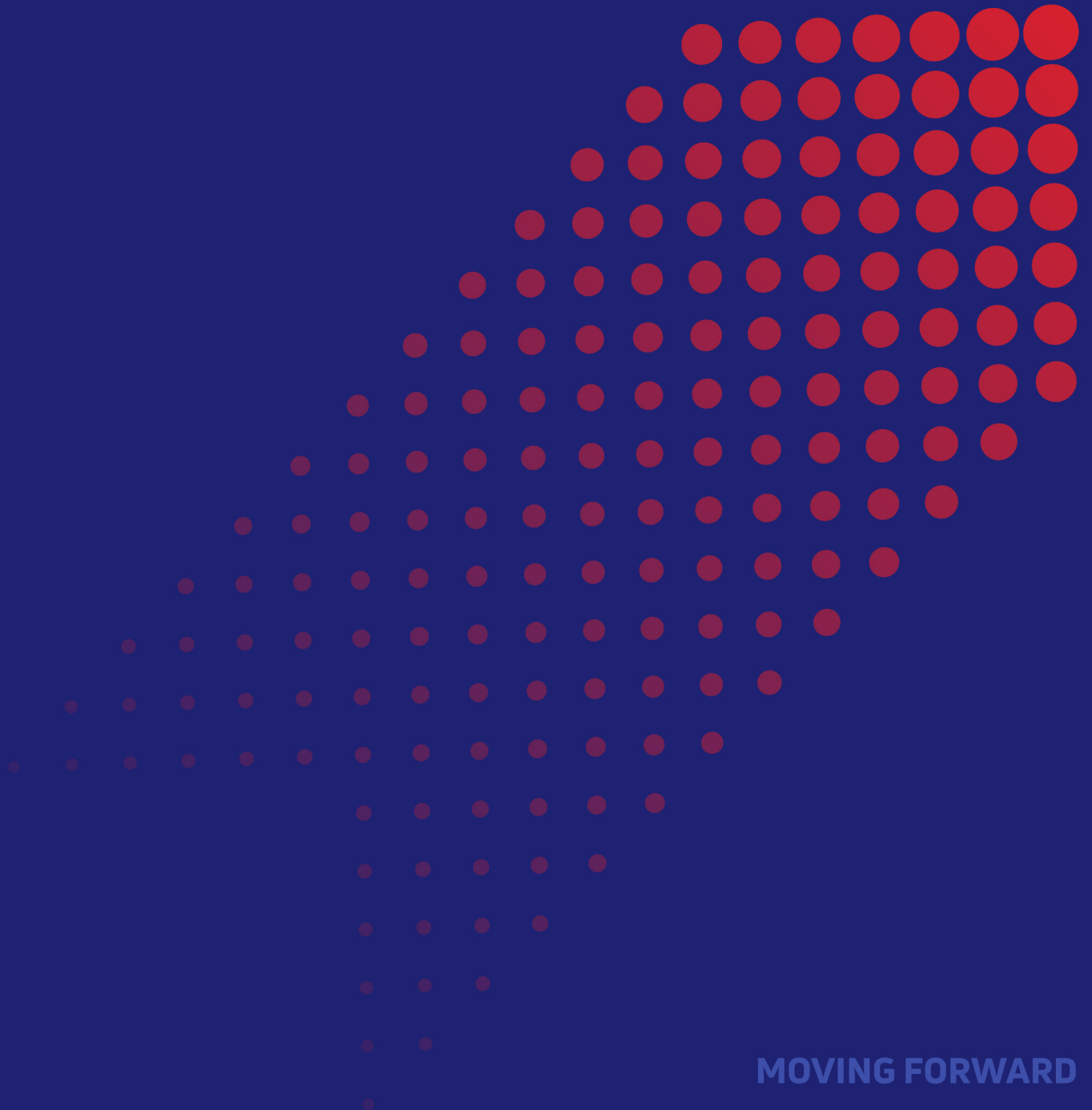




ANNUAL REPORT

FINANCIAL **2021**



MOVING FORWARD

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Middle Income



Every Person

OUR VISION



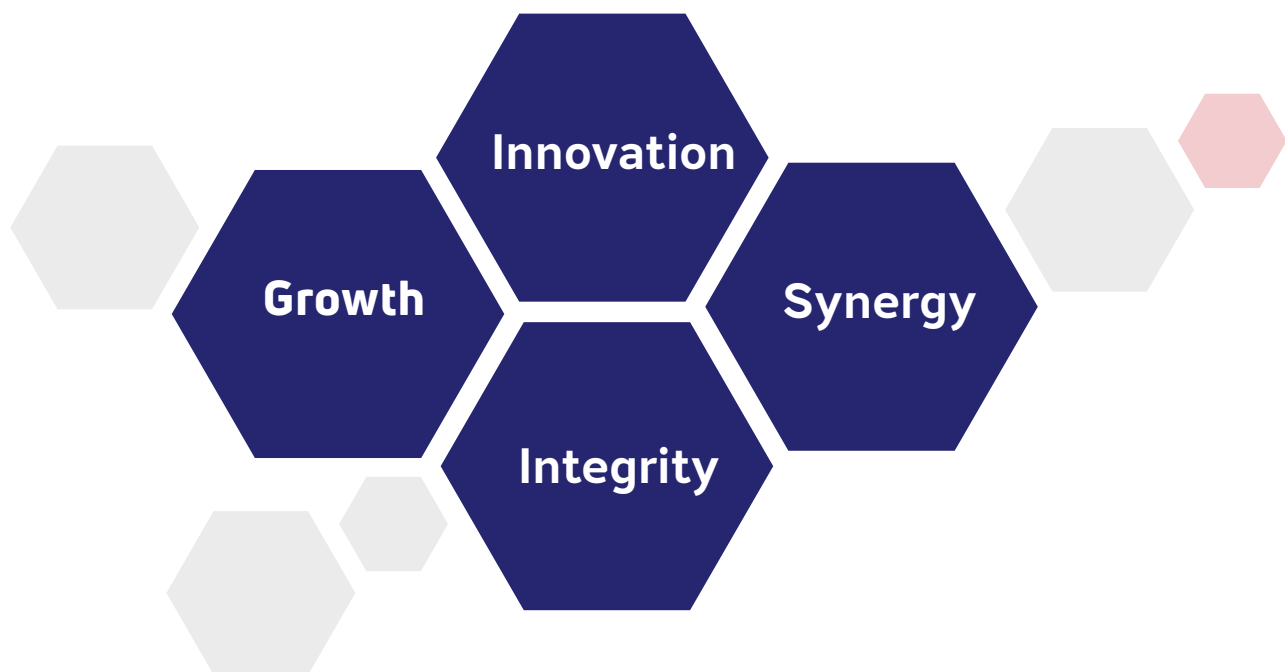
CAB envisions itself as an established bank and contributes to the nation's building and securing the future of the people of Cambodia by providing commercial banking facilities at competitive rates and mobilizing savings to fund the economic growth of Cambodia.

OUR MISSION



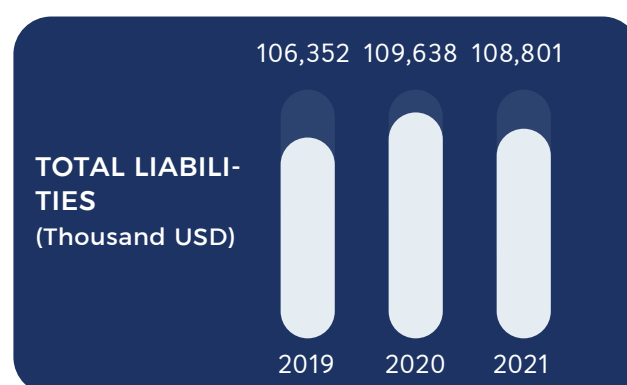
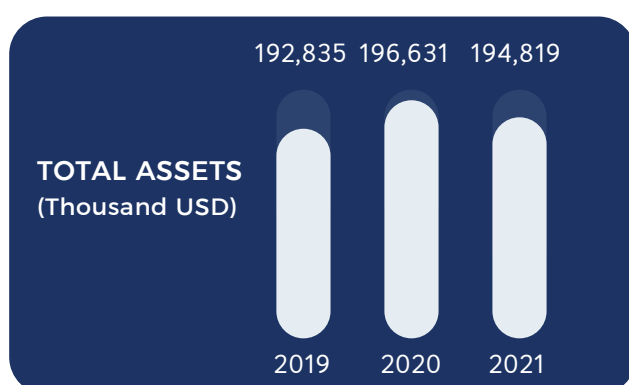
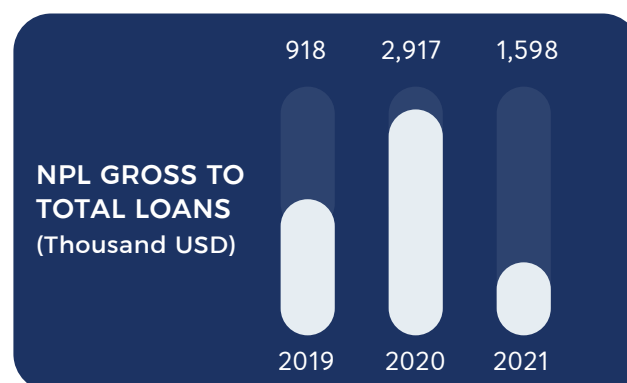
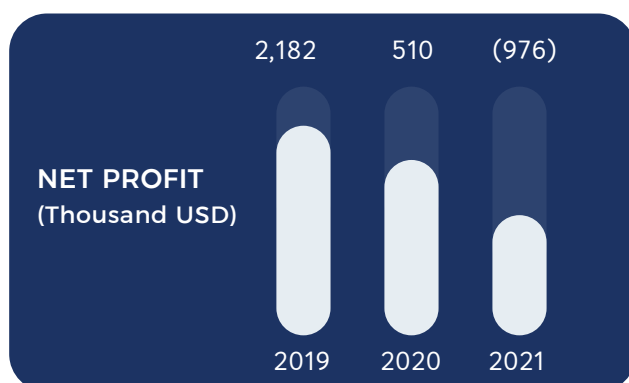
CAB will remain a strong and stable commercial bank. Through a professional, friendly, courteous and knowledgeable staff, we will provide products and services needed by the market in a profitable and people-oriented manner. We will aggressively pursue and provide services for business and consumer market segments within our entire trade area.

CORE VALUES



FINANCIAL HIGHLIGHTS

As of the years ended December 31	2021	2020	2019	2018	2017
OPERATING RESULTS (Thousand USD)					
Interest income - net	2,405	2,597	2,425	1,751	1,591
Non-interest income	2,354	4,924	6,408	6,043	5,173
Total operating income - net	4,759	7,520	8,834	7,794	6,763
Total other operating expenses	5,565	5,298	5,643	5,970	5,629
Operating profit before expected credit loss / and income tax expense	(807)	2,223	3,191	3,368	1,135
Expected credit loss / impairment loss on loans	136	824	350	582	416
Net Profit	(976)	510	2,182	2,242	473
FINANCIAL POSITION STATEMENT (Thousand USD)					
Loan	75,249	60,184	60,181	57,017	55,042
Allowance for expected credit loss / Allowance for doubtful accounts	1,935	1,801	975	1,110	2,390
Non-performing loans, gross NPL	1,598	2,917	918	863	2,186
Total assets	194,819	196,631	192,835	200,207	144,287
Deposits	104,266	95,678	98,943	108,633	76,070
Total liabilities	108,801	109,638	106,352	115,906	80,655
Total equity	86,018	86,993	86,483	84,301	63,632
Risk weighted assets	102,081	95,191	91,597	83,344	74,790



As of the years ended December 31,	2021	2020	2019	2018	2017
PERFORMANCE INDICATORS					
Return on average assets (ROA)	-0.50%	0.27%	1.13%	1.12%	0.33%
Return on average equity (ROE)	-1.12%	0.61%	2.52%	2.66%	0.74%
Cost to income ratio	116.95%	70.45%	63.88%	76.60%	83.22%
ASSET QUALITY RATIOS / FINANCIAL POLICY RATIOS					
Loans to deposits ratio	72.17%	62.90%	60.82%	52.49%	72.36%
NPL gross to total loans ratio	2.12%	4.85%	1.52%	1.51%	3.97%
Capital adequacy ratio	84.75%	91.21%	92.24%	99.23%	83.29%

CAMBODIA ASIA BANK BANK OF SUSTAINABILITY

CAB Bank operates our business in line with the principle of a Bank of Sustainability, under good corporate governance, appropriate risk management and effective cost management in order to empower every customer's life and business. We prioritize the offering of total solutions, with attentive and inclusive services in adherence to the Customer Centricity strategy and resolve to deliver an excellent customer experience. Guided by CAB Bank strategy of achieving growth and creating sustainable long-term returns, development of international standards and practices is imagined in all of our operations as part of DNA, ensuring maximum benefits for all stakeholders.



STATEMENT OF THE BOARD OF DIRECTORS

Welcome You to Cambodia Asia Bank Annual Report,

I am glad to share you about the insight and progress of our banking performance in 2021.

The existence of pandemic in this 21st century has taught us many lessons, to expect the unexpected and to figure way out and move forward. Though there were many challenges to confront, Cambodia has done a great job in strategizing the economic recovery by using vaccination and open a blossom economy approach at the final quarter of 2021.

As a result, as update of June, 2022, 94.10 percent of Cambodia residents and non-residents got fully vaccinated and was able to resume back to normal economic activities without any fear of infection due to the immunity from vaccine. At the same time, Cambodia also welcomed the international travelers by lessening the travel restriction. That brought massive visitors and investors to be in Cambodia. These collective strategies allowed Cambodia economy to grow by 2.2 percent in 2021.

Following the rising of Cambodia economy in 2021, banking industry also had a remarkable growth despite the continuing of Coronavirus. The banking overall received deposit approximately US\$35.12 billion while loan reached to US\$ 40.43 Billion by December 2021. Sharing the banking proliferation, Cambodia Asia Bank also thrived to gain the market portion from this booming industry. We generated about 0.19 percent on loans and 0.3 percent on deposits.

In 2021, we have implemented 5 key strategies to grow our bank sustainably as the followings:

- We have focused on funding through deposit products such as Recurring Deposits for those who have a savings plan for school and/or other personal needs and Senior Citizen Fixed Deposits for those who are retired and can (adjective) income from interest on their work life savings.
- We posted double-digit loans growth through a programmed loan that supported individuals and businesses to overcome a challenge post Covid-19 and use the funds for business recovery.
- We have provided business and retail customers the financial assistance and advisory services and opened up all the access to our networking.
- We developed our core banking system with the latest technology and introduced a new banking platform CAB Mobile and iBanking for retails.
- We have partnered up with local and international institutes to expand our products and services that meet our customers' need both in the ways of using daily banking services and doing businesses.

With these core strategies, we believe that our bank will continue to focus on a sustainable and high growth in the near future.

Following the same footprint, in 2022 we will continue to uphold the principle of sustainable banking by investing in high technology to upgrade our banking system, hiring experts to advise and work on our digital way, and enlarging targeted customers specifically on high targeted and business customers. Simultaneously, we will ensure that all stakeholders will be jointly benefited from our strategies while at the same time, strongly comply with the rule and regulation of the National Bank of Cambodia.

At last, I would like to express my gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, shareholders, directors, management and staff especially our customers that make our banking journey incredible. Thanks for your trust and support since 1993. Cambodia Asia Bank would have not arrived at this point without everyone's contribution. I promise to lead Cambodia Asia Bank to be prosperous and harmonious.

Best Regards,

A handwritten signature in blue ink, appearing to read 'Va Dalot', with a large, sweeping flourish at the end.

Va Dalot
Chairman of the Board of Directors

STATEMENT OF CHIEF EXECUTIVE OFFICER

Welcome to Cambodia Asia Bank!

Cambodia Asia Bank Limited “CAB Bank” officially commenced operations on 23rd February 1993. We have 2 shareholders, Selvione Limited and Quantum Symbol Sdn Bhd, with a total registered capital of US\$ 75 million.

Since the permanent banking license No. 10 was granted by The National Bank of Cambodia on 25 November 2006, Cambodia Asia Bank has provided a full range of banking services with more than 400 employees supporting the operations and serving in 8 branches and 17 outlets located in Phnom Penh, Kampong Cham, Battambang, Siem Reap, Kampot, and Preah Sihanouk.

At CAB Bank, customers are our priority. Our products and services are designed to suit customers’ needs and strictly comply with the provisions under the Laws of the Kingdom of Cambodia. To provide the best experience, we ensure that our bank is more accessible and secure for our current and perspective customers so that they could feel at ease while banking with us. We expect to become a one-stop commercial bank to serve and stay closer to customers whenever needed.

Though we have been around in Cambodia for 29 years, we have thrived to transform banking from being traditional to digital. We provide customers with a wide range of options, enabling them to enjoy a full banking experience over the counter or through CAB Mobile App and iBanking 24/7. We have our tele-call center on standby to welcome and answer all customers’ inquiries. Also, we are committed to improving our digital platforms such as social media, mobile banking interfaces and websites. The information about our products is up to date, and customers could look it up anywhere and anytime.

Driven by Cambodia’s banking and economic growth, I have a very high expectation that we could fulfil the current customers’ demands by bringing a strong sustainable financial solution to each individual and commercial customer. We are committed to the continued improvements of our existing ecosystem which allows customers to enjoy the fullest banking experience in the digital era. We are looking forward to serving customers at our very best.

Sincerely,



Cambodia Asia Bank Ltd.

Wong Tow Fock
Director & CEO

PART 1

BUSINESS OPERATIONS AND PERFORMANCE



1. OVERVIEW OF OPERATING ENVIRONMENT

CORPORATE PROFILE

Cambodia Asia Bank (CAB Bank), one of Cambodia's longest well-established financial institutions, conducts business according to the principles of a Bank of Sustainability, under good corporate governance, as well as appropriate risk and cost management. In order to cultivate every customer's life and business, we prioritize offering total solutions, with attentive and innovative anytime, anywhere, responsive to the needs of customers and society. Our operations have surged balance in all dimensions to create sustainable returns over the long term and maximum benefits to all stakeholders.

CAB Bank engages in the commercial banking business, brokerage business and related businesses, as permitted under the National Bank of Cambodia and Cambodia Securities Exchange. CAB Bank offers financial products and services via branches and digital banking channels. CAB Bank's financial solutions aim to meet the needs of all customer segments by providing the most satisfying service experience.



CAB Bank has invested heavily in technology to facilitate its technology business strategy and meet the prevailing needs of customers that change significantly through technological advancements. In doing so, CAB Bank is tasked with conducting studies on and developing new information technologies to enhance the efficiency of technology and productivity of human capital as the bank advances to be one of the Bank of Choice in a new digital era of financial services.

Additionally, CAB Bank has expanded its Head Office to double the size of its current space to accommodate new hirings with the aim of providing greater convenience for its arms of business and upgrading banking facilities to cater to new business segments including VIP Banking clients and SME businesses and owners. The expansion of its Head Office will have been completed by August 2022.

OVERVIEW OF OPERATING ENVIRONMENT

GLOBAL AND CAMBODIAN ECONOMY IN 2021 AN OUTLOOK FOR 2022

In 2021, the global economy resumed growth after undergoing a severe contraction in 2020 due to the Covid-19 pandemic. However, the ability to maintain an economic recovery, which has been uneven across all countries, remains dependent on each country's efforts to control the spread of the novel Covid-19, and progress in accelerating the pace of vaccinations for each country's citizens.

Regarding the global economic outlook for 2022, the International Monetary Fund (IMF) has assumed a more cautious stance as it downwardly revised its forecast for global economic activity to 4.4 percent (as of January 25, 2022), as a result of the Omicron variant of Covid-19 which has affected economic activity during the first quarter of the year. The IMF also revised its projection for the economies of the US and China for 2022 to 4.0 percent and 4.8 percent, compared to growth of 5.6 percent and 8.1 percent in 2021, respectively.

Inflation remains an issue that warrants close attention in 2022 as it will tend to remain high; though it may start to ease somewhat in the second half of the year. Apart from the high inflation rate, other important risk factors include Covid-19, supply shortages and the Fed's monetary policy stance. Amidst signs of a US economic recovery, the Fed is likely to enter the cycle of a tightening monetary policy stance. Amidst, signs of a US economic recovery, the Fed is likely to enter the cycle of a tightening monetary policy after the end of its quantitative easing (QE) measures. The US Fed Funds Rate may gradually rise from its current range of 0.00 - 0.25 percent, while the US balance sheet could see a reduction over the remainder of 2022 to counter inflationary pressures. At the same time,

other major central banks may be considering the right time to tighten their monetary policy that would best suit the economic context and inflation level of their respective countries.

The Cambodian economy for 2021 grew 2.2 percent after seeing a contraction of 3.1 percent in 2020.

Looking at country-wide, the economy is expected to grow at 5.0 percent in 2022. The authorities responded to the crisis with measures to support households and firms, including increased healthcare spending, a new system of cash transfers to vulnerable households, loans and guarantees, tax breaks, and wage subsidies and re-training. Manufacturing is expected to rise by 7.0% in 2022 on the back of a rebound in the garments, and travel goods sector, as well as growth in other light manufacturing such as electronics and bicycles. Agriculture is expected to grow by 1.2% in 2022, underpinned by higher crop production and rising agriculture exports to China.

Services will recover rapidly by 6.2% in 2022. Real estate is expected to gradually recover from last year's contraction, in line with a similar trend for construction.

Logistics is expected to rise backed by imports and exports.

BANKING INDUSTRY

Commercial banks' overall performance in 2021 recorded loan growth of 25.36 percent and deposits growth of 17.81 percent. As of December 31, 2021, Loans to Deposits ratio stood at 115 percent. Loans equaled USD 40.43 Billion and deposits equaled USD 35.12 Billion. CAB Bank's market shares were 0.19% for loans and 0.30% for deposits, respectively.

Looking ahead into 2022, commercial banks are expected to operate a business with the optimism of accelerating growth as the Covid-19 will become a normal cold-flu illness. Overall, a brighter economic outlook that was seen in the previous year would be a boon to the profitability of the banking system that is likely to gradually improve. Nonetheless, upcoming challenges will include asset quality management and the preparation of strategies to cope with heightened market competition amidst the changing financial landscape and the race to win opportunities that come with new forms of financial services.

MARKET SHARES IN ASSETS, LOANS AND DEPOSITS IN THE COMMERCIAL BANKING SYSTEM

Bank	Assets	Market Share (%)	Loans	Market Share (%)	Deposits	Market Share (%)
ACLEDA	6,384,433	12.83%	4,322,845	14.11%	4,175,244	13.93%
ABA	6,117,428	12.29%	3,776,103	12.33%	4,802,750	16.02%
BIDC	506,122	1.02%	422,185	1.38%	199,258	0.66%
BOC	1,247,963	2.51%	550,555	1.80%	878,974	2.93%
BRED	413,950	0.83%	274,400	0.90%	192,474	0.64%
CAB	196,210	0.39%	60,741	0.20%	92,586	0.31%
POST	1,014,580	2.04%	641,090	2.09%	665,986	2.22%
CPB	2,707,483	5.44%	1,147,777	3.75%	1,915,505	6.39%
CANADIA	7,167,791	14.40%	4,342,304	14.17%	5,305,417	17.70%
CATHAY	388,425	0.78%	216,663	0.71%	262,303	0.88%
CMCB	467,496	0.94%	258,081	0.84%	354,944	1.18%
CIMB	1,319,792	2.65%	791,504	2.58%	895,893	2.99%
FCB	1,453,429	2.92%	972,487	3.17%	244,633	0.82%
FTB	1,516,708	3.05%	949,759	3.10%	1,227,142	4.09%
HATTHA	1,562,705	3.14%	1,333,681	4.35%	771,741	2.57%
HLB	627,410	1.26%	386,863	1.26%	347,418	1.16%
ICBC	1,267,132	2.55%	391,320	1.28%	452,941	1.51%
JTR	1,051,273	2.11%	640,362	2.09%	639,596	2.13%
KOOKMIN	355,012	0.71%	276,079	0.90%	28,282	0.09%
MCP	1,317,645	2.65%	763,808	2.49%	1,014,749	3.39%
MEGA	542,097	1.09%	339,663	1.11%	80,251	0.27%
PHILLIP	646,432	1.30%	477,337	1.56%	362,444	1.21%
PPCB	1,025,637	2.06%	710,918	2.32%	735,714	2.45%
PRINCE	587,452	1.18%	347,857	1.14%	199,954	0.67%
RHB	948,437	1.91%	578,276	1.89%	596,110	1.99%
SAIGON-HANOI	349,391	0.70%	292,991	0.96%	62,013	0.21%
SATHAPANA	2,110,233	4.24%	1,568,976	5.12%	1,203,857	4.02%

SHINHAN	603,297	1.21%	428,013	1.40%	56,165	0.19%
TAIWAN	1,352,793	2.72%	902,079	2.94%	43,260	0.14%
UCB	846,178	1.70%	502,354	1.64%	574,031	1.92%
VATTANAC	814,497	1.64%	365,519	1.19%	698,858	2.33%

ALL COMMERCIAL BANK	49,767,258	100%	30,635,558	100%	29,975,425	100%
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Source: NBC/Statistics/Data on Banking Sector/2020

SIGNIFICANT REGULATIONS AND RULES RELATED TO BUSINESS OPERATIONS

Significant regulations and rules that may have affected CAB Bank's business operations included:

Circular on Classification and Provisioning Requirement on Restructured Loans

On 28 December 2021, the NBC issued a Circular on Classification and Provisioning Requirement on Restructured Loans ("Circular") of Banks and Financial Institutions ("BFIs") effective from the signing date. Following the NBC's workshop for BFIs on 18 January 2022, the NBC allowed the BFIs to defer the implementation of the new circular to 1 January 2022 onwards.

According to the Circular, the Bank is required to classify and make provision for loans restructured as follows

- Restructured loan that is "viable" shall be deemed as "performing" and shall be classified as special mention with a 3% provisioning of gross amount regardless of the number of restructurings
- Restructured loan that needs "more restructuring" should be deemed as "non-performing" and shall:
 - a. Be classified as "substandard" for a loan under the first restructuring with provisioning of 20% of the gross amount; and
 - b. Be classified as "doubtful" for a loan under the second restructuring with provisioning of 50% of the gross amount.
- Restructured loan that is "non-viable" shall be deemed as "non-performing" and classified as "loss" with provisioning of 100% of the gross amount.

Prakas on Conditions for Bancassurance Business of Banks and Financial Institutions

On 31 March 2021, the NBC issued Prakas on Conditions for Bancassurance Business of Banks and Financial Institutions effective from the signing date. Following the Prakas, the NBC allowed the BFIs to conduct Bancassurance business and follow a regulatory framework aiming at enhancing financial inclusion by increasing accessibility of insurance services to the public and strengthening consumer protection. The Bank is allowed to operate Bancassurance business must meet the following eligibility criteria:

- Institution which intends to engage in Bancassurance business shall have the following qualifications:
- Obtain prior approval from the NBC;
- Have good financial conditions and strong corporate governance as rated by the NBC at least for the last three consecutive years; and
- Fully comply with prudential regulations of the NBC.

- Institution shall put in place operational guidelines to conduct Bancassurance business and shall ensure that:
- Staff are well-trained and capable of explaining clearly the key attributes of the insurance products to consumers;
- Consumers shall not be coerced or persuaded to buy any insurance products;
- Premium is not directly debited from the consumer's bank account without prior consent or written agreement from the consumer;
- Institution shall clearly inform the consumer that the institution does not underwrite the risk or act as an insurer. The insurance product and payment of claims shall wholly be the insurer's responsibility; and
- Separate consumer protection mechanism and an appropriate complaints resolution relating to insurance shall be put in place to effectively implement.

For the purposes of ensuring consumer protection, the Institution shall ensure that:

- No infringement on consumer right to use any other Bancassurance agent or to directly deal with an insurer;
- No misrepresentation or misleading statements on the policy benefits to the prospective consumer by the staff who sell the insurance products;
- All data and information of the consumer are kept confidential;
- No arbitrary charges and /or additional terms and conditions other than those imposed by the insurer; and
- The institution and the insurer shall not use name, logo, trademark, commercial advertisement or other words leading to the confusion that the institution and the insurer are the same company.

The institution shall submit quarterly reports to the NBC no later than the 15th day of the first month of the next quarter as follow:

- Report on the performance of the Bancassurance business (Number of policies issued, premium, commission, etc.); and
- Financial report, solvency report and liquidity report of the insurer.

The institution shall submit an audited annual report of the insurer to the NBC no later than April 10.

The institution shall maintain adequate records and data on Bancassurance business and be available upon the NBC's request.

The institution shall inform the NBC immediately regarding any amendment, renewal, or termination of the Bancassurance agreement.

The institution shall inform the NBC immediately of pertinent issues and concerns encountered in carrying out the Bancassurance business that would impact the institution.

2. BUSINESS OPERATIONS

CAB Bank is well represented in Phnom Penh and all the major provincial urban centers. We have 8 branches situated in key commercial areas of Phnom Penh and provincial cities of Battambang, Siem Reap, Sihanoukville, Kampong Cham, and Kampot. We also have numerous outlets at key commercial and international transit hubs to serve our customers and offer convenient access to ATMs and services such as local/international money transfer and foreign currency exchange.

CAB Bank serves all segments of the market from mass to micro-businesses all the way to SMEs and corporations. This is in line with our mission to grow in a profitable and people-oriented manner by providing personalized financial products and services at fair terms and pricing. We aim to become the bank of choice for customers throughout the whole stages of life from birth to retirement.

Starting February 2021, CAB Bank has invested in IT infrastructure and our Digital-First Strategy will transform our digital banking in the upcoming years.

Technology transformation jump-started from Core Banking, Digital Payment, Virtual Intelligent Assistant and Self-Service Kiosks Deployment.

3. PERFORMANCE

FINANCIAL

INCOME STRUCTURE OF CAB BANK

Income structure of CAB Bank for the years ended December 31 is as follows:

	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
(Thousand USD)						
Interest income						
Interbank						
Deposits	943		896		747	
Loans	5,523		5,057		5,167	
Total interest income	6,466		5,953		5,915	
Total Interest expenses	4,061		3,356		3,489	
Total interest income - net	2,405	51%	2,597	35%	2,425	27%
Non-interest income						
Fees and service income	1,693		2,864		5,215	
Fees and service expenses	656		121		1,019	
Fees and service income - net	1,037	22%	2,742	36%	4,195	47%
Gain on FX	85	2%	664	9%	2,001	23%
Other operating income	1,232	26%	1,517	20%	212	2%
Total non-interest income	2,354	49%	4,924	65%	6,408	73%
Total operating income - net	4,759	100%	7,520	100%	8,834	100%

NON-FINANCIAL

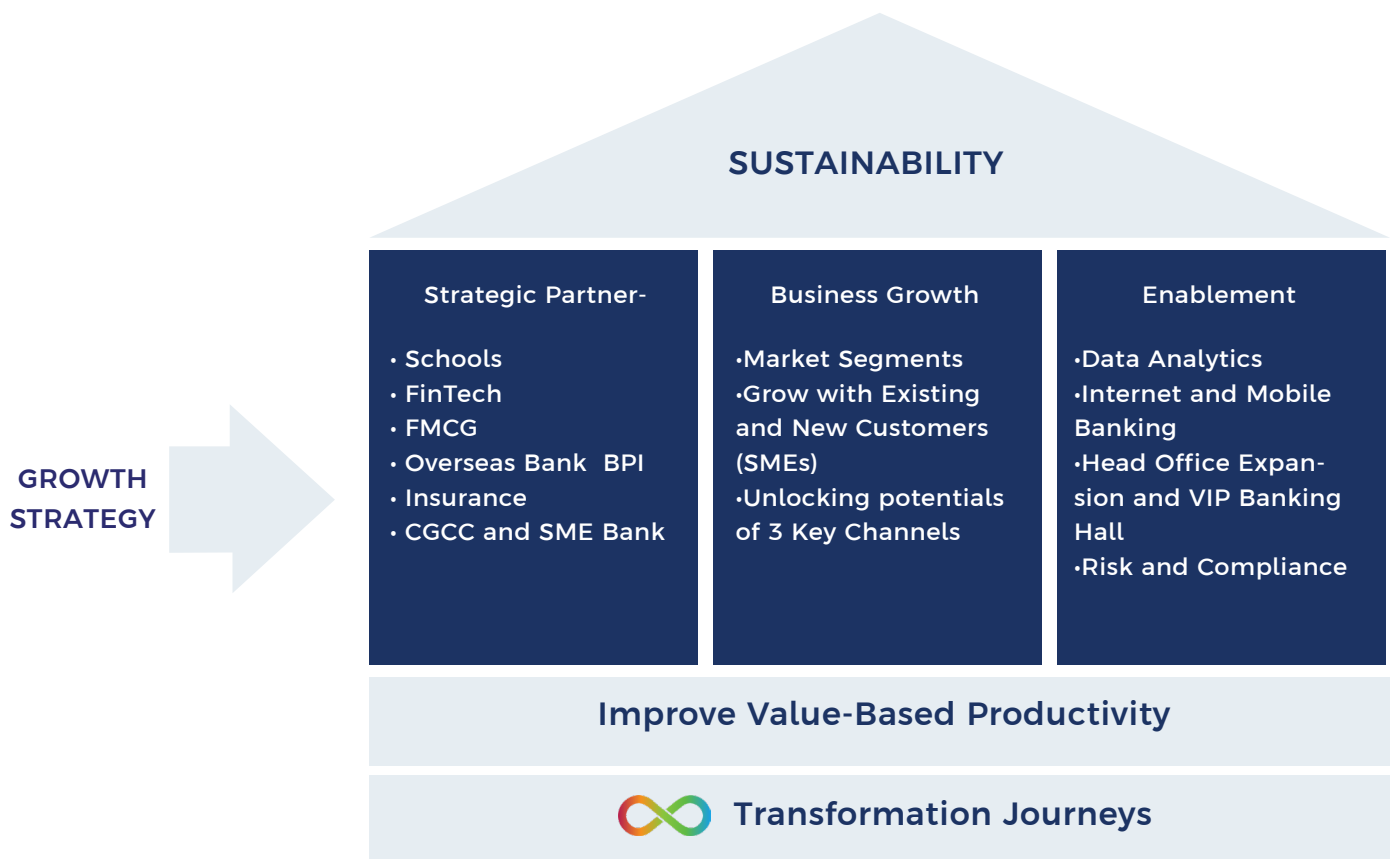
In the year 2021, CAB Bank had played a vital role to contribute to ongoing economic activities and continued to provide loans to customers. We rolled out and successfully implemented key strategies such as 1) upgrading IT infrastructure, 2) expanding retail deposit portfolio, and 3) growing assets in the target group - micro and small-medium businesses that needed proper funding to sustain and expand their businesses.

PART 2 
BUSINESS STRATEGY



CAB BANK STRATEGY

CAB Bank Strategy is to be a virtual intelligent bank in everyday banking need of our customers



1. FUNDING

In 2021, CAB Bank had effectively managed deposit growth in line with the customers' need to save and earn higher income when the economy got hit by the Covid-19 pandemic. Instead of keeping money idle in the low interest accounts, customers shifted the money to high interest-earning accounts at CAB Bank.

2. INSTANT LOAN

CAB Bank allocated a special funding package of USD 2 million for a programmed loan to support consumers and businesses that needed emergency funds for continuing business operations and provided employment to their employees. This programmed loan had helped customers to stay in business through the employment of new ways and technologies for doing business.

3. CUSTOMER CENTRICITY

CUSTOMER SEGMENTS AND SERVICES

CAB Bank continues to strengthen its business model – Customer Centricity strategy which the bank focuses on delivering tailor-made services to meet our client segmentation's banking needs that we know best through our market research team. We monitored the impacts of the Covid-19 pandemic on customers, which varied according to their business and income levels, including changes in consumer behavior and demand that have served as catalysts for technological development, in both the financial and non-financial realms. In 2021, we thus focused on providing assistance, either directly or indirectly, to all groups of our customers reeling from the viral transmission so that they could sustain their lives and businesses amidst uncertainty. Moreover, we provided attentive and inclusive services that responded to the demands of customers as a trusted financial partner and the main operating bank of customers.

RETAIL BUSINESS

CAB Bank prioritizes the use of data and data analytics to gain customer insights, allowing us to offer products and services that meet their needs. Major initiatives were as follows:

SMALL AND MICRO BUSINESS:

We allocated a special funding package of USD 2 Million to provide assistance to our business customers and affordable and flexible programmed loan.

AFFLUENT:

CAB Bank is in a progress to make its VIP Banking concept into reality in 2022 and will introduce a new banking facility, experienced relationship-based management, and life insurance product that provides long-term coverage with short term premium payment for customers with saving potential who wish to establish financial security for their family.

MIDDLE INCOME AND EVERY PERSON:

We launched new products and services as follows:

- a) CAB iBanking: Enjoy the convenience of doing banking transactions at your own time and place. iBanking services include account balance management, online fund transfer, utilities payment, mobile phone top-up and Term Deposit placement.
- b) CAB Mobile: With CAB Mobile, we provide multiple options to perform transactions electronically through our fingertips including fund transfer, mobile phone top-up, term deposit placement, open new accounts and scan QR and Bakong Transfer. CAB Mobile also provides a communication channel for our customers.
- c) Super Saver: There is an easier way to grow your money. CAB super saver helps achieve savings plan by allowing to consistently save a small amount of money while earning the highest interest rate, Save Small, Earn Big! Customers can automatically transfer from a source account once a month or manually transfer / Deposit on any day of the month. With CAB Super Saver, you get rewarded not by the amount you save but by your commitment to savings.
- d) Senior Citizen Fixed Deposit: CAB Bank provides this facility for senior citizens so that they have the privilege to earn a higher interest rate than general customers. Senior Citizen Fixed Deposits are term deposit plans with special interest rates offered to individuals who are over the age of 60 years old./ Deposit on any day of the month. With CAB Super Saver, you get rewarded not by the amount you save but by your commitment to savings.
- e) Step-Up 9 Plus Fixed Deposit: Step-Up 9 Plus is a fixed deposit account that provides customers with the highest interest rate up to 9.9% p.a. within a 9-month period. Step-up 9 Plus is purposely created for customers that are looking for a trusted bank to make a fixed deposit by offering the highest interest rate on a very short-term basis. Customers could also enjoy extra privileges provided by Cambodia Asia Bank.
- f) Tuition Fee Deposit Account: Tuition Fee Account is a type of Flexi saving deposit that parents/guardians will deposit in the tuition fee account to pay for their children's school fee at the maturity which is basically at the school payment date. Customer segments under this product are parents and guardians of children/ teenagers who study with any CAB partner school.

- 9) CAB Card: With our VISA Debit Card and UnionPay Credit Card, customers will enjoy cash withdrawals at any ATMs and Payments via any POS purchase in Cambodia and around the world wherever the VISA and UnionPay Logos are displayed.

MEDIUM BUSINESS

Aspiring to be a Bank of Choice for companies, CAB Bank is determined to support clients beyond banking solutions in order to boost their competitiveness. Major initiatives were as follows:

- (a) Smart SME Loan is aimed to provide easy funding needs of the business to prospective clients in key economic sectors and emerging sectors that are financially viable and have been operating through the stiff and disruptive operations during the Covid-19 pandemic. This product is guaranteed by Credit Guarantee
- (b) iBanking for Corporate provided a seamless online experience and interactive accountant-friendly system, particularly payment, receivables and reporting tools. Scheme which provides ease of mind to the clients who need funds and do not need to provide collateral or assets to be pledged to CAB Bank.
- (c) Cambodia Asia Bank and SME Bank of Cambodia become Official Partnership on SMEs Co-Financing Program to Provide Affordable Financing to Local SMEs. the Cooperation between Cambodia Asia Bank and SME Bank of Cambodia has provided the financial solution to help SMEs in Cambodia. Cambodia Asia Bank is ready to assist our customers to get loans under this scheme with flexible terms and low-interest rates. We strongly believe that this agreement will help SMEs and Cambodia's economy to grow sustainably. We are optimistic about this co-financing scheme. We have come up with communication strategies especially through social media and presses to reach the target customers specifically our business owners that are trying to recover to their normal operations and looking for skilled employees to turn their businesses around through technology. We expect to have more customers getting to know the benefits of this co-financing scheme and be able to apply for a loan through Cambodia Asia Bank to support their cash flow needs to pass the post-Covid-19 recovery periods.

CORPORATE BUSINESS

CAB Bank prioritized the offering of products and services that comprehensively meet the needs of customers in terms of their business operations, suppliers, owners and employees. We aimed to enhance their competitive capability and business management efficiency while also maintaining our status as their main banker. Meanwhile, we continued aiding pandemic-stricken clients in accordance with the National Bank of Cambodia's guidelines and other assistance measures initiated by CAB Bank to help them maintain their liquidity.

In 2022, we are extending a corporate office and open a commercial banking facility on No. 333, Preah Sihanouk Blvd., Sangkat Vealvong, Khan 7 Makara, Phnom Penh which is a commercial hub, one of the three financial districts in the capital city Phnom Penh of Cambodia. The VIP banking facility is conceptualized for our SMEs and influent clients with colossus fine-art architecture -providing a private meeting room for our clients and RMs and modern VTMs.

CAB Bank plans to roll out products and services as follows:

- Trade Finance for Import and Export
- Cash Management
- Payment Solutions
- International Fund Transfer
- Payrolls
- Dedicated RMs

SERVICE CHANNELS

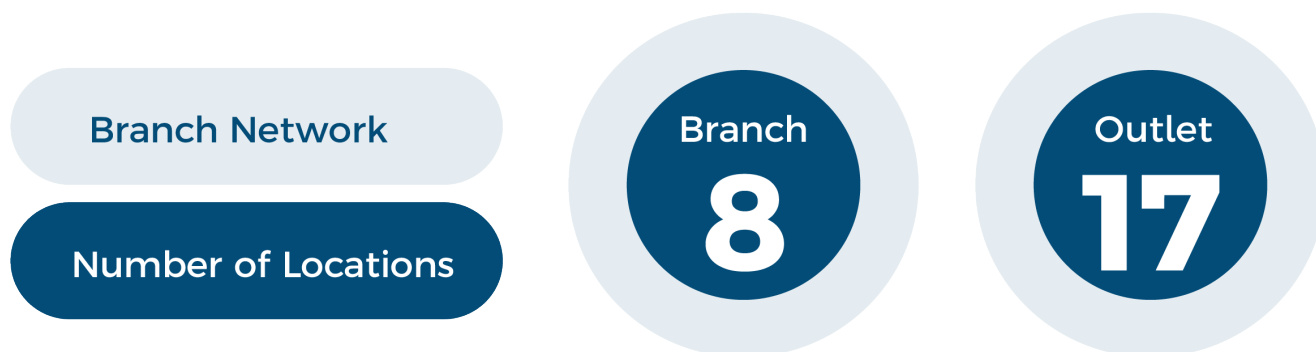
In 2021, CAB Bank focused on providing seamless online and person-to-person services for both lines of business and our business partners to ensure a positive customer experience anywhere, anytime. We have orchestrated synergies and collaboration with partners while also developing our core service channels for enhanced efficiency in accessing customers to deliver them excellent services with the greatest cost-effectiveness.

BRANCH NETWORK:

Key initiatives for branch network management in 2021 included:

- (a) Branch network: CAB Bank focused on all service channels which provide value proposition through multiple services in harmony with customers' daily needs for a seamless customer experience anytime, anywhere. Along with this, we have eight branches and over a dozen of outlets while also partnering with TrueMoney and Wing to provide broader service coverage throughout the country. Along with this, we continued to focus on consolidating branches and outlets to reduce redundancy, especially those with relatively low traffic branches and outlets that the available number is appropriate for the 2025 aspiration. Along with this, we adjusted branch models to align with customers' needs in each area. In 2022 and 2023, We plan to build a business partnership that will be a profit-sharing business model and share the space of our business partner. Moreover, we supported the application of technology for the development of services and internal processes within branches for enhanced efficiency and appropriate cost management along with a harmonized sales and service experience in line with consumers' increased use of digital channels.
- (b) Meanwhile, CAB Bank's outlets gradually resumed increase in volume and operations at airport terminals where the number of tourists had increased since 2021.

BRANCHES AND FINANCIAL SERVICE NETWORK



NOTE:

(1) Services including money exchange and Western Union - fund transfer and POS for VISA / MasterCard cash withdrawal.

ELECTRONIC NETWORK:

- (i) **CAB Bank ATMs:** Location of machines has been a major focus with sufficient service points to ensure broader coverage and meet customers' needs. Along with this, we prioritized machine efficiency enhancement for improved access to CAB Bank services.
- (ii) **CAB Mobile and CAB Internet Banking:** In 2021, we rolled out CAB Mobile and Internet Banking. Our CAB Mobile provides multiple options to perform transactions electronically through our fingertips including fund transfer, mobile phone top-up, term deposit placement, open new accounts and scan QR, and Bakong Transfer. CAB Mobile also provides a communication channel for our customers.
- (iii) **CAB Tele-Call Center:** CAB provides 24/7 customer care for every customer and plans to enrich the experience further and further in the far future. Our service supports KH/ENG/CN languages and gives customers transparency and engagement care throughout the communication. CAB has multiple channels for support e.g., Via Tele-call, Facebook, Instagram, Telegram, etc....

OPERATIONS OF CAB

HUMAN RESOURCE MANAGEMENT

CAB Bank implemented the People Strategy, accounting for Covid-19 control measures and in alignment with our CAB Bank Strategy. Key initiatives were as follows:

- **Ensure Suitable Great Leaders and Culture:** We have established qualifications for purposeful and practical leadership in line with CAB Bank's expected behavioral guidelines which comprise self-awareness, result orientation, team building and integration. This is to ensure that actions will be taken with self-awareness, accounting for teamwork, customers and the organization throughout the work process. CAB Bank organized activities to promote leadership development on a continual basis, starting with the recruitment process. New interview selection and probation criteria have been established in conformity with the organization's expected behavioral guidelines regarding leadership values. We also held an executive seminar on purposeful and practical leadership for C-suit executives and other executives at higher positions wherein the participants learned from experiences of exemplary world-class leadership which could be further applied to their work in alignment with our expected behavioral guidelines.
- **Enable Growth Strategy:** CAB Bank conducted organizational restructuring and selected personnel to support CAB Bank's business development. We focused on the enhancement of employee skills, experience and abilities to cope with changes, and accounted for various opinions, especially of those engaged with business expansion within the region, data and analytics, and strategy formulation. Moreover, employees' capabilities have been enhanced to be aligned with an agile way of work amidst rapid technological changes. The performance evaluation has also been revised to accommodate this new work format. CAB Bank has established guidelines for an agile way of work which comprise four steps, accounting for employee engagement and the Code of Conduct to ensure a systematic and fair work environment. They are of the followings:

1) AGILE MINDSET/SKILL SET:

Employees have been encouraged to work with flexibility, dare to be creative and innovative, and stay ahead of changes. To this end, we arranged learning courses on the agile way of work presented by experts from the Agile Center of Excellence.

2) COMMON WAY OF WORK:

Focus has been on practical teamwork which is aligned with new work formats amidst the Covid-19 pandemic.

3) AGILE WAY OF WORK:

Our employees have been urged to embrace an agile way of work in order to maximize flexibility and speed of cross-departmental work. We also organized the Staff Award activities to recognize outperforming employees and boost morale among colleagues.

4) COMMUNITY OF PRACTICES:

We have encouraged employees who have no experience in an agile way of work to learn from practices and from others, thus creating a community of practices where colleagues come together to share best practices with each other. To elevate the capabilities of employees engaged with the regional business, CAB Bank developed the Employee Value Proposition CAB Bank (Best Place to Work, Learn and Lead) program to support our drive in penetrating the regional market in alignment with our strategy of becoming the regional leader. Moreover, we highlighted the Free Trade Business World of Borderless Growth concept to communicate to the new generation about borderless growth opportunities, as we aspire to be an organization that serves as the foundation of the Cambodian society and the ASEAN Economic Community region, alike.

- **Employment Engagement and Relations: Guidelines for Human Resource Management during the Covid-19 Pandemic:** CAB Bank provided assistance and morale support to all employees, both those working in close contact with customers and our back-office staff. We offered each employee paid leave as a morale boost amid the Covid-19 crisis, while also arranging alternative booster doses against the Covid-19 and providing our staff members assistance in rapid test and NSSF claims. Moreover, annual medical health insurance was offered to employees with the option of using the service at a hospital arranged by CAB Bank's insurance partner's panel hospitals or another hospital as they wished.

RISK MANAGEMENT

Risk Management is an integral part of our organizational culture. We have established a risk management policy and risk appetite, and risk management has been taken into account when formulating our strategies and business undertakings to support business growth. This is to ensure sustainable profitability and maximize stakeholders' returns. CAB Bank's risk management strategy has been established in line with international guidelines and principles and applied throughout the Bank. We engage in a consolidated risk management framework that emphasizes the management of risks, e.g., credit, market, liquidity, operational and strategic risks. CAB Bank's risk management structure clearly determines the duties and responsibilities of relevant units, including an independent risk management unit, while risk-adjusted measurement has been applied to each business unit.

CAB Bank's risk, capital and liquidity management is under the supervision of the Board of Directors, which is responsible for ensuring the appropriate level of capital and liquidity to accommodate our present and future business operation. Meanwhile, CAB Bank ensures that policies, processes and systems for controlling, monitoring and reporting risks, capital and liquidity are in place whereas segregation of duties and reporting lines are clearly defined in conformity with the good internal control principle. We also emphasize thorough, accurate and regular disclosures on risk, capital and liquidity are in place whereas segregation of duties and reporting lines are clearly defined in conformity with the good internal control principle. We also emphasize thorough, accurate and regular disclosures on risk, capital and liquidity management to the public.

KEY DEVELOPMENTS TO STRENGTHEN RISK MANAGEMENT

CAB Bank places great emphasis on effective and timely risk management. Risk management policies, tools and processes have been developed and are reviewed regularly to guard against risk trends in line with market volatility and to ensure that they are appropriate for changes in regulatory requirements, including domestic and global economic policies. Relevant actions taken were as follows:

- (a) **Develop management guidelines and processes for managing environmental, social and governance risk in line with responsible lending principles:** The impact of CAB Bank's credit support has been assessed across all dimensions while climate-related risks, opportunities and impacts have been analyzed and assessed under various assumptions. The results have been used in the formulation of strategic plans, credit policy and portfolio management plans. Focus has been on minimizing negative impacts while maximizing positive effects on the environment, society and economy in conformity with CAB Bank's goals so that the target can be achieved.
- (b) **Establishment of proactive risk management amid the Covid-19 pandemic:** CAB Bank implemented preventive and monitoring measures for coping with Covid-19, which allowed continuity in our services and mission-critical activities with safety. We prioritized hygiene and employee morale support along with adherence to public health measures and guidelines for distancing, mask-wearing, hand washing and testing. Meanwhile, we have employed technology to support our employees in working from home while dividing them to work from split sites and floors in order to minimize the risk of cluster infections. In addition, we have formulated strategies for the management of Covid-19 risk and implementation of assistance measures for all stakeholders, including customers, employees, suppliers, shareholders, society and community.
- (d) **Continuous upgrade of information security management to meet global standards:** CAB Bank's information security management system has been upgraded.
- (e) **Strengthening of customers of data protection and privacy:** A working group has taken steps to ensure preparedness in compliance with data protection and privacy. The actions include policy revision, and process and technology updates covering control measures and relevant infrastructure to support consent management and customers' exercising rights. Moreover, we have continually communicated to employees and corporate partners to ensure that they recognize the importance of compliance with the data protection and privacy while the progress reports have been reviewed and presented to CAB Bank's management teams on a regular basis.

- (f) **Reinforcing a cyber hygiene culture** that involves the Board of Directors, management, employees, customers, business partners and suppliers, through the dissemination of knowledge in various media such as a cyber awareness campaign for customers, e-Learning, security newsletter, cyber news alert and infographics. Moreover, a phishing drill exercise will be conducted to raise employees' awareness of the phishing threat.
- (g) **Establishment of End-to-End Product Management Framework** to ensure that all key products and services are managed efficiently, aligned with customers' needs and controlled with an acceptable risk level.
- (h) **Establish operational guidelines and appropriate control for risk management and positive customer experience among risk-related units** to be more integrated and efficient by each department which is overseen by each head of the department who is a member of the Management Committee. The enhancement is to ensure that the Bank can provide various products and services to align with customers' needs and prepare for business growth in the digital world more efficiently, while key risks and compliance issues are defined and managed securely and appropriately.
- (i) **Enhancement of Business Partner and Third-Party Risk Management** which covers risk assessment, selection, process, contract preparation, risk monitoring and termination of service with business partners and third parties to ensure enhanced security for customers' transactions and increased efficiency in fraud detection in various forms for broader coverage.
- (j) **Put in place market conduct management** accounting for customers' demand, financial status and understanding to ensure that customers receive fair service and treatment with complete and accurate information about products and services for a positive customer experience.

RISK MANAGEMENT

CAB Bank has placed an emphasis on comprehensive risk management such as credit risk, market risk, liquidity risk, operational risk and strategic risk, all of which are covered and properly managed.

CREDIT RISK MANAGEMENT

Credit risk refers to risk whereby a counterparty or borrower may default on contractual obligations or agreements, or have an intention not to abide by an agreement, resulting in losses to CAB Bank. CAB Bank thus places significance on credit risk management compatible with international standards and regulatory requirements, environmental impacts and climate change that may be caused by CAB Bank business operations, to ensure sustainable growth and reasonable returns to stakeholders.

In 2021, CAB Bank focused on customer service and credit risk management for every customer segment to ensure that risk levels are under an acceptable risk appetite. Customers' businesses were challenged by the dying-out Covid-19 pandemic and an uneven global economic and trade recovery. Meanwhile, digital disruption prompted CAB Bank to focus more on stringent customer screening criteria while prioritizing sustainable assistance measures - particularly for small and micro-businesses as well as retail customers - while also seeking to acquire customers with stronger financial status and sound debt servicing ability. Moreover,

CAB Bank has a policy to integrate public health-related risk - which may affect customers' business operations through physical risk and transition risk, - as one of the factors for the credit underwriting process and use it as one of the components in assessing impacts on the Bank's credit portfolio.

CAB Bank also focused on portfolio management to maintain credit concentration with the established limits. Loan growth targets have been established in alignment with prevailing economic conditions, taking into account customer segments, product domains and industries, to maximize returns under a risk appetite. CAB Bank has emphasized customers' early warning sign detection and behavior monitoring to

ensure efficient monitoring, recovery and collection processes. Moreover, CAB Bank has managed to appropriately set aside provisions to cover expected credit loss, which is in line with our prudent business operation amidst ongoing economic uncertainties and the protracted Covid-19 pandemic.



CREDIT RISK MANAGEMENT POLICY

To achieve sustainable growth, our credit strategy focuses on a balance between portfolio value creation and protection within our risk appetite. Credit policy and related credit procedures must comply with this strategy and must be in line with laws, regulations and fair lending management guidelines including how to cope with climate change impacts that may have on business operations in terms of risk and business opportunity.

CAB Bank reviewed credit risk management policy in September 2021, accounting for impacts on loan portfolio and following standard practices amongst the top banks in the industry, including the launch of new products and services and operations in atypical circumstances such as management to mitigate impacts of Covid-19 on our customers, to ensure that all our customers, especially SMEs, can continue to operate their businesses with our suitable credit quality management. We have improved standards and guidelines for credit extension that are now more conducive to CAB Bank's sustainable growth. Such revisions were monitored for their impacts on portfolios and updated for reference in CAB Bank's database available to relevant users, covering criteria for credit granting, credit management process and credit risk management tools.

CREDIT POLICY AND PROCESS REVIEW

CAB Bank has conducted a review of credit policy and process including credit proposal presentation, credit underwriting, agreement preparation, credit assessment and asset quality monitoring and review, to ensure credit policy and process consistency and efficiency in alignment with regulatory requirements. CAB Bank also utilized information from the review to support our credit management standard development.

MARKET RISK MANAGEMENT

Market risk may arise from changes in interest rate, foreign exchange and credit spread. These changes affect CAB Bank's present and future income, capital, the value of financial assets and liabilities as well as off-balance sheet items. CAB Bank engages in a consolidated risk management framework through the development of essential infrastructures and processes for timely and appropriate management of the market risk of financial products. In addition, we have established a product management process for both existing and new products based on the business plan, covering transaction objectives and processes, market risk-related factors, risk analysis and potential impacts as well as risk assessment and control guidelines.

In 2021, the country's economy had recovered from the Covid-19 pandemic and the interest rate in the market started to shift upwards as the global financial market risk got hit severely by the pandemic. The money flow from other countries was attracted to Cambodia, and all the banks were competing in the new environment to capture the largest market share of this money bucket.

For the 2022 outlook, the global economy once more faces uncertainty, triggered by the new Covid-19 variant amidst soaring inflation and possible hikes in the US policy rate. Close attention should be paid to the US-China rift which could affect the other countries' economies but not Cambodia, either directly or indirectly, amid the gradual normalization of Cambodian economic activity and the society.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is defined as the risk caused by a failure to obtain sufficient funds at appropriate costs to meet obligations when they come due, and/or an inability to convert assets into cash.

Liquidity in the banking system was ample when loans growth was stronger than deposits growth while banks tapped on their own retained earnings and debts to ease economic stress and provided relief to MSME and consumers to delay payments and reschedule their loan durations. CAB Bank has been fully equipped with tools for appropriate liquidity management to protect ourselves against liquidity shortages. Aside from efficient monitoring of liquidity risk in light of situations that may incur risk indirectly, we have also adopted a Business Continuity Plan to guard against disruptions to essential operations and systems, allowing us to fulfill our obligations in the event of an emergency.

CAB Bank has conducted liquidity risk assessment and analysis on a regular basis to ensure sufficient liquidity for our business operations through liquidity gap analyses, covering both normal and crisis situations, under three scenarios, i.e., liquidity crises that are either bank-specific, market-wide, or a combination of both circumstances.

CAB Bank has also developed tools to assess and analyze liquidity risks that meet international standards including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Moreover, the Bank has developed tools for liquidity risk assessment and analysis on a continual basis in line with international standards. This allows us to devise an effective plan for overall liquidity management along with review and revision of liquidity risk management processes and adjustment of our funding structure in response to changing market conditions and liquidity in the banking system. We determine appropriate strategies to maintain a suitable level of foreign currency liquid assets, be consistent with growth in deposits and guard against any heightened liquidity risk stemming from volatility in the global economy and fast-changing financial markets, taking into account business growth potential.

Closely monitored factors that could affect our liquidity and interest rate risks include:

- (a) Global and Cambodian economic outlook over the short and medium terms, including impacts from the US-China trade war and the Covid-19 pandemic
- (b) Key policy rate trend of the National Bank of Cambodia and major central banks
- (c) Direct and indirect foreign capital movements triggered by internal and external risks
- (d) Intensified competition among financial institutions in savings and investment products that may affect overall liquidity in the banking system
- (e) Increasing demand for loans which could generate pressure on liquidity in the system

OPERATIONAL RISK MANAGEMENT

Operational risk refers to the risk of direct or indirect losses to a bank's revenue or capital resulting from incorrect or inadequate processes, personnel, operating and/or IT systems, or external events. CAB Bank has thus placed importance on operational risk management through the development of policies and operational risk frameworks to enhance our operational risk management as a unified standard, prompting enhancements that allow us to assess risk and proactively seek preventive measures.

In 2021, CAB Bank focused on strengthening operational risk management in various key areas to assure that customers will continually receive fair service and treatment and align with customer requirements under a prudent and efficient risk management process. Key focus areas cover the establishment of proactive risk management amidst the Covid-19 pandemic to ensure business continuity, the enhancement of product management throughout the product cycle, the development of business partners and the third party risk management, improvement of system interface or access to data of customers or CAB Bank, strengthening risk-related functions to be more integrated and efficient and enhancement of market conduct management to ensure that customers receive fair service and treatment through the efficient and practical process and management.

CAB Bank has put in place a Bank-wide public health-related risk consideration process, namely the identification, assessment and mitigation of climate-related impacts on CAB Bank, to ensure business continuity and the protection of the lives and property of our customers, employees and other stakeholders. The risk consideration process has been undertaken as part of the overall risk management procedure every year or more than once a year to keep abreast of the latest trends, ensuring that we can cope with climate-related risks in a timely manner. In detail:

- (a) Risk identification: To identify the risk event and/or major climate-related threats, both physical and transition risk, based on the megatrends and related rules and regulations.
- (b) Risk assessment: To assess the overall risks in three levels, i.e., high, medium and low, by assessing risk impact, likelihood and effectiveness of control.
- (c) Risk management: CAB Bank has in place risk management in order to prevent, monitor and respond to risks. Regarding high-level risk, additional analysis will be conducted for prevention and rectification or further establishment of risk management measures. Moreover, CAB Bank has prepared a business continuity plan (BCP) and IT disaster recovery plan to cope with risk incidents that may affect our work and business operations.

STRATEGIC RISK MANAGEMENT

Strategic risk refers to risks that arise from the formulation and implementation of strategic and business plans that are unsuited to and inconsistent with internal factors and the external environment, which may affect earnings, capital fund or CAB Bank's stability. CAB Bank thus places emphasis on the integration of strategy formulation and implementation process. The process begins with systematic data collection and analysis for use in the review and determination of appropriate Bank-wide strategies, which are then translated into those for business and support units, objectives and key results. It also involves efficient resource allocation, or Bank-wide communication of strategic plans, the establishment of clear operational plans and monitoring processes, as well as identification of problems and solutions.

For 2021, the key factor that significantly affected strategic risk was uncertainty stemming from the prolonged Covid-19 pandemic that became more severe than what was seen in 2020, thus causing economic activity across multiple sectors to slow down and halt operations. Meanwhile, the Bank has been exposed to the operational risk incurred from compliance with government policies, including new rules and regulations and standards concerning the supervision of financial institutions, in order to extend assistance to pandemic-hit businesses and retail customers amid volatilities in global capital flows, caused by divergent recoveries across many countries, especially economies.

CAB Bank prioritizes strategic risk management in times of uncertainty. Our strategic risk management can be divided into two parts, as follows:

- (a) **Strategic Risk Management for Strategic Content:** Key Risk Indicators (KRIs) for Strategic Content have been set up to enable us to review and adjust Ban-wide strategies as well as business units' strategic plans appropriately and in a timely manner amidst changes in external and internal environments which affect business operations, including anticipation of upcoming changes for better preparedness regardless of circumstances.
- (b) **Strategic Risk Management for Strategy Execution** is conducted by:
 - i. Preparing monthly financial performance reports and semiannual Balanced Scorecard (BSC) reports; we also arrange meetings regarding our strategies to address and manage specific issues, in order to achieve unified solutions.
 - ii. Preparing and reporting performance of the business and support units and objectives and key results on a quarterly basis as a gauge for our practical guidelines, thus aligning with the established strategic plans.
 - iii. Establishing KRIs for strategy execution that covers CAB Bank infrastructure and resources.

4. DIGITAL FIRST STRATEGY

INFORMATION TECHNOLOGY MANAGEMENT

In 2021, CAB Bank had invested in a new core banking system powered by Oracle Flexcube and launched new financial channel technology in response to the transition to a digital currency technology using the new era's technological infrastructure, and the search for innovations in line with CAB Bank's strategic direction. These endeavors were undertaken with efficient work processes under international standards and the latest cyber security control system. Effective management guidance has also been put in place to cope with short-, medium- and long-term impacts during the transition, to achieve the CAB Bank Strategy of maintaining our competitiveness and becoming the trusted regional leader in the technological realm. Major initiatives can be summarized as follows:

Development of products and services: to reach our cutting-edge technology that can meet and be consistent with the ever-evolving customer behavior and technological innovation including CSS, CMS, CBS, NBC Bakong, NCS 2.0 and FAST 2.0.

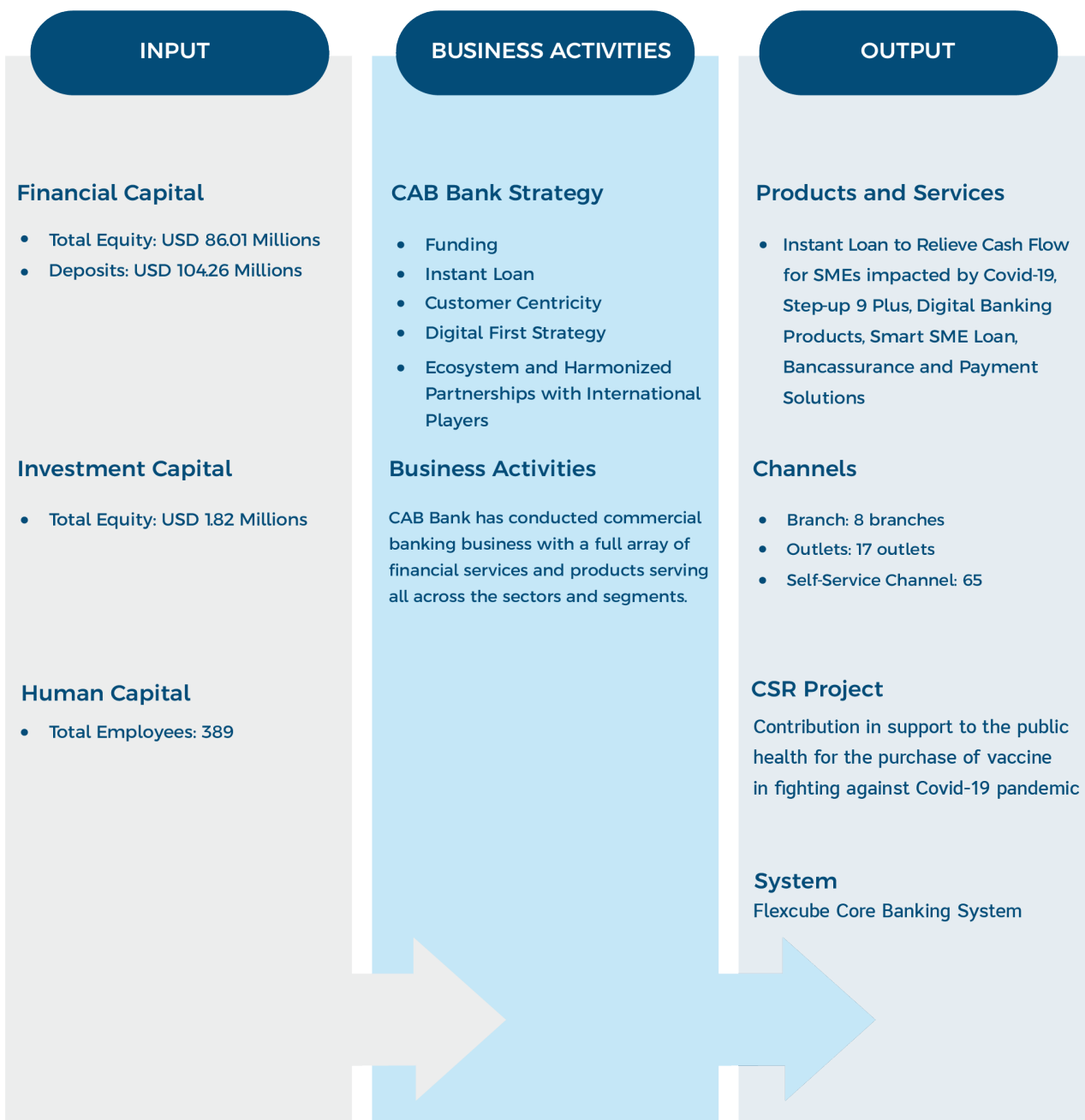
5. ECOSYSTEM AND HARMONIZED PARTNERSHIPS WITH INTERNATIONAL PLAYERS

In 2021, CAB Bank has partnered with key local international players including Phillip Life Assurance (Cambodia) Plc., Bankograph Pte. Ltd., Credit Guarantee Corporation of Cambodia Plc., Phillip General Insurance (Cambodia) Plc., Bakong, Bank of the Philippine Islands, Smile Shop, TrueMoney and Small and Medium Enterprise Bank of Cambodia.

Our partnerships are enriched by knowledge and best practices which are the art of doing business and training our CAB Bank employees.

MANAGEMENT OF IMPACTS ON STAKEHOLDERS WITH VALUE CHAIN

CAB Bank has disclosed data on management and value creation through our capitals. Key issues that influence the assessment of impacts on CAB Bank’s ability to create value over the short, medium and long-term are identified. Analyses will shed light on financially material topics in order to manage existing capital in alignment with the operational framework and the policy of sustainable development and CAB Bank Strategy to ensure that CAB Bank can achieve the highest performance efficiency in alignment with our vision and business directions.



MANAGEMENT DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY OF MANAGEMENT DISCUSSION AND ANALYSIS

Overall, the Cambodian economy for 2021 grew 2.2 percent after seeing a contraction of 3.1 percent in 2020. The rebound was uneven across all sectors. Domestically, the economy remained pressured by the intensified Covid-19 outbreak, the course of which was highly uncertain amidst the new Covid-19 variant. The outbreak, therefore, continued to affect people's lives and economic activity. The prolonged pandemic even further hampered the recovery of businesses within the supply chains for the tourism and service as well as retail business. It also severely depressed employment and worsened the fragility of household income. This had repercussions for our customers' financial standing, which inevitably affected CAB Bank's operating performance.

Amidst the myriad challenges and heightened economic risk, CAB Bank has operated its business in line with the principles of a Bank of Sustainability accounting for appropriate risk management and effective cost management in order to empower every customer's life and business. We prioritize the offering of total solutions, with attentive and inclusive services in adherence to the Customer Centricity strategy and the resolve to deliver an excellent customer experience. We have focused on providing assistance to all groups of our customers facing the impacts of the Covid-19 crisis, in line with the National Bank of Cambodia's moratorium guidance in order to support our customers in emerging from this crisis.

In conjunction, we continued to bolster our capabilities and innovation in our service through the development of digital technology, both financial and non-financial, to be in step with changing consumer behavior while also offering new business opportunities business context accounting for proactive integrated risk management, as well as a risk-aware culture Bank-wide, so as to secure our status as a leading financial institution that is always prepared for potential economic volatility, under both normal and stressful situations.

CAB Bank reported a net loss for 2021 of 975,589, a decrease of 148.6% from the previous year. The loss was impacted by the decrease in non-interest income and higher operating expenses for the good of our employees' well-being, and fairly higher interest expenses for customer deposits.

With regard to our capital position as of the end of 2021, the capital adequacy ratio (CAR) of CAB Bank was 84.75% which allowed us to grow risk-weighted assets to USD 491 Million and optimized our capital structure and effective capital management.

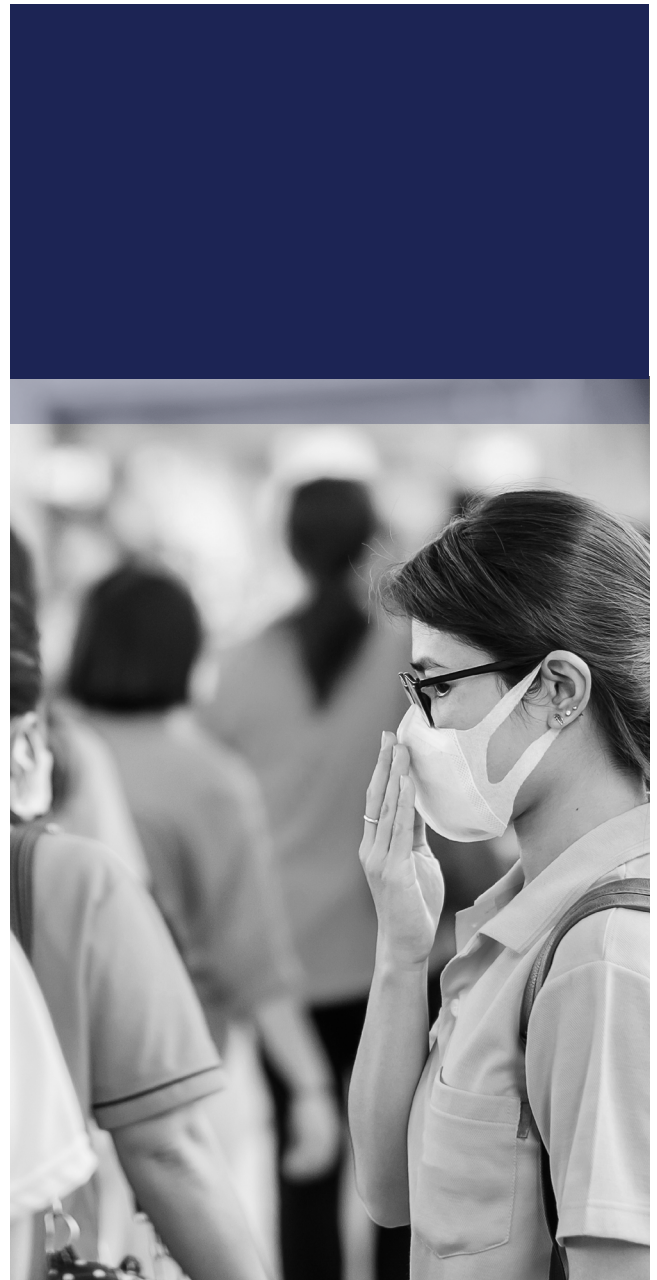
The 2021 operating performance of CAB Bank thus met our business targets as expected in line with the economic conditions. Our operations have gained wide acceptance and recognition in the home country and by tourists from all over the world through our presence at international transit hubs, key tourism locations, entertainment centers and social platforms. All the above endeavors and performance of CAB Bank have thus far been undertaken with prudence and in step with the ever-changing customers' needs, together with an awareness of the economic uncertainty that was gradually reviving by the new normal. These efforts will allow us to devise plans to cope with any potential impacts upon our business while also giving our customers support in an efficient and timely manner.

IMPACTS OF COVID-19 PANDEMIC

The overall Cambodia economy in 2021 remained pressured by the Covid-19 pandemic. The viral transmission affected economic activity both at home and abroad. As Cambodian people's lives were beset by this crisis, CAB Bank implemented relief measures to assist our customers under a prudent integrated risk management approach. We have proactively monitored customer risk in order to implement appropriate assistance measures for mitigating the pandemic's impacts. We have continually adopted a prudent approach in setting aside expected credit loss to ensure that our provisions are sufficiently proactive to cope with potential damages and uncertainties, accounting for the prevailing economic circumstances.

Meanwhile, CAB Bank is aware of the risks and impacts of Covid-19 on our customers' and employees' lives and safety, continuity of our business operation and service provision, and the business undertakings of our customers, suppliers and other stakeholders. We have established proactive risk management, which comprehensively covers continual prevention, monitoring and response. This has prompted us to manage the situation in an effective and timely manner. We have thus far seen no significant impact on our business operation or our employee's quality of life and well-being.

In 2021, CAB Bank had a robust capital position for coping with potential risks while also managing liquidity at an appropriate level, which was sufficient for providing loans and supporting the local economy and its key sectors on a continual basis.



PART 3 

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

CAB Bank recognizes the importance of corporate governance and always develops good governance within the bank. The duties and responsibilities of the board of directors (BoDs) are often reviewed and constituted in order to ensure effective governance in the bank's operation, and the core duties for shareholders, clients, employees and other related parties. CAB Bank has independent directors. BoDs has full opportunity and authorization to practice proper deliberation and professional skepticism.

BOARD OF DIRECTORS

Each BoDs member is nominated by the shareholders to act as their agents.

The composition of BoDs is the followings:



Mr. Va Dalot
Chairman



Mr. Wong Tow Fock Director
and Chief Executive Officer



Mr. Top Ratheanin
Director



Mr. Chan Peng Leong and
Independent Director



Mr. Rouer Jerome
Independent Director

The BoDs' performances are subject to review every year. At the end of each mandate; furthermore, membership will be renewed and approved based on each member's performance.

The duties and responsibilities of BoDs include:

- Promoting the gradual development of banking business for shareholders in an honest manner;
- Balancing the interests of all related parties, including shareholders, depositors, borrowers, employees, investment partners and so on to avoid conflict of interest;
- Determining and approving attractive policies, protect deposits and clients, as well as protect the benefit of the other related parties;
- Ensuring thorough management and strict inspection by studying, determining, inspecting and managing possible risks;
- Constituting and approving the business plan, budget package, risk management policy, internal inspection policy, major investments and the acceptable risk level;
- Approving the appointment of an external auditor;
- Convening a meeting with senior management and internal auditor;
- Examining and making decisions about the governance of the bank; and
- Constituting other necessary duties required by the laws and provisions.

The BoDs meeting is held at least twice a year. In addition to that, the chairman of BoDs may call for meetings in case needed. Each director has independence in making a decision and definitively avoids gaining benefits (including bribes) from any third parties.

The BoDs has four supporting committees: Risk Management, Audit, Nomination and Remuneration and Asset and Liabilities Management which are established to act on behalf of them in overseeing the banking operation. These committees are responsible for monitoring and controlling the risks (credit risk, market risk, liquidity risk, and operational risk) within the bank.



RISK MANAGEMENT COMMITTEE

Risk Management Committee consists of five members. Risk Management Committee shall carry out the following duties:

- Examining the risk management activities that the bank may encounter such as financial, credit, liquidity, operational, reputation and legal risk and so on;
- Examining regularly the policies and risk management procedures set out and implemented by the senior management;
- Examining qualifications and biographical detail of senior risk officials and ensuring that the employees of the risk department are sufficiently qualified to perform the tasks;
- Being responsible for the evaluation of local risks in the bank's common development strategy.

AUDIT COMMITTEE

Audit Committee is led by three independent directors. Audit Committee shall carry out the following duties:

- Examining the bank's financial report, the process of financial report preparation and the system of accounting and financial preparation and inspection in an honest manner;
- Examining the effectiveness of roles of internal inspection and risk management systems;
- Appointing internal auditors and regularly examine of the roles of the internal audit;
- Auditing the financial report annually and independently, including the provision of recommendations to the board of directors regarding the appointment of external auditors; evaluating capacity, independence and implementation of external auditors and determining the remuneration and duration of external auditors;
- Constituting and implementing policy with the external auditors regarding the offer of other services other than the annual and independent audit and reporting this issue to the board of directors; and
- Ensuring compliance with laws and provisions, including procedures and inspection of the disclosure of financial information.

NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee is also led by five members. Nomination and Remuneration Committee shall carry out the following duties:

- Determine remuneration for the bank's board of directors, executive director, senior management and employees;
- Evaluating the experience, knowledge and expertise of the member of the board of directors and senior management and determining the responsibilities of the board of directors' members to be appointed to perform any position;
- Evaluating the tasks implementation of all the committees and submitting a report to the board of directors;

- Making a remuneration plan and strategy and providing various interests to employees and ensuring the retention of highly qualified employees.

MANAGEMENT COMMITTEES

Two management committees: Operation and Credit are established to support Chief Executive Officer (CEO) in directing and controlling the bank's operations and implementing other works assigned by the CEO and report to the CEO.



OPERATION COMMITTEE

Operation Committee comprises of four members. Operation Committee is responsible for:

- Ensuring compliance with the provisions pertaining to the bank operations;
- Ensuring that the bank has annual business and budget plans;
- Examining the implementation of business activities regularly in compliance with the determined business and budget plans; and
- Reviewing all the matters related to the bank's operations.

CREDIT COMMITTEE

Credit Committee comprises of six members. Credit Committee is responsible for:

- Approving and granting of loans to the clients;
- Performing critical analysis in granting loans to prospective borrowers in order to determine a client's repayment capacity that would reduce credit risk;
- Reviewing loans and developing clear strategies and actions to collect non-performing loans.

INTERNAL CONTROL

CAB has continuously developed several lines of defense within the bank to ensure all activities, processes, systems, policies, and procedures are in place without internal control failing, assets are safeguarded from inappropriate use or loss, and fraud and liabilities are identified and managed.

The bank has proper and sufficient policies and procedures related to bank operation for implementation. Also, it has clear segregation between oversight and implementation functions.

BoDs often has a meeting with the bank’s management, compliance officer and internal auditors to ensure that all approved policies and procedures are thoroughly implemented and risks are identified and managed. Audit Committee is also responsible for assisting BoDs with the oversight responsibilities for the integrity of the bank financial reports and the effectiveness of internal control. Besides this, Internal Audit Department periodically reviews whether management is setting and applying appropriate internal control procedures, including control over MIS, and is implementing recommendations on internal control of internal and external auditors and the National Bank of Cambodia.

All bank’s records and processes are maintained properly to enable a flow of timely, relevant and reliable information from within and outside the bank.

CAB also has a compliant function to ensure compliance with internal policies and applicable laws and regulations with respect to the conduct of business.



RISK MANAGEMENT

CAB has clearly noted that better risk management helps the bank to align risk appetite and strategy, minimize operational losses and improve risk response decisions. Then, the bank has continuously developed a sound and acceptable risk management framework and system. It integrates the responsibilities of the BoDs which is the top body of the bank.

CAB also established Risk Management Committee and executive level committees such as Credit Committee and Operation Committee for credit risk, market risk, liquidity risk, and operational risk.

CREDIT RISK MANAGEMENT

CAB has created a credit policy and procedures to reduce the risk in providing credit to the public and also to comply with the Prakas of the National Bank of Cambodia. These policies and procedures set the standard for credit management, and they will be updated every year in accordance with the present economic condition of the Bank.

MARKET RISK MANAGEMENT

This risk is related to the interest rate and foreign exchange rate (FX) risks, which the bank discussed in ALCO meetings to monitor the interest rate and FX rates. The most important things are the rate-sensitive assets and rate-sensitive liabilities. Since CAB is one of the leading financial institutions in FX and money transfer, the bank has established the most effective policies and procedures for handling, monitoring, and controlling the exchange rate risk.

LIQUIDITY RISK MANAGEMENT

The Operation Committee members manage and monitor the liquidity and aim to comply with the National Bank of Cambodia guidelines and maintain the trust and confidence of the bank's clients. The bank also has a liquidity contingency plan in place to counter market collapse in the banking system and any other occurrences that would affect the daily operation of the bank.

OPERATIONAL RISK MANAGEMENT

CAB has established an operation manual for the employees and also implements an internal control system that aims to identify the risk associated with the daily operations as well as system risk within the bank.

CODE OF CONDUCT

To maintain and enhance our professional ethics, both management and employees are required to perform their work diligently, genuinely and transparently, and most importantly to put the enthusiasm of the bank as a priority. CAB's codes of ethics are as follows, which our management and employees have acknowledged and followed:

Treat customers fairly, honestly and impartially, and they are not allowed to get any gifts, commissions, or any valuable stuff from customers because gifts or entertainment can be a threat to an independent mind. Staff must not engage in any business activity that conflicts with the interest of the bank. Staff should not misuse their position in the bank for personal benefits.

Confidentiality, staff should not use confidential information about a client for personal gain.

COMPLIANCE

CAB has an independent compliance function which is mainly handled by Compliance Department.

Compliance Department permanently reviews and obtains the updates from the audit regularly regarding compliance matters which affect the bank. Likewise, they review non-compliance issues raised by regulatory agencies and the National Bank of Cambodia and the rectification of those issues. Moreover, reviewing the effectiveness of the system by monitoring compliance with laws and regulations and the results of the follow-up of any instances of non-compliance is made regularly. Regarding AML/CFT, the board established an ongoing process for identifying, evaluating, managing and preventing the significant risks.

The bank has AML policies and standards approved by the board. The policies and standards specify roles, responsibilities and effective framework for AML/CFT which are mainly implemented by Compliance Department. Moreover, a member of the senior management was awarded the widely recognized Certified Anti-Money Laundering Specialist (CAMS) credential by the Association of Certified Anti-Money Laundering Specialists (ACAMS), the world's leading organization of professionals in the anti-money laundering field. This assures our bank and payment partners that they are working with a team equipped with the essential knowledge and background in anti-money laundering.



REPORT OF THE BOARD OF DIRECTORS

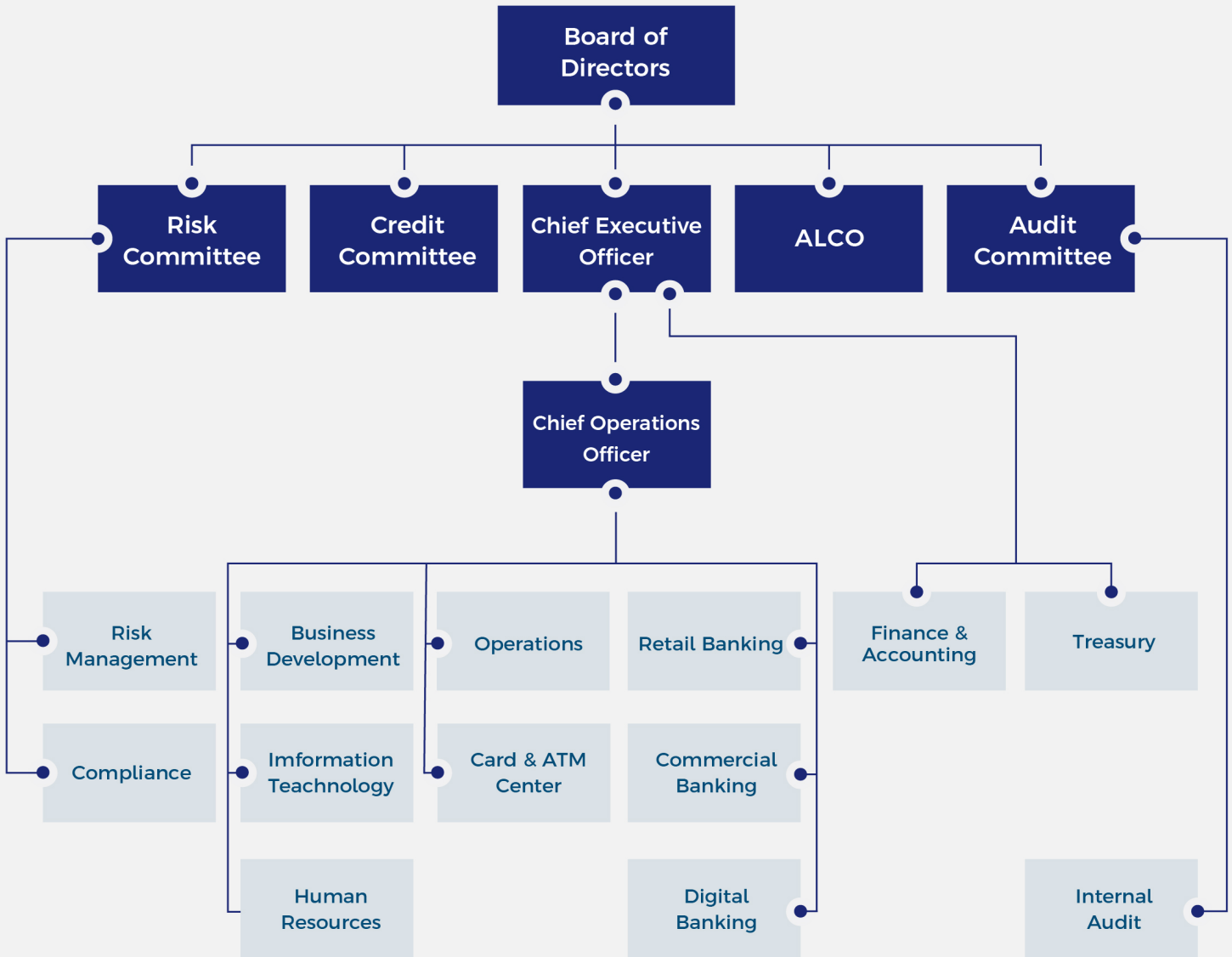
In 2021, the board had four meetings which were held in January, April, July and October at CAB's head office.

PRINCIPAL ACTIVITIES IN 2021

The board had discussed and approved the following matters:

- Investment on a new Core Banking System, Oracle Flexcube and its maintenances
- eKYC, Mobile App that allow all customers can open instant accounts online
- SWIFT (Bottomline)_Customer Security Program
- Bakong System (NBC)_ Next-Generation Mobile Payments and Banking
- Target top Deposits and Loans by Branches (KPI setting up)
- Change members of Risk Management Committee and Nomination & Remuneration Committee
- Approval of Business Plan 2021 with total assets growth, and increased net profit.
- Develop channels of service and application of modern technologies.
- Approved updated AML-CFT Policy (English Version), complied with AML-CFT law of the Royal Government of Cambodia and for all correspondent banks oversea.

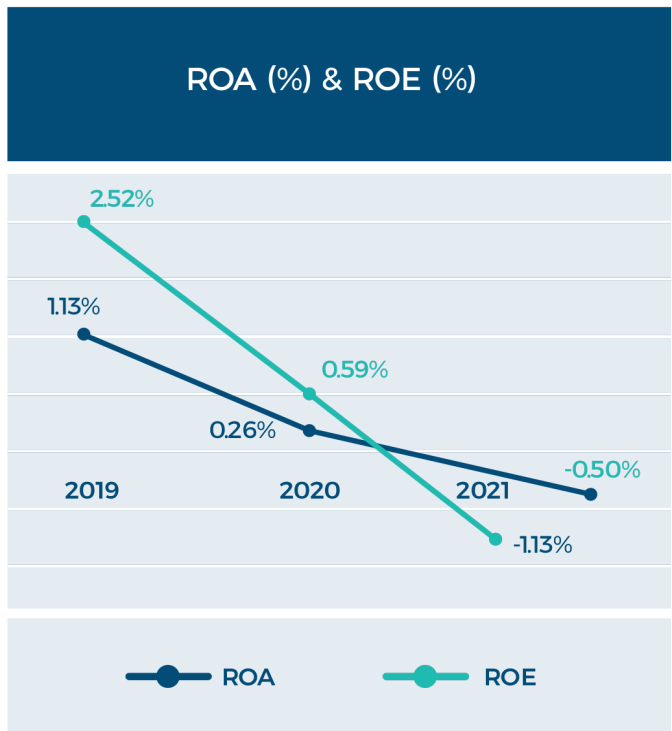
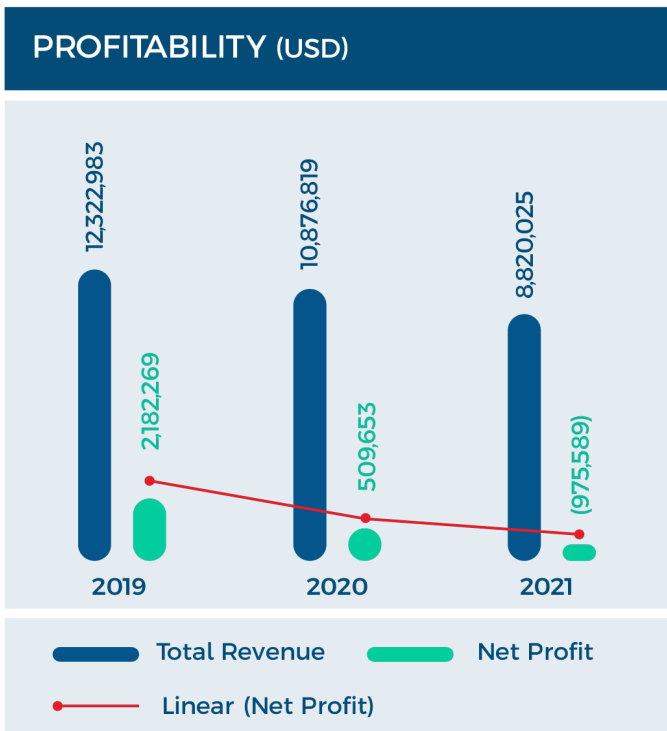
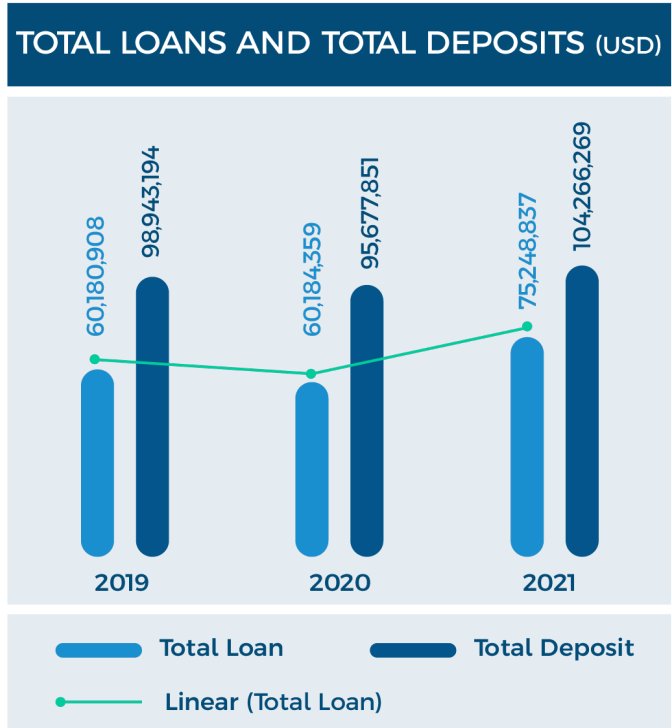
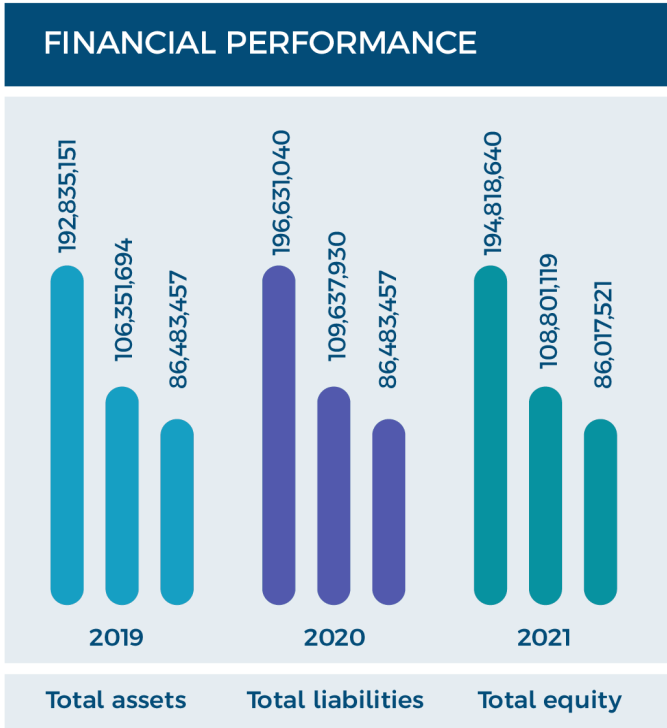
LEADERSHIP

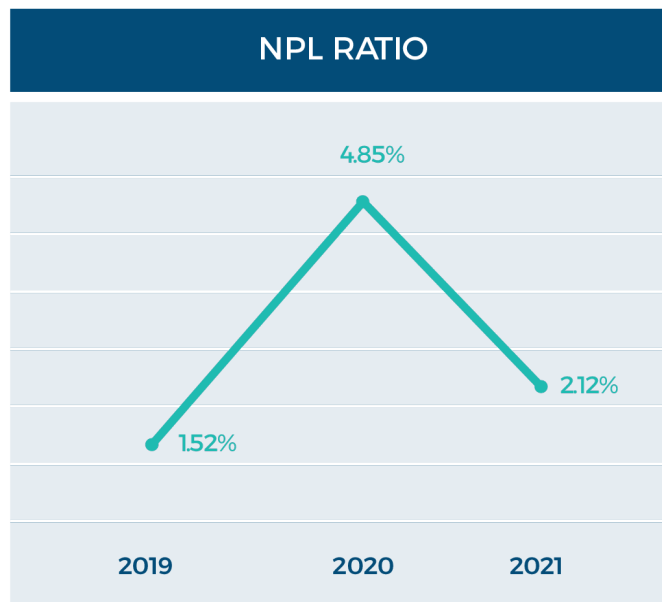
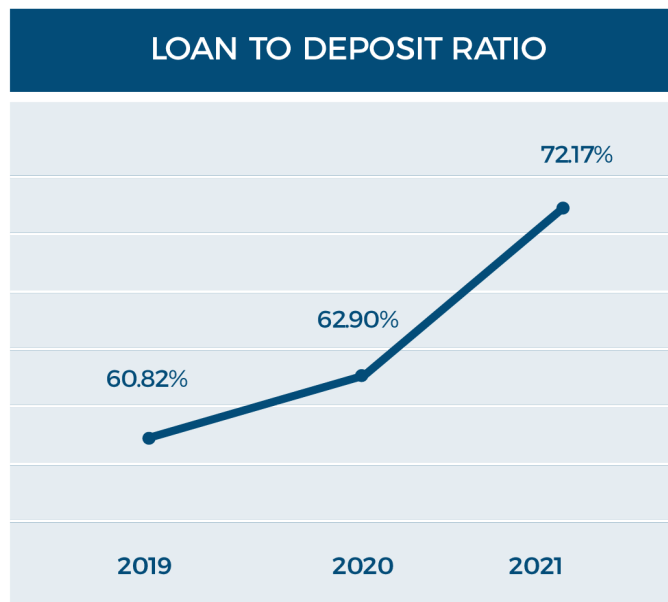


PART 4 

FINANCIAL PERFORMANCE AND INDICATORS







In 2021, total assets and total liabilities of the bank slightly decreased by 0.92% and 0.76% respectively and total equity also slightly decreased by 1.12%.

Total loans significantly increased to 25.03% in 2021, higher than 2020 by 25.02%, resulting from the increase in long-term and short-term commercial loans while total deposits moderately increased by 8.98% in 2021, higher than 2020 by 12.28%.

The total revenue decreased by 36.72% in 2021. Net profit decreased by 148.60% in 2021 due to the impact of the Covid-19 pandemic.

Non-performing loans decreased by 45.20% in 2021 which resulted in NPL ratio of 2.12% in 2021.

FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT

The directors hereby submit the report and the audited financial statements of Cambodia Asia Bank Limited (“the Bank”) for the financial year ended 31 December 2021.

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. Va Dalot	Chairperson
Mr. Wong Tow Fock	Director and CEO
Mr. Top Ratheanin	Director
Mr. Chan Peng Leong	Independent Director
Mr. Rouer Jerome	Independent Director

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 2021 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 its operations in the foreseeable future; and
- (v) control and direct effectively the Bank in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

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

PREPARATION OF THE FINANCIAL STATEMENTS

In the preparation of the financial statements, 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 financial 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 are not misleading or inappropriate;
- (v) there are no known circumstances that would render any amount stated in the financial statements to be 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, transaction 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 of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Bank to meet its obligations when they fall due.

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 2021, its financial performance and cash flows for the financial year then ended in accordance with CIFRSs.


 A blue circular stamp with the text "CAMBODIA ASIA BANK LTD" in the center, surrounded by Khmer text. A handwritten signature in blue ink is written over the stamp.

Cambodia Asia Bank Ltd.

Wong Tow Fock
Director & CEO

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cambodia Asia Bank Limited (“the Bank”) which comprise the statement of financial position as at 31 December 2021 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 63 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Basis of Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISA”). Our responsibilities under those standards are further described in the Auditors’ 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 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 Auditors’ 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 we conclude that there is a material misstatement of the Directors’ Report based on the work we have performed, 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.

Auditors' 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 a part of an audit in accordance with CISA, 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 the 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 of the Bank 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 of the Bank, including the disclosures, and whether the financial statements of the Bank 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements denominated in the functional currency of the United States Dollar (“USD”). The translation of the financial statements from USD into Khmer Riel (“KHR”) using the closing and average rates as at 31 December 2021 and for the year then ended, respectively, is presented for the purpose of additional analysis and it does not form an integral part of the audited financial statements. The translation has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express any opinion on it.



Crowe (KH) Co., Ltd.

Onn Kien Hoe
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31.12.2021	31.12.2020	31.12.2021	31.12.2020
		USD	USD	KHR'000	KHR'000
ASSETS					
Cash on hand	5	73,059,053	85,523,373	297,642,582	345,942,044
Deposits and placements with financial institutions	6	18,507,031	24,051,170	75,397,644	97,286,983
Deposits with National Bank of Cambodia ("NBC")	7	1,814,168	1,296,939	7,390,920	5,246,118
Loans and advances	8	73,863,335	58,831,552	300,919,227	237,973,628
Investments	9	1,825,588	1,825,588	7,437,446	7,384,503
Other assets	10	3,223,200	3,908,540	13,131,317	15,810,044
Statutory deposits with NBC	11	19,304,210	19,278,122	78,645,351	77,980,003
Intangible assets	12	-	39,072	-	158,046
Right-of-use assets	13	460,318	904,265	1,875,336	3,657,752
Equipment	14	2,761,737	972,419	11,251,317	3,933,435
TOTAL ASSETS		194,818,640	196,631,040	793,691,140	795,372,556
LIABILITIES					
Deposits from customers and financial institutions	15	104,266,269	95,677,851	424,780,780	387,016,907
Other liabilities	16	3,844,772	12,025,371	15,663,601	48,642,626
Lease liabilities	17	522,098	990,097	2,127,027	4,004,942
Income tax payable	25(a)	8,093	784,724	32,971	3,174,209
Deferred income tax liabilities	25(b)	159,887	159,887	651,380	646,743
TOTAL LIABILITIES		108,801,119	109,637,930	443,255,759	443,485,427
EQUITY					
Share capital	18	75,000,000	75,000,000	300,000,000	300,000,000
Retained earnings	19	10,689,050	11,569,169	43,491,154	47,076,758
Regulatory reserve		328,471	423,941	1,340,738	1,729,683
Translation reserve		-	-	5,603,489	3,080,688
TOTAL EQUITY		86,017,521	86,993,110	350,435,381	351,887,129
TOTAL LIABILITIES AND EQUITY		194,818,640	196,631,040	793,691,140	795,372,556

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	31.12.2021	31.12.2020	31.12.2021	31.12.2020
		USD	USD	KHR'000	KHR'000
INTEREST INCOME	20	6,466,071	5,953,101	26,342,773	24,080,294
INTEREST EXPENSE		(4,061,406)	(3,356,374)	(16,546,168)	(13,576,533)
NET INCOME		2,404,665	2,596,727	9,796,605	10,503,761
NON-INTEREST INCOME		2,353,954	4,923,718	9,590,009	19,916,439
PERSONNEL COSTS	21	(2,949,706)	(2,714,994)	(12,017,102)	(10,982,151)
DEPRECIATION AND AMORTISATION	22	(716,404)	(892,673)	(2,918,629)	(3,610,862)
ADMINISTRATION AND GENERAL EXPENSES	23	(1,899,326)	(1,690,209)	(7,737,855)	(6,836,895)
OPERATING (LOSS)/PROFIT BEFORE IMPAIRMENT LOSSES		(806,817)	2,222,569	(3,286,972)	8,990,292
LOSS ALLOWANCE FOR EXPECTED CREDIT LOSSES ("ECL")	24	(135,752)	(823,574)	(553,054)	(3,331,357)
(LOSS)/PROFIT BEFORE TAX		(942,569)	1,398,995	(3,840,026)	5,658,935
INCOME TAX EXPENSE	25(A)	(33,020)	(889,342)	(134,523)	(3,597,388)
(LOSS)/PROFIT AFTER TAX		975,589)	509,653	(3,974,549)	2,061,547
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE FINANCIAL YEAR		(975,589)	509,653	(3,974,549)	2,061,547

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share Capital	Regulatory Reserve	Retained Earnings	Total
	USD	USD	USD	USD
Balance at 1.1.2020	75,000,000	494,722	10,988,735	86,483,457
Total comprehensive income for the financial year	-	-	509,653	509,653
Transfer to regulatory reserve	-	(70,781)	70,781	-
Balance at 31.12.2020/1.1.2021	75,000,000	423,941	11,569,169	86,993,110
Total comprehensive expense for the financial year	-	-	(975,589)	(975,589)
Transfer	-	(95,470)	95,470	-
Balance at 31.12.2021	75,000,000	328,471	10,689,050	86,017,521

	Share Capital	Regulatory Reserve	Retained Earnings	Translation Reserve	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Balance at 1.1.2020	300,000,000	2,015,992	44,728,902	5,675,194	352,420,088
Total comprehensive income for the financial year	-	-	2,061,547	-	2,061,547
Transfer to regulatory reserve	-	(286,309)	286,309	-	-
Translation difference	-	-	-	(2,594,506)	(2,594,506)
Balance at 31.12.2020/1.1.2021	300,000,000	1,729,683	47,076,758	3,080,688	351,887,129
Total comprehensive expenses for the financial year	-	-	(3,974,549)	-	(3,974,549)
Transfer	-	(388,945)	388,945	-	-
Translation difference	-	-	-	2,522,801	2,522,801
Balance at 31.12.2021	300,000,000	11,340,738	43,491,154	5,603,489	350,435,381

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/Profit before tax	(942,569)	1,398,995	(3,840,026)	5,658,935
Adjustments for:				
Gain on disposal of equipment	-	(258)	-	(1,044)
Loss allowance for ECL	24 (135,752)	(823,574)	(553,054)	(3,331,357)
Depreciation and amortization	22 716,404	892,673	2,918,629	3,610,862
Dividends on equity securities	(19,430)	(29,278)	(79,158)	(118,430)
Interest expense	4,061,406	3,356,374	16,546,168	13,576,533
Right-of-use assets remeasured during the year	247	90,684	1,006	366,817
Lease liability derecognized during the year	-	(98,945)	-	(400,233)
Operating profit before working capital changes	3,680,306	4,786,671	14,993,565	19,362,083
Working capital changes:				
- loans and advances	(14,896,031)	706,369	(60,686,430)	2,857,263
- other assets	685,340	1,267,576	2,792,075	5,127,345
- statutory deposits with NBC	(26,088)	(182)	(106,284)	(736)
- deposits from customers and financial institutions	8,588,418	(3,265,343)	34,989,215	(13,208,312)
- other liabilities	(4,966,209)	6,455,335	(20,232,335)	26,111,830
CASH FLOWS (FOR)/FROM OPERATION	(6,934,264)	9,950,426	(28,250,194)	40,249,473
Interest paid	(7,275,796)	(2,546,679)	(29,641,593)	(10,301,317)
Income tax paid	(809,651)	(626,936)	(3,298,518)	(2,535,956)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(15,019,711)	6,776,811	(61,190,305)	27,412,200

	Note	2021	2020	2021	2020
		USD	USD	KHR'000	KHR'000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Purchase of equipment	14	(2,022,456)	(229,358)	(8,239,486)	(927,753)
Proceeds from disposal of equipment		550	356	2,241	1,440
Dividends received		19,430	29,278	79,158	118,430
Withdrawal/(Placement) of fixed deposits		4,956,961	(782,751)	20,194,659	(3,166,228)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		2,954,485	(982,475)	12,036,572	(3,974,111)
CASH FLOWS FOR FINANCING ACTIVITIES					
Payment of lease liabilities	17	(467,999)	(536,500)	(1,906,628)	(2,170,143)
NET CASH FOR FINANCING ACTIVITIES		(467,999)	(536,500)	(1,906,628)	(2,170,143)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(12,533,225)	5,257,836	(51,060,361)	21,267,946
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		105,497,535	100,239,699	426,737,529	408,476,774
EFFECT OF CURRENCY TRANSLATION		-	-	3,059,431	(3,007,191)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27	92,964,310	105,497,535	378,736,599	426,737,529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Cambodia Asia Bank Limited (“the Bank”) is a Private Limited Company incorporated in the Kingdom of Cambodia that obtained its banking license from the National Bank of Cambodia (“NBC”) on 29 April 1992.

On 22 March 2018, the Bank fulfilled the minimum share capital requirements of USD 75 million from USD36.5 million stipulated by the National Bank of Cambodia. On 25 November 2006, the Bank was granted a permanent banking license No. 10 by the NBC.

Registered Office	: #75C 036, Preah Sihanouk Boulevard, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Cambodia.
Principle Place of Business	: No. 333, Preah Sihanouk Boulevard, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Cambodia.
Telephone	: +855 23 980 000 / +855 23 980 001
Fax No	: +855 23 980 008
Card Center	: +855 17 500 303 / +855 96 797 9199
SWIFT	: CABCKHPP
Email	: info@cab.com.kh
Website	: https://www.cab.com.kh

The financial statements were authorized for issue by the directors on 29 March 2022.

2. PRINCIPAL ACTIVITIES

The principal activities of the Bank comprise the operations of the core banking business and the provision of related financial services in Cambodia.

There were no changes in the nature of the principal activities during the year.

3. 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”).

(a) Standards and interpretations that are effective for the current financial year

During the current financial year, the Bank has adopted the following new accounting standards and interpretations: **CIFRSs and/or IC Interpretations (Including the Consequential Amendments)**

Amendments to CIFRS 16: COVID-19-Related Rent Concessions

Amendments to CIFRS 9, CIAS 39, CIFRS 7, CIFRS 4 and CIFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Bank's financial statements.

(b) New Accounting Standards for Application in Future Periods

The Bank has not applied in advance the following accounting standards and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the National Accounting Council ("NAC") but are not yet effective for the current financial year:

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Bank upon their initial application.

CIFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
CIFRS 17 Insurance Contracts	1 January 2023
Amendments to CIFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to CIFRS 10 and CIAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to CIFRS 17 Insurance Contracts	1 January 2023
Amendment to CIFRS 17: Initial Application of CIFRS 17 and CIFRS 9 - Comparative Information	1 January 2023
Amendments to CIAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to CIAS 1: Disclosure of Accounting Policies	1 January 2023
Amendments to CIAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to CIAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to CIAS 16: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to CIAS 37: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to CIFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Bank upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. 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 Loans and Advances

The loss allowances for a loan to a customer are based on assumptions about the 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.

(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 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.

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.

Critical Judgements Made in Applying Accounting Policies

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

4.2. 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.

For the sole regulatory purpose of complying with the National Bank of Cambodia's Prakas No. B7-07-164 dated 13 December 2007, a translation to Khmer Riel ("KHR") is provided for the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity,

the statement of cash flows and the notes to the financial statements as of and for the year ended 31 December 2021 using the official rates of exchange published by the National Bank of Cambodia as at the reporting dates. Such translation amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into Khmer Riel at that or any other rate. Amounts in these financial statements expressed in Khmer Riel are translations of US Dollars amounts at rates set by the National Bank of Cambodia.

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

	2021	2020
Closing rate	4,074	4,045
Average rate for the year	4,074	4,045

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

(b) Foreign Currencies Transactions and Balances

Transactions in currencies other than the Bank's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of each reporting period. Non-monetary items carried at the fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in the terms of historical cost in a foreign currency are not translated.

4.3. EQUIPMENT

All items of equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset and directly attributable to bringing the asset to working condition for its intended use.

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 of equipment is charged to profit or loss and is calculated under the straight-line method and 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:

Computer and IT equipment	50%
Office equipment and furniture and fixtures	25%
ATM machines	12.5%
Motor vehicles	25%
Leasehold improvement	25%
Work in progress	0%

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 a 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 which the Bank is obligated to incur when the asset is acquired, if applicable.

4.4. INTANGIBLE ASSETS

Intangible assets represent the initial costs incurred in obtaining computer software.

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

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

Intangible assets are amortized as below:

Computer software	50%
Core banking	10%

4.5. 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 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 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 components which are measured at transaction price as defined in CIFRS 15 - Revenue from Contracts with Customers at 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.

Debt instrument

(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. When the asset has subsequently become credit-impaired, the interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset.

The effective interest method is a method of calculating the amortized 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 ECL, 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 changes.

Equity Investment

All equity investments are subsequently measured at fair value with gains and losses recognized 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.

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 recognized 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 the fair value of these financial liabilities are recognized in profit or loss.

(i) Amortized cost

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 remeasured subsequently.

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

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

(d) Derecognition

A financial asset or part of it is derecognized 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 amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognized 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 derecognition of an equity investment.

A financial liability or a part of it is derecognized when, and only when, the obligation specified in the contract is discharged or canceled 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 recognized in profit or loss.

4.6. 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.

4.7. STATUTORY DEPOSITS WITH THE 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.

4.8. IMPAIRMENT

(a) Impairment of Financial Assets

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

The ECL 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 ECL is the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized 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 ECL is the ECL that results 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 ECL are recognized 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 ECL are recognized and that are credit-impaired are referred to as ‘Stage 3 financial instruments.’

The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. The Bank recognizes lifetime ECL 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 ECL.

The Bank recognizes 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 recognized 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 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:

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 to be 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 ECL determined based on CIFRS, the Bank shall recognize the ECL calculated in accordance with CIFRS. In the case the regulatory provision is higher than ECL, the Bank shall recognize the ECL 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.

(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 recognized. 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 recognized 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 recognized 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 recognized. The reversal is recognized in profit or loss immediately.

4.9. PROVISIONS

Provisions are recognized 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 recognized as an interest expense in profit or loss.

4.10. EMPLOYEE BENEFITS

Wages, salaries, bonuses and social security contributions are recognized 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 recognized 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 recognized when the absences occur.

4.11. INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the 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 recognized in profit or loss except to the extent that the tax relates to items recognized outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognized 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 realized 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 recognized 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 realized.

Current and deferred tax items are recognized 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.

4.11. INCOME TAXES

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

4.13. LEASES

The Bank assesses whether a contract is or contains a lease, at the inception of the contract. The Bank recognizes 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 recognizes 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 recognizes 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.

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 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 amortized 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 recognized in profit or loss if the carrying amount has been reduced to zero.

4.14. OTHER CREDIT RELATED COMMITMENTS

In the normal course of business, the Bank enters 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 Sor Ror Chor Nor in Note 4.8(a) above.

4.15. 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 assets, 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 analyzed into levels 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.

4.16. 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 recognizes revenue when (or as) it transfers control over service to a customer. Depending on the substance of the contract, revenue is recognized when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Net Interest Income

Interest income and expenses relating to financial instruments measured at amortized cost are recognized in the profit and loss account using the effective interest rate method (EIR). The EIR is the rate that ensures the discounted value of estimated future cash flows through the expected life of the financial asset. The EIR measurement should take into account, if significant, all fees and commissions received or paid that are an integral part of the EIR of the contract and transaction costs.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of non-credit impaired financial assets (i.e., at the amortized cost of the financial asset before adjusting for any expected credit loss provision), except for:

- Purchased or originated credit-impaired financial assets ('POCI'), for which the original credit-adjusted EIR is applied to the amortized cost of the financial assets.
- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest income is calculated by applying the EIR to their amortized cost (i.e. the gross carrying amount less the expected credit loss provision).

Interest expenses are recognized by applying the effective interest rate to the gross carrying amount of financial liabilities.

(b) Fee and commission income

Loan arrangement fees and commissions are recognized based on the occurrence when the service has been provided and consideration received.

Commitment fees and guarantee fees on services and facilities extended to customers are recognized as income based on time apportionment.

Service charges and processing fees are recognized as income when the loan is disbursed.

5. CASH ON HAND

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
US Dollar	72,405,273	85,122,618	294,979,082	344,320,990
Khmer Riel	546,312	400,755	2,225,675	1,621,054
Other	107,468	-	437,825	-
	<u>73,059,053</u>	<u>85,523,373</u>	<u>297,642,582</u>	<u>345,942,044</u>

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
In Cambodia:				
Current accounts	761,795	1,760,324	3,103,553	7,120,511
Saving accounts	81,717	561,630	332,915	2,271,793
Fixed deposit	15,668,421	18,791,65	63,833,147	76,012,257
	<u>16,511,933</u>	<u>21,113,6122</u>	<u>67,269,615</u>	<u>85,404,561</u>
Outside Cambodia:				
Current accounts	<u>1,997,823</u>	<u>2,939,239</u>	<u>8,139,131</u>	<u>11,889,222</u>
Gross amount	18,509,756	24,052,851	75,408,746	97,293,783
Less: Loss allowance for ECL	(2,725)	(1,681)	(11,102)	(6,800)
Total	<u>18,507,031</u>	<u>24,051,170</u>	<u>75,397,644</u>	<u>97,286,983</u>

The movements in the loss allowance for ECL are as follows:

	12-month ECL (Stage 1)	Total	12-month ECL (Stage 1)	Total
	USD	USD	KHR'000	KHR'000
In Cambodia:				
At 1 January 2020	(3,883)	(3,883)	(15,824)	(15,824)
Net remeasurement of allowances	2,202	2,202	8,907	8,907
Translation difference	-	-	117	117
<hr/>				
At 31 December 2020/1 January 2021				
Net remeasurement of allowances	(1,681)	(1,681)	(6,800)	(6,800)
Translation difference	(1,044)	(1,044)	(4,254)	(4,254)
	-	-	(48)	(48)
<hr/>				
At 31 December 2021	(2,725)	(2,725)	(11,102)	(11,102)

The savings and term deposits are with financial institutions.

The above amounts are analyzed as follows:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
a) By maturity:				
Within 1 month	2,841,335	5,261,193	11,575,599	21,281,526
More than 1 to 3 months	15,249,754	13,416,030	62,127,498	54,267,842
More than 3 to 12 months	418,667	5,375,628	1,705,649	21,744,415
	18,509,756	24,052,851	75,408,746	97,293,783
<hr/>				
b) By currency:				
Khmer Riels	51,545	54,820	209,994	221,747
US Dollars	18,076,709	23,765,472	73,644,513	96,131,334
Others	381,502	232,559	1,554,239	940,702
	18,509,756	24,052,851	75,408,746	97,293,783
<hr/>				
c) By interest rate (per annum):				
Saving accounts	0% to 2%	0% to 2%	0% to 2%	0% to 2%
Term deposits	1.5% to 5.50%	1.5% to 5.38%	1.5% to 5.50%	1.5% to 5.38%

7. DEPOSITS WITH NBC

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Current accounts	1,340,530	1,296,939	5,461,319	5,246,118
Fixed deposit accounts	473,638	-	1,929,601	-
	<u>1,814,168</u>	<u>1,296,939</u>	<u>7,390,920</u>	<u>5,246,118</u>

8. LOANS AND ADVANCES

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Short term	2,421,268	352,631	9,864,246	1,426,392
Long term	72,827,569	59,831,728	296,699,516	242,019,340
Gross loans and advances at amortised cost	75,248,837	60,184,359	306,563,762	243,445,732
Add: Accrued interest receivable	549,963	447,952	2,240,549	1,811,966
Less: Loss allowance for ECL	(1,935,465)	(1,800,759)	(7,885,084)	(7,284,070)
Net loans and advances at amortised cost	<u>73,863,335</u>	<u>58,831,552</u>	<u>300,919,227</u>	<u>237,973,628</u>

The movements in the allowance for ECL are as follows:

	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Total
	USD	USD	USD	USD
At 1 January 2020	487,272	22,345	465,366	974,983
Changes in ECL due to transferred within stages:-				
Transferred to Stage 1	2,177	(2,177)	-	-
Transferred to Stage 2	-	-	-	-
Transferred to Stage 3	(802,192)	(96,374)	898,566	-
Net remeasurement of allowances	715,656	103,967	19,524	839,147
New financial assets originated or purchased	317,893	5,305	45,690	368,888
Financial assets that have been derecognized during the period	(168,544)	(5,564)	(208,151)	(382,259)
At 31 December 2020/1 January 2021	552,262	27,502	1,220,995	1,800,759
Changes in ECL due to transferred within stages:-				
Transferred to Stage 1	(35,156)	23,871	11,285	-
Transferred to Stage 2	759	(3,444)	2,685	-
Transferred to Stage 3	235,999	-	(235,999)	-
Net remeasurement of allowances	(265,317)	55,431	195,576	(14,310)
New financial assets originated or purchased	756,570	9,984	79,188	845,742
Financial assets that have been derecognized during the period	(178,815)	(23,865)	(494,046)	(696,726)
At 31 December 2021	1,066,302	89,479	779,684	1,935,465

	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Total
	KHR'000	KHR'000	KHR'000	KHR'000
At 1 January 2020	1,971,015	90,386	1,882,405	3,943,806
Changes in ECL due to transferred within stages:-				
Transferred to Stage 1	8,806	(8,806)	-	-
Transferred to Stage 2	-	-	-	-
Transferred to Stage 3	(3,244,866)	(389,833)	3,634,699	-
Net remeasurement of allowances	2,894,829	420,546	78,975	3,394,350
New financial assets originated or purchased	1,285,877	22,458	184,816	1,492,151
Financial assets that have been derecognized during the period	(681,860)	(22,506)	(841,971)	(1,546,237)
At 31 December 2020/1 January 2021	2,233,901	111,245	4,938,924	7,284,070
Changes in ECL due to transferred within stages:-				
Transferred to Stage 1	(43,226)	97,251	45,975	-
Transferred to Stage 2	3,092	(14,031)	10,939	-
Transferred to Stage 3	961,460	-	(961,460)	-
Net remeasurement of allowances	(1,080,901)	225,826	796,777	(58,298)
New financial assets originated or purchased	3,082,266	40,675	322,612	3,445,553
Financial assets that have been derecognized during the period	(728,492)	(97,226)	(2,012,743)	(2,838,461)
Translation differences	16,014	797	35,409	52,220
At 31 December 2021	4,344,114	364,537	3,176,433	7,885,084

The loans and advances are analyzed as follows:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
a) By relationship:				
External customers	74,623,632	59,486,188	304,016,677	240,621,630
Staff loans	625,205	698,171	2,547,085	2,824,102
	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>
b) By maturity:				
1 to 3 months	6,716,091	-	27,361,355	-
3 to 6 months	1,486,511	20,044	6,056,046	81,078
6 to 12 months	1,787,479	685,219	7,282,189	2,771,711
1 to 3 years	20,304,659	23,415,409	82,721,181	94,715,329
3 to 5 years	12,322,931	8,393,008	50,203,621	33,949,717
Over 5 years	32,631,166	27,670,679	132,939,370	111,927,897
	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>
c) By performance:				
Performing	72,527,357	56,208,506	295,476,452	227,363,407
Under-performing	1,123,088	1,058,896	4,575,461	4,283,234
Non-performing	1,598,392	2,916,957	6,511,849	11,799,091
	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>
d) By industry:				
Agriculture	60,852	48,551	247,911	196,389
Construction	15,099,621	11,687,844	61,515,856	47,277,329
Machinery	76,789	90,232	312,838	364,988
Manufacturing	14,661	46,642	59,729	188,667
Mortgage	6,114,244	5,913,840	24,909,430	23,921,483
Personal lending	8,695,957	5,045,171	35,427,329	20,407,717
Restaurant	504,429	111,046	2,055,044	449,181
Retail Trade	37,695,770	34,115,979	153,572,567	137,999,135
Transportation	1,479,089	126,247	6,025,809	510,669
Wholesale Trade	5,507,425	2,998,807	22,437,249	12,130,174
	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
e) By currencies:				
US Dollars	65,377,389	55,208,762	266,347,483	223,319,442
Khmer Riels	9,871,448	4,975,597	40,216,279	20,126,290
	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>
f) By residency status:				
Residents	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>
g) By exposure:				
Non-large	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>
h) By types of customers:				
Corporate	31,757,179	28,221,355	129,378,747	114,155,381
Individuals and sole traders	43,491,658	31,963,004	177,185,015	129,290,351
	<u>75,248,837</u>	<u>60,184,359</u>	<u>306,563,762</u>	<u>243,445,732</u>

9. INVESTMENTS

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Investment in a subsidiary (1)	1,800,000	1,800,000	7,333,200	7,281,000
Equity investment (2)	25,588	25,588	104,246	103,503
	<u>1,825,588</u>	<u>1,825,588</u>	<u>7,437,446</u>	<u>7,384,503</u>

(1). This represents 100% of capital investment in CAB Security Limited, a wholly owned subsidiary, whose company's purposes are related to securities underwriting, dealing and brokerage business. CAB Security Limited is licensed by the Security and Exchange Commission of Cambodia.

(2). Equity investment represents an investment of 1% of share capital in Credit Bureau (Cambodia) Co., Ltd. to establish the Private Credit Bureau in Cambodia. The Bank designated such investment in unquoted equity shares at fair value through other comprehensive income.

10. OTHER ASSETS

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Accrued interest from NBC and other banks				
Advance and deposits	570,507	672,280	2,324,246	2,719,373
Prepaid expenses	1,063,145	931,415	4,331,253	3,767,574
Travelers cheques	387,943	314,962	1,580,480	1,274,021
Western Union Inbound	1,200	6,330	4,888	25,604
Credit cards and other receivables	79,663	185,317	324,547	749,607
	<u>1,120,742</u>	<u>1,798,236</u>	<u>4,565,903</u>	<u>7,273,865</u>

11. STATUTORY DEPOSITS WITH NBC

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Capital guarantee deposit	7,500,000	7,500,000	30,555,000	30,337,500
Reserve requirements – KHR	50,810	24,722	207,000	100,000
Reserve requirements - USD	11,753,400	11,753,400	47,883,351	47,542,503
	<u>19,304,210</u>	<u>19,278,122</u>	<u>78,645,351</u>	<u>77,980,003</u>

(a) Capital guarantee deposit

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a capital guarantee of 10% 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.

(b) Reserve requirements on customer deposits

Under NBC's Prakas No. B7-020-230 dated 18 March 2020, banks are required to maintain a reserve against customer deposits at a daily average balance equal to seven percent (7%) for both local and foreign currencies with the National Bank of Cambodia ("NBC"). This Prakas is a new regulation and measure of the NBC which allows banks and other financial institutions to have stronger liquidity and to reduce the impacts from the Covid-19 on the banking and finance sector and the economy as a whole.

12. INTANGIBLE ASSETS

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Computer software				
Cost				
At 01 January	259,473	626,719	1,049,568	2,553,880
Write-off	(214,473)	(367,246)	(873,763)	(1,485,510)
Translation differences	-	-	7,525	(18,802)
At 31 December	45,000	259,473	183,330	1,049,568
Accumulated amortization				
At 01 January	220,401	458,672	891,522	1,869,088
Additions	39,072	128,975	159,179	521,704
Write-off	(214,473)	(367,246)	(873,763)	(1,485,510)
Translation differences	-	-	6,392	(13,760)
At 31 December	45,000	220,401	183,330	891,522
Net carrying amount				
At 31 December	-	39,072	-	158,046

13. RIGHT-OF-USE ASSETS

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Cost				
At 1 January	2,891,661	2,505,992	11,697,578	10,211,918
Additions	-	433,572	-	1,753,799
Reclassified from other assets	-	45,650	-	184,654
Derecognized during the year	-	(90,684)	-	(366,817)
Adjustment on remeasurement	247	(2,869)	1,006	(11,605)
Translation difference	-	-	83,049	(74,371)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	2,891,908	2,891,661	11,781,633	11,697,578
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January	1,987,396	1,469,831	8,039,826	5,989,562
Additions	444,194	524,377	1,809,646	2,121,105
Derecognized during the year	-	(6,812)	-	(27,555)
Translation difference	-	-	56,825	(43,286)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	2,431,590	1,987,396	9,906,297	8,039,826
	<hr/>	<hr/>	<hr/>	<hr/>
Net carrying amount				
At 31 December	460,318	904,265	1,875,336	3,657,752
	<hr/>	<hr/>	<hr/>	<hr/>

14. EQUIPMENT

Computer & IT equipment	Office equipment & furniture and fixtures	ATM machines	Motor vehicles	Leasehold Improvement	Assets in progress	Total
USD	USD	USD	USD	USD	USD	USD

2021

Cost	219,982	256,196	613,600	139,250	-	297,639	1,526,667
At 1.1.2021	418,313	38,350	26,397	-	71,474	1,467,922	2,022,456
Additions	-	-	33,987	-	-	(33,987)	-
Transfer from assets in progress	(1,263)	(660)	-	-	-	-	(1,923)
Disposal	(26,661)	(46,383)	-	-	-	-	(73,044)
Write-off							
	610,371	247,503	673,984	139,250	71,474	1,731,574	3,474,156
At 31.12.2021							
Accumulated depreciation	109,146	144,089	249,676	51,337	-	-	554,248
At 1.1.2021	63,103	60,155	79,425	27,918	2,537	-	233,138
Additions	(1,263)	(660)	-	-	-	-	(1,923)
Disposal	(26,661)	(46,383)	-	-	-	-	(73,044)
Write-off							
	144,325	157,201	329,101	79,255	2,537	-	712,419
At 31.12.2021							
Net carrying amount	466,046	90,302	344,883	59,995	68,937	1,731,574	2,761,737
At 31.12.2021							

Computer & IT equipment	Office equipment & furniture and fixtures	ATM machines	Motor vehicles	Leasehold Improvement	Assets in progress	Total
USD	USD	USD	USD	USD	USD	USD

2020

Cost

At 1.1.2020	446,005	460,132	563,442	351,510	269,225	2,090,314
Additions	11,520	10,929	-	-	206,909	229,358
Transfer from assets in progress	60,016	27,841	90,638	-	(178,495)	-
Disposal	(4,924)	(1,234)	-	-	-	(6,158)
Write-off	(292,635)	(241,472)	(40,480)	(212,260)	-	(786,847)
At 31.12.2020	219,982	256,196	613,600	139,250	297,639	1,526,667

Accumulated depreciation

At 1.1.2020	340,263	322,708	214,983	229,877	-	1,107,831
Additions	66,442	63,986	75,173	33,720	-	239,321
Disposal	(4,924)	(1,133)	-	-	-	(6,057)
Write-off	(292,635)	(241,472)	(40,480)	(212,260)	-	(786,847)
At 31.12.2020	109,146	144,089	249,676	51,337	-	554,248

Net carrying amount

At 31.12.2020	110,836	112,107	363,924	87,913	297,639	972,419
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14. EQUIPMENT(Cons)

	Computer & IT equipment	Office equipment & furniture and fixtures	ATM machines	Motor vehicles	Leasehold Improvement	Assets in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
2021							
Cost							
At 1.1.2021	889,827	1,036,313	2,482,012	563,266	-	1,203,950	6,175,368
Additions	1,704,207	156,238	107,541	-	291,185	5,980,315	8,239,486
Transfer from assets in progress	-	-	138,463	-	-	(138,463)	-
Disposal	(5,145)	(2,689)	-	-	-	-	(7,834)
Write-off	(108,617)	(188,964)	-	-	-	-	(297,581)
Translation differences	6,379	7,429	17,795	4,039	-	8,631	44,273
At 31.12.2021	2,486,651	1,008,327	2,745,811	567,305	291,185	7,054,433	14,153,712
Accumulated depreciation							
At 1.1.2021	441,496	582,840	1,009,939	207,658	-	-	2,241,933
Additions	257,082	245,071	323,577	113,738	10,336	-	949,804
Disposal	(5,145)	(2,689)	-	-	-	-	(7,834)
Write-off	(108,617)	(188,964)	-	-	-	-	(297,581)
Translation differences	3,164	4,179	7,241	1,489	-	-	16,073
At 31.12.2021	587,980	640,437	1,340,757	322,885	10,336	-	2,902,395
Net carrying amount							
At 31.12.2021	1,898,671	367,890	1,405,054	244,420	280,849	7,054,433	11,251,317

	Computer & IT equipment	Office equipment & furniture and fixtures	ATM machines	Motor vehicles	Leasehold Improvement	Assets in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
2020							
Cost							
At 1.1.2020		1,817,470	1,875,038	2,296,026	1,432,403	1,097,092	8,518,029
Additions		46,598	44,208	-	-	836,947	927,753
Transfer from assets in progress		242,765	112,617	366,630	-	(722,012)	-
Disposal		(19,918)	(4,992)	-	-	-	(24,910)
Write-off		(1,183,709)	(976,754)	(163,742)	(858,592)	-	(3,182,797)
Translation differences		(13,379)	(13,804)	(16,902)	(10,545)	(8,077)	(62,707)
At 31.12.2020		889,827	1,036,313	2,482,012	563,266	1,203,950	6,175,368
Accumulated depreciation							
At 1.1.2020		1,386,572	1,315,035	876,056	936,749	-	4,514,412
Additions		268,758	258,823	304,075	136,397	-	968,053
Disposal		(19,918)	(4,583)	-	-	-	(24,501)
Write-off		(1,183,709)	(976,754)	(163,742)	(858,592)	-	(3,182,797)
Translation differences		(10,207)	(9,681)	(6,450)	(6,896)	-	(33,234)
At 31.12.2020		441,496	582,840	1,009,939	207,658	-	2,241,933
Net carrying amount							
At 31.12.2020		448,331	453,473	1,472,073	355,608	1,203,950	3,933,435

15. DEPOSITS FROM CUSTOMERS AND FINANCIAL INSTITUTIONS

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Customers:				
Current accounts	15,533,052	16,245,882	63,281,654	65,714,593
Saving accounts	14,211,779	17,535,026	57,898,788	70,929,179
Time deposits	64,078,648	53,954,424	261,056,412	218,245,644
	93,823,479	87,735,332	382,236,854	354,889,416
Banks and MFIs:				
Current accounts	1,292,790	792,519	5,266,826	3,205,740
Time deposits	9,150,000	7,150,000	37,277,100	28,921,751
	10,442,790	7,942,519	42,543,926	32,127,491
	104,266,269	95,677,851	424,780,780	387,016,907

a) By maturity period:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Within 1 month				
1-3 months	31,037,621	34,573,427	126,447,268	139,849,512
3-6 months	29,830,808	27,202,598	121,530,712	110,034,509
6-12 months	12,239,861	10,988,124	49,865,194	44,446,962
More than 1 year	25,343,705	20,725,712	103,250,254	83,835,505
	5,814,274	2,187,990	23,687,352	8,850,419
	104,266,269	95,677,851	424,780,780	387,016,907

b) By types of customers:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Individuals	83,864,112	78,757,668	341,662,393	318,574,766
Business enterprises	9,959,367	8,977,664	40,574,461	36,314,650
Banks and MFIs	10,442,790	7,942,519	42,543,926	32,127,491
	104,266,269	95,677,851	424,780,780	387,016,907

c) By status of residence:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Residents	104,266,269	95,677,851	424,780,780	387,016,907
Non-residents	-	-	-	-
	104,266,269	95,677,851	424,780,780	387,016,907

d) By currency denomination:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
US Dollar	102,074,408	95,413,216	415,851,138	385,946,459
Khmer Riel	2,191,861	264,635	8,929,642	1,070,448
	104,266,269	95,677,851	424,780,780	387,016,907

e) By relationship:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
		1,020		
Related parties	969	95,676,831	3,948	4,127
Non-related parties	104,265,300		424,776,832	387,012,780
	104,266,269	95,677,851	424,780,780	387,016,907

16. OTHER LIABILITIES

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Accrued interest payable	1,788,162	5,002,552	7,284,972	20,235,323
Fund deposit and bill payment from passengers	1,919,738	6,767,305	7,821,013	27,373,749
Accrued expenses and other payables	54,531	227,872	222,159	921,742
Other tax payables	82,341	27,642	335,457	111,812
	3,844,772	12,025,371	15,663,601	48,642,626

17. LEASE LIABILITIES

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Lease liabilities as at 1 January	990,097	1,183,709	4,004,942	4,823,614
Addition during the year	-	433,572	-	1,753,799
Derecognition due to cancellation	-	(90,684)	-	(366,817)
Lease principal payment Translation differences	(467,999)	(536,500)	(1,906,628)	(2,170,143)
	-	-	28,713	(35,511)
Lease liabilities as at 31 December	522,098	990,097	2,127,027	4,004,942
Lease liabilities - Current				
Lease liabilities - Non-current	267,199	479,069	1,088,568	1,937,834
	254,899	511,028	1,038,459	2,067,108
	522,098	990,097	2,127,027	4,004,942

Maturity analysis - contractual undiscounted cash flows:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Year 1	293,081	527,602	1,194,012	2,134,150
Year 2	167,424	286,135	682,085	1,157,416
Year 3	77,652	174,558	316,354	706,087
Year 4	26,700	80,952	108,776	327,451
Year 5	-	29,200	-	118,114
Over year 5	-	-	-	-
Unearned interest	(42,759)	(108,350)	(174,200)	(438,276)
	522,098	990,097	2,127,027	4,004,942

18. SHARE CAPITAL

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Issued and Fully Paid-Up				
Shares of USD100 each:				
750,000 Shares	75,000,000	75,000,000	300,000,000	300,000,000

The registered statutory capital of the Bank as at 31 December 2021 is composed of 750,000 shares at par value of USD100 per share. All shares are fully paid up by the following shareholders and their respective interest in the Bank is as follows:

	31.12.2021		31.12.2020	
	Holding %	Number of shares	Holding %	Number of shares
Selvione Limited	60%	450,000	60%	450,000
Quantum Symbol Sdn Bhd	40%	300,000	40%	300,000
	100%	750,000	100%	750,000

19. RETAINED EARNINGS

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

20. INTEREST INCOME

Interest income was made from the following sources:

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Loans and advances	5,522,818	5,056,847	22,499,961	20,454,946
Balances with other banks	938,396	864,674	3,823,025	3,497,606
Balances with NBC	4,857	31,580	19,787	127,742
	6,466,071	5,953,101	26,342,773	24,080,294

21. PERSONNEL COSTS

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Salaries, allowances and bonus	2,870,171	2,645,655	11,693,077	10,701,674
Others	79,535	69,339	324,025	280,477
	2,949,706	2,714,994	12,017,102	10,982,151

22. DEPRECIATION AND AMORTIZATION

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Amortization of intangible assets	39,072	128,975	159,179	521,704
Depreciation of rights of use asset	444,194	524,377	1,809,646	2,121,105
Depreciation of equipment	233,138	239,321	949,804	968,053
	716,404	892,673	2,918,629	3,610,862

23. ADMINISTRATION AND GENERAL EXPENSES

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Office and counters rental	391,660	240,924	1,595,623	974,538
Promotion and marketing expenses	158,509	126,727	645,766	512,611
Office supplies	105,446	99,057	429,587	400,686
Communication	103,457	126,268	421,484	510,754
License and patent fees	229,139	227,847	933,512	921,641
Utilities	127,421	128,643	519,113	520,361
Repair and maintenance	216,775	145,688	883,141	589,308
Professional and legal fees	51,598	42,434	210,210	171,646
Public relations and entertainment expenses	34,439	54,376	140,304	219,951
Travel expenses	18,940	32,550	77,162	131,665
Motor vehicle operating expenses	45,911	38,659	187,041	156,376
Others	416,031	427,036	1,694,912	1,727,358
	1,899,326	1,690,209	7,737,855	6,836,895

24. LOSS ALLOWANCE FOR ECL

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Loss allowance for ECL				
- loans and advances	134,706	825,437	548,792	3,338,893
- loans commitments	2	339	8	1,371
- deposits with financial institutions	1,044	(2,202)	4,254	(8,907)
	135,752	823,574	553,054	3,331,357

25. INCOME TAX EXPENSE

Income tax payable

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
At 1 January	784,724	522,318	3,174,209	2,128,446
Current income tax expense	33,020	889,342	134,523	3,597,388
Income tax paid during the year	(809,651)	(626,936)	(3,298,518)	(2,535,956)
Translation difference	-	-	22,757	(15,669)
	8,093	784,724	32,971	3,174,209
At 31 December				

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:

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Current tax	33,020	889,342	134,523	3,597,388
Deferred tax	-	-	-	-
	33,020	889,342	134,523	3,597,388

Deferred tax

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Deferred tax	159,887	159,887	651,380	646,743

Reconciliation of current income tax

In accordance with the Cambodia 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 profit or the minimum tax at 1% of gross revenue, whichever is higher.

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
(Loss)/Profit before tax	(942,569)	1,398,995	(3,840,026)	5,658,935
	-	279,799	-	1,131,787
Income tax@ 20%	47,154	47,093	192,105	190,491
Effects of non-deductible expenses	(56,918)	534,600	(231,884)	2,162,457
(Over)/ Under provision of previous years	42,784	27,850	174,302	112,653
Other				
	33,020	889,342	134,523	3,597,388
Income tax expense				

26. 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.

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 legislation. However, the relevant authorities may have differing interpretations, and the effects could be significant to the interpretation of the Bank.

27. CASH FLOW INFORMATION

The cash and cash equivalents comprise the following:

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Cash on hand	73,059,053	85,523,373	297,642,582	345,942,044
Deposit and placement with banks	18,509,756	24,052,851	75,408,746	97,293,782
with NBC	1,814,168	1,296,939	7,390,920	5,246,118
	93,382,977	110,873,163	380,442,248	448,481,944
	(418,667)	(5,375,628)	(1,705,649)	(21,744,415)
Less: Deposits with tenure of more than 3 months	92,964,310	105,497,535	378,736,599	426,737,529

28. 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.

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Investment in CAB Security Limited	1,800,000	1,800,000	7,333,200	7,281,000
Deposit from CAB Security Limited	1,150,000	1,150,000	4,685,100	4,651,750

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:

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Key management personnel compensation:-				
Salaries and benefits to key management	523,421	426,762	2,132,417	1,726,252
Interest expenses to related company	93,675	98,018	381,632	396,483
Interest expenses to related parties	1	1	4	4
	<u>617,097</u>	<u>524,781</u>	<u>2,514,053</u>	<u>2,122,739</u>

29. COMMITMENTS AND CONTINGENCIES

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Lending commitments				
Undisbursed portion of loans and advances	<u>3,645,533</u>	<u>7,179,543</u>	<u>14,851,901</u>	<u>29,041,252</u>

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 contracts and interest rate swaps to manage its risk exposures.

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

30.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(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 organizational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters control, 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 their 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.

(i) Credit risk measurement

The measurement of ECL allowance under the CIFRS 9's three-stage approach is to recognize lifetime ECL allowance for a financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognized with a 12-month ECL 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 an initial recognition nor are credit-impaired as at reporting date. For these assets, a 12-month ECL allowance is recognized.

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

Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, a lifetime ECL allowance is recognized.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL 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.

(2) Definition of credit-impaired

Loans and advances

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

- The principal or interest or both of the loan 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.

The key judgments and assumptions adopted by the Bank in addressing the requirements of the standard on the measurement of allowances are (Cont’d):

(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 a 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 each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow that 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 modeling approach in which statistical analysis and expert judgment are 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 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

- For secured products, this is primarily based on the 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 the 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 a statistical analysis based on historical experience and identified the key economic variables impacting credit risk and ECL 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 from those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and to be an appropriate 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 a collective basis

For ECL 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.

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.

(ii) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages limits and controls the concentration of credit risks 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.

(iii) 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 4.8(a).

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

Loans and advances

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

The calculation of expected loss rates is based on the estimation techniques mentioned in Note 30.1(b)(i). 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 party's 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 loans or advances 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. The information about the exposure to credit risk and the loss allowances calculated under CIFRS 9 for loans and advances are summarized below:

	Gross Amount	Net accrued interest receivable	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Carrying amount
	USD	USD	USD	USD	USD	USD
31.12.2021						
1 – 30 days past due	72,525,779	211,911	(1,066,302)	-	-	71,671,388
30 – 90 days past due	1,124,666	27,510	-	(89,479)	-	1,062,697
more than 90 days	1,598,392	310,542	-	-	(779,684)	1,129,250
	75,248,837	549,963	(1,066,302)	(89,479)	(779,684)	73,863,335
31.12.2020						
1 – 30 days past due	56,648,440	207,884	(552,260)	-	-	56,304,064
30 – 90 days past due	973,820	92,534	-	(27,506)	-	1,038,848
more than 90 days	2,562,099	147,534	-	-	(1,220,993)	1,488,640
	60,184,359	447,952	(552,260)	(27,506)	(1,220,993)	58,831,552

	Gross Amount	Net accrued interest receivable	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Carrying amount
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
31.12.2021						
1 – 30 days past due	295,470,024	863,325	(4,344,114)	-	-	291,989,235
30 – 90 days past due	4,581,889	112,076	-	(364,537)	-	4,329,428
more than 90 days	6,511,849	1,265,148	-	-	(3,176,433)	4,600,564
	306,563,762	2,240,549	(4,344,114)	(364,537)	(3,176,433)	300,919,227
31.12.2020						
1 – 30 days past due	229,142,940	840,891	(2,233,892)	-	-	227,749,939
30 – 90 days past due	3,939,102	374,300	-	(111,262)	-	4,202,140
more than 90 days	10,363,690	596,775	-	-	(4,938,916)	6,021,549
	243,445,732	1,811,966	(2,233,892)	(111,262)	(4,938,916)	237,973,628

The movement is the loss allowances in respect of loans and advances as disclosed in Note 8.

Other assets

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

Deposits with financial institutions and cash

The Bank considers these banks and financial institutions to have low credit risks, and a loss allowance for ECL has been made on this basis.

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

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

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Credit risks exposures relating to on-balance sheet assets:				
Deposits and placements with financial institutions- gross	18,509,756	24,052,851	75,408,746	97,293,783
Deposits with NBC	1,814,168	1,296,939	7,390,920	5,246,118
Loans and advances – gross	75,248,837	60,184,359	306,563,762	243,445,732
Accrued interest receivable	549,963	447,952	2,240,549	1,811,966
Other assets	3,223,200	3,908,540	13,131,317	15,810,044
	99,345,924	89,890,641	404,735,294	363,607,643
Credit risks exposures relating to off-balance sheet items:				
Unused portion of credit facilities	3,645,533	7,179,543	14,851,901	29,041,252
Total maximum credit risk exposure	102,991,457	97,070,184	419,587,195	392,648,895

(v) 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 recognized 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 required by the NBC Guidelines and are classified in the statement of financial position as foreclosed property.

Concentration of credit risk

The analysis of concentrations of credit risk from loans and advances at the balance date is shown in Note 7 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.

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

The Bank's exposure to foreign currency exchange rate risk at 31 December 2021 and at 31 December 2020 is disclosed in the respective notes to the financial statements.

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currencies of the Bank does not have a material impact on the profit/loss after taxation and other comprehensive income of the Bank and hence, no sensitivity analysis is presented.

(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 financial assets and 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 taxation 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 with 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.

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	Contractual undiscounted cash flow	Within 1 Year	1 - 5 Years	Over 5 Years
	%	USD	USD	USD	USD	USD
31.12.2021						
Non-derivative Financial Liabilities						
Other liabilities	n/a	3,844,772	3,844,772	3,844,772	-	-
Lease liabilities	6%	522,098	564,857	293,081	271,776	-
		4,366,870	4,409,629	4,137,853	271,776	-
31.12.2020						
Non-derivative Financial Liabilities						
Other liabilities	n/a	12,025,371	12,025,371	12,025,371	570,845	-
Lease liabilities	6%	990,097	1,098,447	527,602	-	-
		13,015,468	13,123,818	12,552,973	570,845	-

	Weighted Average Effective Interest Rate	Carrying Amount	Contractual undiscounted cash flow	Within 1 Year	1 - 5 Years	Over 5 Years
	%	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
31.12.2021						
Non-derivative Financial Liabilities						
Other liabilities	n/a	15,663,601	15,663,601	15,663,601	-	-
Lease liabilities	6%	2,127,027	2,301,227	1,194,012	1,107,215	-
		17,790,628	17,964,828	16,857,613	1,107,215	-
31.12.2020						
Non-derivative Financial Liabilities						
Other liabilities	n/a	48,642,626	48,642,626	48,642,626	-	-
Lease liabilities	6%	4,004,942	4,443,218	2,134,150	2,309,068	-
		52,647,568	53,085,844	50,776,776	2,309,068	-

30.2 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 the optimization 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.

30.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	USD	USD	KHR'000	KHR'000
Financial assets				
Amortized Cost				
Cash on hand				
	73,059,053	85,523,373	297,642,582	345,942,044
Deposits and placements with financial institutions				
Deposit with NBC	18,507,031	24,051,170	75,397,644	97,286,983
Loan and advances	1,814,168	1,296,939	7,390,920	5,246,118
Statutory deposits with NBC	73,863,335	58,831,552	300,919,227	237,973,628
	19,304,210	19,278,122	78,645,352	77,980,003
Other assets	3,223,200	3,908,540	13,131,317	15,810,044
	189,770,997	192,889,696	773,127,042	780,238,820
Financial liabilities				
Amortised Cost				
Deposits from customers and financial institutions	104,266,269	95,677,851	424,780,780	387,016,907
Other liabilities	3,844,772	12,025,371	15,663,601	48,642,626
Lease liabilities	522,098	990,097	2,127,027	4,004,942
	108,633,139	108,693,319	442,571,408	439,664,475

30.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Financial assets				
Amortized Cost				
Net gain recognized in profit or loss	2,268,913	1,773,153	9,243,552	7,172,404

30.5 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.

Branches: _____

Capital City

- Main Branch
- Central Market Branch
- Naga City Walk Branch

Provinces

- Battambang Branch
- Preah Sihanouk Branch
- Siem Reap Branch
- Kampong Cham Branch
- Kampot Branch

Outlets: _____

Capital City

- Naga New World 2
- Chinese Grand Garden
- Phnom Penh Airport
- Riverside 2
- Sovanna
- Pochentong
- Lucky
- Monivong
- Grand Garden
- Toul Kork
- Steoung Mean Chey
- Riverside 1
- The Bridge Counter
- Russian Blvd

Provinces

- Siem Reap Town 2
- Sihanoukville Airport
- Siem Reap Airport



Head Office

Address: #75c, Preah Sihanouk Boulevard, Sangkat Veal Vong,
Khan 7 Makara, Phnom Penh

Telephone No: (+855) 23 980 000 / (+855) 23 980 001

