on 23 March 2018 while the capital was injected in cash to the Bank on 21 March 2018.

On 8 September 2020, the Bank submitted a letter to the NBC to increase additional share capital of USD 30,000,000. This request was approved by the NBC on 05 November 2020 while the capital was injected cash to the Bank on 09 December 2020.

17. REGULATORY RESERVE

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	3,445,732	14,055,700	1,179,816	4,794,901
Transfer(to) retained earning	<u>7,038,151</u>	<u>28,926,801</u>	<u>2,265,916</u>	<u>9,260,799</u>
At 31 December	<u>10,483,883</u>	<u>42,982,501</u>	<u>3,445,732</u>	<u>14,055,700</u>

Regulatory reserve of the Bank is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of CIFRS 9. This reserve is not included in the calculation of the Bank’s net worth.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

18. RETAINED PROFITS

The retained profits are wholly distributable by way of dividends. With effect from 1 January 2012, the distribution of dividends to foreign shareholder is subject to withholding tax at the rate of 14%.

19. INTEREST INCOME

Interest income was made from the following sources:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Loans and advances	8,290,695	34,074,756	6,702,686	27,393,878
Deposits and placements with banks and other financial institutions	<u>1,458,932</u>	<u>5,996,211</u>	<u>1,494,001</u>	<u>6,105,982</u>
	<u>9,749,627</u>	<u>40,070,967</u>	<u>8,196,687</u>	<u>33,499,860</u>

20. INTEREST EXPENSES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Saving deposits	524,930	2,157,462	407,652	1,666,073
Fixed deposits	29,978	123,210	10,780	44,058
Finance charge on lease	26,166	107,542	16,098	65,793
	581,074	2,388,214	434,530	1,775,924

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

21. NON-INTEREST INCOME

	2023		2022	
	USD	KHR'000	USD	KHR'000
Service fees and penalty charges	382,962	1,573,974	936,102	3,825,849
Gain on exchange rate difference	77,910	320,210	-	-
Dividend income from other investment	67,493	277,396	19,604	80,122
Others	26,246	107,871	3,856	15,759
	<u>554,611</u>	<u>2,279,451</u>	<u>959,562</u>	<u>3,921,730</u>

22. PERSONNEL COSTS

	2023		2022	
	USD	KHR'000	USD	KHR'000
Salaries, allowances and bonus	437,820	1,799,440	350,632	1,433,033
Staff incentives and other staff payment	120,885	496,838	155,482	635,455
Overtime	51,830	213,021	36,862	150,655
	<u>610,535</u>	<u>2,509,299</u>	<u>542,976</u>	<u>2,219,143</u>

At the end of the financial year, the Bank has employees 45 while in 2022 the Bank had 35 employees.

23. DEPRECIATION AND AMORTISATION

	2023		2022	
	USD	KHR'000	USD	KHR'000
Amortisation of intangible asset	220,443	906,021	9,224	37,699
Depreciation of right-of-use asset	212,916	875,085	155,683	636,276
Amortisation of intangible assets	113,591	466,859	43,551	177,993
	<u>546,950</u>	<u>2,247,965</u>	<u>208,458</u>	<u>851,968</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

24. GENERAL AND ADMINISTRATION EXPENSES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Tax and license fee	171,786	706,040	135,638	554,353
Legal and professional fee	68,965	283,446	35,571	145,379
Communication expense	65,942	271,022	57,204	233,793
Transportation expense	45,152	185,575	46,637	190,605
Security expense	42,879	176,233	34,471	140,883
Utilities expense	39,481	162,267	35,431	144,806
Office expense	38,955	160,105	33,991	138,921
Membership and registration	24,288	99,824	17,628	72,046
Rental expense	22,610	92,927	13,660	55,828
Traveling expense	19,353	79,541	22,394	91,524
Repair and maintenance expense	10,087	41,458	9,029	36,902
Marketing expense	5,639	23,176	11,776	48,129
Insurance expense	2,694	11,072	2,611	10,671
Other expense	9,001	36,994	14,803	60,500
Loss on exchange rate difference	-	-	116,258	475,146
Donation and gift	-	-	100,000	408,700
	566,832	2,329,680	687,102	2,808,186

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

25. LOSS ALLOWANCE FOR ECL

	2022		2021	
	USD	KHR'000	USD	KHR'000
Loss allowance for ECL				
-Loans and advances	186,786	767,690	(245,442)	(1,003,121)
-Deposits and placements with banks and other financial institutions.	(14,319)	(58,851)	(7,061)	(28,859)
	<u>172,467</u>	<u>708,839</u>	<u>(252,503)</u>	<u>(1,031,980)</u>

26. INCOME TAXES

a) Deferred tax assets/(liabilities)

Deferred tax assets and liabilities attributable from:

	At 1.January	Recognised in Profit or Loss	At 31.December
	USD	USD	USD
2022			
Property and equipment	(1,461)	(43,113)	(44,574)
Loss allowance for ECL	(83,203)	(404,854)	(488,057)
Total	<u>(84,664)</u>	<u>(447,967)</u>	<u>(532,631)</u>
In KHR'000	<u>(348,562)</u>	<u>(1,844,280)</u>	<u>(2,192,842)</u>
2023			
Property and equipment	(44,574)	(46,527)	(91,101)
Loss allowance for ECL	(488,057)	(658,161)	(1,146,218)
Adjustment	-	42,130	42,130
Total	<u>(532,631)</u>	<u>(662,558)</u>	<u>(1,195,189)</u>
In KHR'000	<u>(2,175,798)</u>	<u>(2,706,549)</u>	<u>(4,882,347)</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

26. INCOME TAXES(CONT'D)

This represents deferred tax liabilities arising from the allowance for substandard, doubtful and loss of loans and advances which is deductible for computation of corporate income tax expense under the Prakas no.1535 MEF issued by the Ministry of Economy and Finance (“MEF”) on 23 December 2016.

b) Income tax payable

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	983,237	4,047,987	1,064,105	4,335,164
Current income tax expense	547,738	2,251,203	1,103,623	4,510,507
Income tax paid during the year	(1,210,296)	(4,974,317)	(1,184,491)	(4,841,015)
Other tax reconciliation	150,971	620,491	-	-
Translation difference	-	(18,674)	-	43,331
At 31 December	<u>471,650</u>	<u>1,926,690</u>	<u>983,237</u>	<u>4,047,987</u>

c) Income tax expense

	2023		2022	
	USD	KHR'000	USD	KHR'000
Current tax:				
For the financial year	547,738	2,251,203	1,068,458	4,366,788
Under provision in the previous financial years	-	-	35,165	143,719
	<u>547,738</u>	<u>2,251,203</u>	<u>1,103,623</u>	<u>4,510,507</u>
Deferred tax liability:				
For the current financial year	<u>662,558</u>	<u>2,723,113</u>	<u>447,967</u>	<u>1,830,841</u>
	1,210,296	4,974,317	1,551,590	6,341,348

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

26. INCOME TAXES(CONT'D)

c) Income tax expense (cont'd)

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 revenue, whichever is higher.

A reconciliation of income tax expense applicable to the Profit before tax at the corporate tax rate to income tax expense at the effective tax of the Bank is as follows: -

2023		
	USD	KHR'000
Profit before tax	7,826,380	32,166,421
Add: Non-deductible expense	964,882	3,965,667
Less: Deductible expense	<u>(6,024,720)</u>	<u>(24,761,598)</u>
Taxable income 20%	<u>553,309</u>	<u>2,274,098</u>
	<u>1,551,590</u>	<u>5,393,370</u>
Deferred tax liability	<u>662,558</u>	<u>2,706,549</u>
Other tax reconciliation	<u>(5,571)</u>	<u>(22,895)</u>
Translation different	-	<u>16,565</u>
Taxable income to be recognized(A)	<u>1,210,296</u>	<u>4,974,317</u>
Minimum tax at 1% of revenue(B)	78,264	321,664
Estimated current income tax expense (Higher of A or B)	<u>1,210,296</u>	<u>4,974,317</u>

27. TAX CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Often different interpretation exists among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

27. TAX CONTINGENCIES(CONT'D)

These facts may create tax risks in Cambodia, substantially more compared to other countries. Management believes that tax liabilities have been adequately provided based on its interpretation of tax legislations. However, the relevant authorities may have differing interpretations and effects could be significant since the interpretation of the Bank.

28. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, equipment and intangible asset is as follows:

	2023		2022	
	USD	USD	KHR'000	KHR'000
Cash disbursed for purchase of equipment	395,217	1,624,342	386,655	1,580,259
Cash disbursed for purchase of intangible asset	<u>310,332</u>	<u>1,275,465</u>	<u>448,200</u>	<u>1,831,793</u>

(b) The reconciliation of liabilities arising from financing activities is as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	316,382	1,302,545	139,932	570,083
Changes in Financing Cash Flows				
Repayment of principal	(205,954)	(846,471)	(150,396)	(614,668)
Repayment of interests	<u>(26,166)</u>	<u>(107,542)</u>	<u>(16,098)</u>	<u>(65,793)</u>
	<u>(232,120)</u>	<u>(954,013)</u>	<u>(166,494)</u>	<u>(680,461)</u>
Non-cash Changes				
Acquisition of new lease	422,898	1,738,111	326,846	1,335,820
Interest expense reconised in profit or loss	<u>26,166</u>	<u>107,542</u>	<u>16,098</u>	<u>65,793</u>
Translation difference	-	<u>(15,548)</u>	-	<u>11,310</u>
At 31 December	<u>533,326</u>	<u>2,178,637</u>	<u>316,382</u>	<u>1,302,545</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (Cont'd)

(c) The total cash outflows for leases as a lessee are as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Finance charge on lease	(26,166)	(107,542)	(16,098)	(65,793)
Payment of lease liabilities	(205,954)	(846,471)	(150,396)	(614,668)
	(232,120)	(954,013)	(166,494)	(680,461)

(d) The cash and cash equivalents comprise the following:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Cash and bank balances	40,630,135	165,974,102	55,400,209	228,082,660
Deposits and placements with National Bank of Cambodia	192,209	785,174	229,562	945,107
	40,822,344	166,759,276	55,629,771	229,027,767
Less: Deposits with tenure of more than 3 months	27,100,000	110,703,500	29,100,000	119,804,700
	13,722,344	56,055,776	26,529,771	109,223,067

29. RELATED PARTY DISCLOSURES

a) Identities of Related Parties

Parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly 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.

In addition to the information detailed elsewhere in the financial statements, the Bank has related party relationships with its directors, key management personnel and entities within the same group of companies.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

29. RELATED PARTY DISCLOSURES (Cont'd)

b) Significant Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Bank carried out the following significant transactions with the related parties during the financial year:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Related companies: Interest on deposits received/receivable from related companies	338,461	1,391,073	14,652	59,883
Interest on deposits paid/payable to related companies	1,092	4,489	-	-
Overhead expenses allocated to related companies	120,000	493,200	120,000	490,440
Key management personnel compensation: Short term employee benefits	<u>222,018</u>	<u>912,493</u>	<u>127,444</u>	<u>520,864</u>

c) Related Party Balances

Related parties who have common shareholder:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Loans and advances Booyoung Khmer I Co., Ltd	259,842	1,061,456	258,054	1,062,408
Booyoung Khmer II Co., Ltd	2,007,344	8,200,000	1,991,742	8,200,002
Camintel Co., Ltd	2,558,494	10,451,448	2,250,345	9,264,670
Siemreap Booyoung CC Co. Ltd	1,445,990	5,906,869	901,263	3,710,500
	<u>6,271,670</u>	<u>25,619,773</u>	<u>5,401,404</u>	<u>22,237,580</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

29. RELATED PARTY DISCLOSURES (Cont'd)

c) Related Party Balances (cont'd)

	2023		2022	
	USD	KHR'000	USD	KHR'000
Deposits from customers Booyoung Khmer II Co., Ltd	1,367,976	5,588,182	264,547	1,089,140
Booyoung Khmer I Co., Ltd	8,275	33,803	322,263	1,326,757
Camintel Co., Ltd	-	-	2,050	8,352
Cambodia Branch of Booyoung Housing Co.,Ltd	44,305	180,986	351,108	1,445,512
Siemreap Booyoung CC Co.,Ltd	66,539	271,812	33,410	137,549
Staff	<u>234</u>	<u>956</u>	<u>875</u>	<u>3,602</u>
	<u>1,487,329</u>	<u>6,075,739</u>	<u>972,203</u>	<u>4,002,560</u>

The secured and unsecured loans with related parties bore interest at the rates from 3.60% to 6% (2022: 3.60%-6%) per annum.

Deposits from related parties in saving accounts bore interest at the rate of 0.50 % (2022: 0.50%) per annum.

30. FINANCIAL INSTRUMENTS

The main risks arising from the Bank's financial instruments in the normal course of business are operational risk, credit risk, market risk and liquidity risk.

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

These risks are limited by the Bank's financial management policies and practices described below.

The Bank's policies in respect of the major areas of treasury activity are as follows:

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS(Cont'd)

(a) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The operational risk losses is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management of the Bank.

The Bank's operational risk management entails the establishment of clear organisational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements.

(b) Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending and investing activities.

The primary exposure to credit risk arises through its loans to customers. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statement of financial position. The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loans portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes and procedures implemented to ensure compliance with NBC Guidelines.

The Bank holds collateral against loans to customers in the form of mortgage interests over property and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as doubtful.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk measurement

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance. Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

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

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

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(2) Definition of credit impaired

Loans and advances

The Bank classifies a loan and advance as impaired when it meets one or more of the following criteria:

- The principal or interest or both of the loans is past due for more than 3 months for short term loans and 1 year for long term loans;
- The loan is forced impaired due to various reasons, such as bankruptcy;
- The loan is classified as “Loss” as per NBC’s requirement.

(3) Definition of default

Loans and advances

The Bank defines a financial instrument as in default when it meets one or more of the following criteria:

- Credit-impaired;
- Write-off/charged-off accounts.

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

The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. The 12-month or Lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”) for each future month and for each individual exposure or collective segment. The three components are multiplied discounted back to the reporting date and summed. The discount rate together to calculate an ECL for each future month, which is then used in the ECL calculation, is the original effective interest rate or an approximation thereof.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

- (4) Measuring ECL – inputs, assumptions and estimation techniques(cont'd)

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

Probability of Default

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

The PD is derived based on the modelling approach of which statistical analysis and expert judgement was performed to identify the risk parameters which correlate with the historical observed default. The model relies on the risk parameters and its correlation with the historical observed default to predict the 12-month PD. The Lifetime PD is developed using forecasted macro-economic variables (MEV) with the application of survival probabilities up to maturity of the loan facility.

Exposure at Default

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

The 12-month and lifetime EADs are determined based on the expected payment profile. For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.

Loss Given Default

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(4) Measuring ECL – inputs, assumptions and estimation techniques (Cont'd)

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

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

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

The estimation of ECL incorporates forward-looking information. The Bank has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

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

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

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(6) Grouping of exposure for ECL measured on collective basis(cont'd)

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modeling purposes. The appropriateness of groupings is monitored and reviewed on a periodic basis.

(i) Risk limit control and mitigation policies

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

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

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

(ii) Impairment and provisioning policies

The Bank is required to follow the mandatory credit classification and provisioning in accordance with Prakas B7-017-344 and B7-018-001 dated 1 December 2017 and 16 February 2018 respectively on loan classification and provisioning. The impairment policy is set out in Note 5.8(a).

At each reporting date, the Bank assesses whether any of financial assets at amortised cost are credit impaired.

Loans and advances

The Bank applies the 3-stage general approach to measuring expected credit losses for loans and advances.

The calculation of expected loss rates are based on the estimation techniques mentioned in Note 34.1(b)(i).

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(ii) Impairment and provisioning policies (cont'd)

Generally, the Bank considers loans and advances to related parties have low credit risks. The Bank assumes that there is a significant increase in credit risk when a related parties' financial position deteriorates significantly. As the Bank is able to determine the timing of payments of the related parties' loans and advances when they are payable, the Bank considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Bank considers a related party's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Bank determines the probability of default for these loans and advances individually using internal and external information available.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) *Credit risk (Cont'd)*

(ii) Impairment and provisioning policies (cont'd)

Loans and advances (cont'd)

The information about the exposure to credit risk and the loss allowances calculated under CIFRS 9 for loans and advances are summarized below:

	Loss allowance for ECL				
	Gross Amount	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime EC credit impaire (Stage 3)	Carrying amount
	USD	USD	USD	USD	USD
2023					
1 – 30 days past due	2,707,599	(137,276)	-	-	2,570,323
30 – 90 days past due	7,950,703	-	(55,657)	-	7,895,046
more than 90 days	92,054690	-	-	(1,249,401)	90,805,289
	<u>102,712,992</u>	<u>(137,276)</u>	<u>(55,657)</u>	<u>(1,249,401)</u>	<u>101,270,658</u>
In KHR'000	<u>419,582,572</u>	<u>(560,772)</u>	<u>(227,359)</u>	<u>(5,103,803)</u>	<u>413,690,639</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(d) Credit risk (Cont'd)

(ii) Impairment and provisioning policies (cont'd)

Loans and advances (cont'd)

	Loss allowance for ECL				
	Gross Amount	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime EC credit impaire (Stage 3)	Carrying amount
	USD	USD	USD	USD	USD
2022					
1 – 30 days past due	89,997,992	(133,876)	-	-	89,864,116
30 – 90 days past due	1,455,613	-	(13,765)	-	1,441,848
more than 90 days	6,829,221	-	-	(1,106,947)	5,722,274
	<u>98,282,826</u>	<u>(133,876)</u>	<u>(13,765)</u>	<u>(1,106,947)</u>	<u>97,028,238</u>
In KHR'000	404,630,395	(551,167)	(56,671)	(4,557,301)	399,465,256

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit risk (Cont'd)

(ii) Impairment and provisioning policies (cont'd)

Loans and advances (cont'd)

The movement in the loss allowance for ECL in respect of loans and advances are disclosed in Note 8.

Other receivables

Other receivables are also subject to the impairment requirements of CIFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Bank Balances

The movement in the loss allowance for ECL in respect of cash and bank balances are disclosed in Note 6.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

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

The credit exposure arising from on and off-balance sheet activities are as follows:

Credit risks exposures relating to on-balance sheet assets:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Cash in Bank	39,357,029	160,773,464	53,676,435	220,985,882
Deposits and placements with National Bank of Cambodia	192,209	785,174	229,562	945,107
Loans and advances	102,712,992	419,582,573	98,282,826	404,630,395
Other assets*	3,589,654	14,663,736	2,854,218	11,750,816
	<u>145,851,884</u>	<u>595,804,947</u>	<u>155,043,041</u>	<u>638,312,200</u>
Credit risks exposure relating to off-balance sheet items: Unused portion of credit facilities	-	-	-	-
Total maximum credit risk exposure	<u>145,851,884</u>	<u>595,804,947</u>	<u>155,043,041</u>	<u>638,312,200</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(iv) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Bank after deducting any allowance for impairment losses (where applicable).

Loans with renegotiated terms/restructured loans

Loans with renegotiated terms are loans that have been rescheduled or refinanced in accordance with an agreement setting forth a new repayment schedule on a periodic basis occasioned by weaknesses in the borrower's financial condition and/or inability to repay the loan as originally agreed. Loans to be restructured are analyzed on the basis of the business prospects and repayment capacity of the borrower according to new cash flow projections supported by updated business perspectives and overall market conditions being based on realistic and prudent assumptions.

Once the loan is restructured it remains in the same category independent of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within 3 installment periods and within a period of not less than 3 months.

Write-off policy

In compliance with NBC Guidelines, the Bank shall remove a loan/advance or a portion of a loan from its balance sheet when the Bank loses control of the contractual rights over the loan or when all or part of a loan is deemed uncollectible; or there is no realistic prospect of recovery.

Collateral

The Bank holds collateral against loans and advances in the form of mortgage interests over property and/or guarantees. Estimates of fair value are based on the value of collateral assessed on an annual basis. There were no non-financial assets obtained by the Bank during the year by taking possession of collateral held as security against loans and advances. The repossessed properties have to be sold within one year as the required by the NBC Guidelines and are classified in the statement of financial position as foreclosed property.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

Concentration of credit risk

The analysis of concentrations of credit risk from loans and advances at the end of the reporting period is shown in Note 8 to the financial statements.

(c) Market Risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk. Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

(i) Foreign currency risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut loss limits.

(ii) 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, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set.

The Bank's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in respective notes to the financial statements.

Fair value sensitivity analysis for fixed rate instruments

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 the year end.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market Risk (Cont'd)

(ii) Interest rate risk (cont'd)

Therefore, a change in interest rates at the reporting date would not affect profit or loss

Fair value sensitivity analysis for fixed rate instruments

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 the year end.

Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for floating rate instruments

The Bank does not have significant floating rate instruments. Any reasonably possible change in the interest rates of floating rate instruments at the end of the reporting period does not have a material impact on the profit after tax and other comprehensive income of the Bank and hence, no sensitivity analysis is presented.

(iii) Equity price risk

The Bank does not have any quoted investments and hence is not exposed to equity price risk.

(d) Liquidity Risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk(cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Weighted Average Effective interest Rate%	Carrying Amount USD	cash flow USD	Contractual undiscounted 1 Year USD	Within 1 - 5 Years USD	Over5 years USD
2023						
<u>Non-derivative Financial Liabilities</u>						
Deposits from customers	1.5%-4%	17,392,090	17,392,090	17,392,090	-	-
Lease liabilities	5.1%	533,326	309,907	168,120	141,787	-
Other liabilities	N/A	128,706	128,706	128,706	-	-
		18,054,122	17,830,703	17,688,916	141,787	-
In KHR'000		73,751,088	72,838,422	72,259,222	579,200	-

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk(cont'd)

	Weighted Average Effective interest Rate%	Carrying Amount USD	cash flow USD	Contractual undiscounted 1 Year USD	Within 1 - 5 Years USD	Over5 years USD
2022						
<u>Non-derivative Financial Liabilities</u>						
Deposits from customers	1.5%-4%	32,821,661	32,821,661	32,821,661	-	-
Lease liabilities	5.1%	316,382	339,420	168,120	171,300	-
Other liabilities	N/A	202,272	202,272	202,272	-	-
		<u>33,340,315</u>	<u>33,363,353</u>	<u>33,192,053</u>	<u>171,300</u>	<u>-</u>
In KHR'000		<u>137,262,077</u>	<u>137,356,924</u>	<u>136,651,682</u>	<u>705,242</u>	<u>-</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Capital risk management

(a) 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 NBC requires all the Banks to (i) fulfill the minimum capital requirements, and (ii) comply with solvency, liquidity and other requirements.

(b) 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.

There was no change in the Bank's approach to capital management during the financial year.

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Classification of financial Instruments

	2023		2022	
	USD	KHR'000	USD	KHR'000
Financial assets				
<u>Amortised Cost</u>				
Cash and bank balances	40,590,778	165,813,328	55,346,533	227,861,676
Deposits and placements with National Bank of Cambodia	192,209	785,174	229,562	945,107
Loans and advances	103,347,495	422,174,517	96,635,702	397,849,185
Other assets*	1,231,382	5,030,195	2,829,218	11,647,891
Statutory deposits with NBC	11,406,193	46,594,298	10,838,845	44,623,525
	<u>156,768,057</u>	<u>640,397,512</u>	<u>165,879,860</u>	<u>682,927,384</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Deposits from customers	17,392,090	71,046,688	32,821,661	135,126,778
Other Liabilities	128,706	525,764	195,411	804,507
Lease liabilities	533,326	2,178,637	316,382	1,302,545
	<u>18,054,122</u>	<u>73,751,089</u>	<u>33,333,454</u>	<u>137,233,830</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 Gains or losses arising from financial instruments

	2023		2022	
	USD	KHR'000	USD	KHR'000
Financial assets				
<u>Amortised Cost</u>				
Net gain recognised in profit or loss	<u>9,577,160</u>	<u>39,362,128</u>	<u>8,449,190</u>	<u>34,531,840</u>
	<u>9,577,160</u>	<u>39,362,128</u>	<u>8,449,190</u>	<u>34,531,840</u>
Financial liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	<u>(554,908)</u>	<u>(2,280,672)</u>	<u>(417,912)</u>	<u>(1,708,006)</u>
	<u>(554,908)</u>	<u>(2,280,672)</u>	<u>(417,912)</u>	<u>(1,708,006)</u>

30.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Bank which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Bank does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Fair Value Information (Cont'd)

Fair Value of Financial Instruments not Carried at Fair Value					
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	USD	USD	USD	USD	USD
2022					
Financial Assets					
Financial investments at amortised cost	-	25,000	-	25,000	25,000
Cash and bank balance	-	40,590,778	-	40,590,778	40,590,778
Deposits and placements with NBC	-	192,209	-	192,209	192,209
Loans and advances	-	-	101,270,658	101,270,658	101,270,658
	-	<u>40,807,987</u>	<u>101,270,658</u>	<u>142,078,645</u>	<u>142,078,645</u>
In KHR'000	=	<u>166,700,627</u>	<u>413,690,638</u>	<u>580,391,265</u>	<u>580,391,265</u>
Financial Liabilities					
Deposits from customers	=	<u>17,392,090</u>	=	<u>17,392,090</u>	<u>17,392,090</u>
In KHR	=	<u>71,046,688</u>	=	<u>71,046,688</u>	<u>71,046,688</u>

Financial Statements for the year ended 31 DECEMBER 2023

18. NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Fair Value Information (Cont'd)

Fair Value of Financial Instruments not Carried at Fair Value					
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	USD	USD	USD	USD	USD
2022					
<u>Financial Assets</u>					
Financial investments at amortised cost	-	25,000	-	25,000	25,000
Cash and bank balance	-	55,346,533	-	55,346,533	55,346,533
Deposits and placements with NBC	-	229,562	-	229,562	229,562
Loans and advances	-	-	97,028,238	97,028,238	97,028,238
	-	55,601,095	97,028,238	152,629,333	152,629,333
In KHR'000	-	228,909,708	399,465,256	628,374,964	628,374,964
<u>Financial Liabilities</u>					
Deposits from customers	-	32,821,661	-	32,821,661	32,821,661
In KHR'000	-	135,126,778	-	135,126,778	135,126,778

31. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.

32. Authorization of the financial statements

The financial statements for the year ended 31 December 2022 were authorized for issue by the director on 18 March 2024.

