AMK MICROFINANCE INSTITUTION PLC.
(Registration No. 00007298)

FOR THE YEAR ENDED 31 DECEMBER 2022

REPORT OF THE BOARD OF DIRECTORS
AND AUDITED FINANCIAL STATEMENTS

AMK MICROFINANCE INSTITUTION PLC.

REPORT OF THE BOARD OF DIRECTORS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Directors") is pleased to present its report and the audited financial statements of AMK Microfinance Institution Plc. (the "Company") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide loans, savings and other related financial services through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31 December 2022 is set out in the statement of comprehensive income on page 9.

RESERVES AND PROVISIONS

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

DIVIDENDS

There was no dividend declared or paid during the year (2021: nil).

SHARE CAPITAL

The paid up capital of the Company as at 31 December 2022 was KHR'000 273,662,450 or approximately US$ 66,471,326 (2021: KHR'000 181,974,950 or approximately US$ 44,667,391).

BAD AND DOUBTFUL LOANS

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

ASSETS

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any assets, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Company misleading.

VALUATION METHODS

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

ការិយាល័យកណ្ដាល (Head Office)
អគារ ២៨៥ ផ្លូវ ២៧១ សង្កាត់ទំនប់ទឹក ខណ្ឌបឹងកេងកង រាជធានីភ្នំពេញ
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ប្រអប់សំបុត្រ Po.Box 480 / ទូរស័ព្ទ Tel: (+855 23 861 461 / 23 224 763) / Email: info@amkcambodia / www.amkcambodia.com

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person except as disclosed in the financial statements; and
(b) any contingent liability in respect of the Company that has arisen since the end of the year other than in the ordinary course of its business operations.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the 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 Company for the current financial year in which this report is made.

EVENTS AFTER THE REPORTING DATE

No significant events occurred after the statement of financial position date requiring disclosures or adjustments other than those disclosed in the financial statements, if any.

THE BOARD OF DIRECTORS

The members of the Board of Directors holding office during the year and at the date of this report are:

Mr. John Con-Sing Yung	Chairman
Mr. Tanmay Chetan	Director
Mr. Kea Borann	Director
Mr. Shih-Pang Chang	Director (appointed 26 January 2023)
Mr. Chien-Chin Cheng	Director (appointed 26 January 2023)
Mr. Chien Ling Cheng	Director (appointed 26 January 2023)
Mr. Ru-Hung Wei	Director (resigned 26 January 2023)
Mr. Wei-Kuo Yen	Director (resigned 26 January 2023)
Ms. Fang-Hui Hsieh	Director (resigned 26 January 2023)
Mr. Tip Janvibol	Independent Director
Ms. Heng Seida	Independent Director
Ms. Blandine Claudia Marie Pons	Independent Director

DIRECTORS' INTERESTS

No directors held any interest in the equity of the Company. No arrangements existed to which the Company is a party with the object of enabling the directors to obtain an interest in the Company or in any corporate body.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of the share purchase option.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of Cambodian International Financial Reporting Standards ("CIFRSs"), or, if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- effectively control and direct the Company and is involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that the Company has complied with the above requirements in preparing the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS

The accompanying financial statements present fairly, in all material respects, the financial position of AMK Microfinance Institution Plc. as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with CIFRSs, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

AMK Microfinance Institution Plc
KINGDOM OF CAMBODIA

Mr. John Con-Sing Yung
Chairman

Phnom Penh, Kingdom of Cambodia
Date: 27 March 2023

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of AMK Microfinance Institution Plc.

Opinion

We have audited the financial statements of AMK Microfinance Institution Plc. (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 87.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the Report of the Board of Directors as set out on pages 1 to 4, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For Deloitte (Cambodia) Co., Ltd.

Deloitte (Cambodia) Co., Ltd.
KINGDOM OF CAMBODIA

Ung Kimsopheaktra
Partner

Phnom Penh, Kingdom of Cambodia
Date: 27 March 2023

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		31 December 2022		31 December 2021	
	Note	KHR'000	US$	KHR'000	US$
ASSETS					
Cash on hand	4	120,960,981	29,380,855	119,262,869	29,274,146
Balances with the NBC	5	242,327,781	58,860,282	241,983,989	59,397,150
Balances with other banks	6	180,986,348	43,960,735	59,637,718	14,638,615
Loans to customers	7	2,273,624,742	552,252,791	1,904,483,084	467,472,529
Property and equipment	8	14,746,749	3,581,916	14,132,065	3,468,843
Intangible assets	9	7,597,718	1,845,450	9,258,447	2,272,569
Right-of-use assets	10	28,985,002	7,040,321	29,024,705	7,124,375
Deferred tax assets	14	21,178,347	5,144,121	17,839,753	4,378,928
Other assets	11	33,577,257	8,155,759	16,687,037	4,095,984
TOTAL ASSETS		2,923,984,925	710,222,230	2,412,309,667	592,123,139
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	12	1,012,542,012	245,941,708	974,767,850	239,265,550
Deposits from other financial institutions	13	37,205,881	9,037,134	50,508,292	12,397,715
Current tax liabilities	14	11,768,961	2,858,625	10,830,750	2,658,505
Lease liabilities	15	28,771,782	6,988,531	28,515,587	6,999,408
Borrowings	16	1,235,311,746	300,051,432	892,443,742	219,058,356
Subordinated debts	17	26,943,629	6,544,481	36,711,957	9,011,281
Provision for employee benefits obligations	19	26,679,531	6,480,333	21,409,513	5,255,158
Other liabilities	20	28,924,592	7,025,648	20,616,848	5,060,591
TOTAL LIABILITIES		2,408,148,134	584,927,892	2,035,804,539	499,706,564
EQUITY					
Share capital	21	273,662,450	66,471,326	181,974,950	44,667,391
Share premium	22	22,425,355	5,447,014	22,425,355	5,504,505
Reserves	23	72,000,000	17,488,462	96,011,603	23,566,913
Retained earnings		147,748,986	35,887,536	76,093,220	18,677,766
TOTAL EQUITY		515,836,791	125,294,338	376,505,128	92,416,575
TOTAL LIABILITIES AND EQUITY		2,923,984,925	710,222,230	2,412,309,667	592,123,139

The accompanying notes from pages 13 to 87 form an integral part of these financial statements.

AMK MICROFINANCE INSTITUTION PLC.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022		Year ended 31 December 2021	
	Note	**KHR'000**	**US$**	**KHR'000**	**US$**
Interest income	24	418,197,180	102,323,753	341,987,315	84,067,678
Interest expense	25	(128,594,213)	(31,464,207)	(101,794,968)	(25,023,345)
Net interest income		289,602,967	70,859,546	240,192,347	59,044,333
Fee and commission expense	26	(18,121,425)	(4,433,919)	(17,410,351)	(4,279,831)
Other income	27	33,846,158	8,281,419	25,456,143	6,257,656
Total operating income		305,327,700	74,707,046	248,238,139	61,022,158
Grant income	28	-	-	741,547	182,288
Personnel expenses	29	(120,304,383)	(29,435,866)	(109,012,668)	(26,797,608)
Depreciation and amortisation	30	(17,548,828)	(4,293,816)	(16,601,899)	(4,081,096)
Other operating expenses	31	(47,590,044)	(11,644,249)	(41,226,174)	(10,134,261)
Net impairment loss on financial instruments	32	(59,490,765)	(14,556,096)	(31,186,596)	(7,666,322)
Other gains or losses	33	(85,467)	(20,912)	627,230	154,186
Profit before income tax		60,308,213	14,756,107	51,579,579	12,679,345
Income tax expense	14	(12,664,050)	(3,098,618)	(11,169,962)	(2,745,811)
Net profit for the year		47,644,163	11,657,489	40,409,617	9,933,534
Other comprehensive income:					
Items that will not reclassify to profit or loss					
Currency translation differences		-	(1,050,190)	-	(565,958)
		-	(1,050,190)	-	(565,958)
Total comprehensive income for the year		47,644,163	10,607,299	40,409,617	9,367,576
Profit attributable to owners of the Company		47,644,163	11,657,489	40,409,617	9,933,534
Total comprehensive income attributable to owners of the Company		47,644,163	10,607,299	40,409,617	9,367,576

The accompanying notes from pages 13 to 87 form an integral part of these financial statements.

AMK MICROFINANCE INSTITUTION PLC.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Reserves	Retained earnings	Total	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	US$
Year ended 31 December 2022						
Balance as at 1 January 2022	181,974,950	22,425,355	96,011,603	76,093,220	376,505,128	92,416,575
Net profit for the year	-	-	-	47,644,163	47,644,163	11,657,489
Issuance of new share capital	91,687,500	-	-	-	91,687,500	22,270,464
Transfer from reserves	-	-	(24,011,603)	24,011,603	-	-
Currency translation differences	-	-	-	-	-	(1,050,190)
Balance as at 31 December 2022	273,662,450	22,425,355	72,000,000	147,748,986	515,836,791	125,294,338
US$ equivalent	66,471,326	5,447,014	17,488,462	35,887,536	125,294,338	
Year ended 31 December 2021						
Balance as at 1 January 2021	159,174,950	22,425,355	23,372,788	108,322,418	313,295,511	77,452,534
Net profit for the year	-	-	-	40,409,617	40,409,617	9,933,534
Issuance of new share capital	22,800,000	-	-	-	22,800,000	5,596,465
Transfer to reserves	-		72,638,815	(72,638,815)	-	-
Currency translation differences	-	-	-	-	-	(565,958)
Balance as at 31 December 2021	181,974,950	22,425,355	96,011,603	76,093,220	376,505,128	92,416,575
US$ equivalent	44,667,391	5,504,505	23,566,913	18,677,766	92,416,575	

The accompanying notes from pages 13 to 87 form an integral part of these financial statements.

AMK MICROFINANCE INSTITUTION PLC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022		Year ended 31 December 2021	
	Note	**KHR'000**	**US$**	**KHR'000**	**US$**
Cash flows from operating activities					
Profit before income tax		60,308,213	14,756,107	51,579,579	12,679,345
Adjustments for:					
Depreciation and amortisation	30	17,548,828	4,293,816	16,601,899	4,081,096
Net impairment loss on financial instruments	32	59,490,765	14,556,096	31,186,596	7,666,322
Increase in provision for employee benefit obligations		3,696,973	904,569	4,244,440	1,043,373
Net gain from other financial instruments at FVTPL		(94,200)	(23,049)	(100,813)	(24,782)
Loss on disposal of property and equipment		24,839	6,078	63,140	15,521
Loss on disposal of intangible assets		61,595	15,071	-	-
Gain on disposal of property and equipment		(967)	(237)	(690,370)	(169,707)
Foreign exchange difference on borrowings		3,185,513	779,426	(3,476,272)	(854,541)
Interest income	24	(418,197,180)	(102,323,753)	(341,987,315)	(84,067,678)
Interest expense	25	128,594,213	31,464,207	101,794,968	25,023,345
		(145,381,408)	(35,571,669)	(140,784,148)	(34,607,706)
Changes in working capital:					
Balances with the NBC		(14,977,215)	(3,664,599)	29,483,614	7,247,693
Balances pledged as security with other banks		(70,548,000)	(17,261,561)	(32,737,001)	(8,047,444)
Loans to customers		(429,933,945)	(105,195,484)	(493,387,805)	(121,285,104)
Other assets		(19,275,561)	(4,716,310)	(4,283,307)	(1,052,927)
Deposits from customers		37,145,984	9,088,814	125,174,412	30,770,504
Deposits from banks and other financial institutions		(13,902,935)	(3,401,746)	50,119,141	12,320,339
Other liabilities		8,703,315	2,129,512	4,837,137	1,189,071
Cash used in operations		(648,169,765)	(158,593,043)	(461,577,957)	(113,465,574)
Interest received		420,474,798	102,881,037	345,035,664	84,817,027
Interest paid		(130,029,233)	(31,815,325)	(101,455,349)	(24,939,860)
Income tax paid	14	(15,064,432)	(3,685,939)	(12,074,641)	(2,968,201)
Net cash used in operating activities		(372,788,632)	(91,213,270)	(230,072,283)	(56,556,608)

AMK MICROFINANCE INSTITUTION PLC.

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022		Year ended 31 December 2021	
		KHR'000	US$	KHR'000	US$
Cash flows from investing activities					
Purchases of property and equipment	8	(6,201,091)	(1,506,216)	(5,746,748)	(1,410,591)
Purchases of intangible assets	9	(2,169,571)	(526,979)	(1,621,915)	(398,114)
Proceeds from disposal of property and equipment		48,989	11,899	2,172,806	533,335
Net cash used in investing activities		(8,321,673)	(2,021,296)	(5,195,857)	(1,275,370)
Cash flows from financing activities					
Proceeds from borrowings		746,804,406	181,395,289	559,917,824	137,436,874
Repayments of borrowings		(402,772,677)	(97,831,595)	(284,561,080)	(69,848,080)
Proceeds from subordinated debt		-	-	28,518,000	7,000,000
Repayments of subordinated debts		(9,880,800)	(2,400,000)	(8,924,400)	(2,190,574)
Payments of leases	10	(8,272,050)	(2,009,242)	(7,926,382)	(1,945,602)
Proceeds from issuance of new share capital		91,687,500	22,270,464	22,800,000	5,596,465
Net cash from financing activities		417,566,379	101,424,916	309,823,962	76,049,083
Net increase in cash and cash equivalents		36,456,074	8,190,350	74,555,822	18,217,105
Cash and cash equivalents at the beginning of the year		273,159,854	67,049,547	198,604,032	49,098,648
Currency translation differences		-	(35,639)	-	(266,206)
Cash and cash equivalents at the end of the year	34	309,615,928	75,204,258	273,159,854	67,049,547

The accompanying notes from pages 13 to 87 form an integral part of these financial statements.

1. REPORTING ENTITY

AMK Microfinance Institution Plc. (the "Company") is a licensed micro-finance institution ("MFI") incorporated and registered in the Kingdom of Cambodia.

The Company was initially established in 1999 as Thanakea Ponleu Thmey ("TPT") Programme by Concern Worldwide Cambodia ("CWC"). All assets, liabilities and accumulated donations of TPT were transferred to the Company on 1 July 2003 against the issue of shares. The Company commenced to trade on the date of the asset transfer. On 29 January 2010, the Company obtained a Microfinance Deposit-Taking Institution ("MDI") license from the National Bank of Cambodia ("NBC") to conduct deposit-taking business. On 7 July 2014, the Ministry of Commerce approved the change in business name of the Company from Angkor Mikroheranhvatho (Kampuchea) Co., Ltd. to AMK Microfinance Institution Plc.

The registered office of the Company is currently located at #285, Yothapol Khemarak Phoumin Blvd. (St. 271), Sangkat Tomnub Teuk, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia. The Company operates its business in 150 offices (2021: 150 Offices).

The principal activity of the Company is to provide loans, savings and other related financial services through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

The financial statements were authorised for issue by the Board of Directors on 27 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of accounting

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

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of leasing transactions that are within the scope of CIFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in CIAS 2 Inventories or value in use in CIAS 36 Impairment of Assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of aggregation

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

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). Management has determined the Khmer Riel ("KHR") to be the Company's functional currency owing to the significant influence of the KHR on its operations. The financial statements are presented in KHR, which is the Company's functional and presentation currency.

(ii) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

(iii) Presentation in United States Dollar ("US$")

For shareholder reporting purpose, the financial statements are presented in US$. Assets and liabilities for each statement of financial position presented are translated at the closing rate ruling at each reporting date whereas income and expense items for each statement of comprehensive income and cash flow items presented are translated at the average rate for the year then ended. All resulting exchange differences are recognised in other comprehensive income.

The financial statements presented in US$ are based on the following applicable exchange rates per US$1:

	31 December 2022	31 December 2021
Closing rate	4,117	4,074
Average rate	4,087	4,068

The financial statements expressed in US$ are unaudited and should not be construed as representation that the KHR amounts have been, could have been, or could in the future be, converted into US$ at this or any other exchange rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Rounding of amounts

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

2.6 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

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

i. Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

a. Classification of financial assets (continued)

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

a. Classification of financial assets (continued)

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models at each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which CIFRS 3 applies.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of CIFRS 9.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with CIFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

a. Classification of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

b. Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets

The Company recognises loss allowances for expected credit losses (“ECLs”) on the following financial instruments that are not measured at FVTPL:

- loans to customers; and
- balances with other banks.

No impairment loss is required for equity investments measured at FVTOCI.

With the exception of purchased or originated credit-impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below in this note.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset’s effective interest rate (“EIR”).

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset’s expected cash flows using the asset’s original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets (continued)

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:
- the borrower is past due equal to or more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

This definition of default is used by the Company for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets (continued)

Significant increase in credit risk

The Company monitors all financial assets and issued loan commitments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets and issued loan commitments that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the industries in which the Company's counterparties operate, obtained from credit rating bureaus, governmental bodies, and other similar organisations, as well as internally generated information of customer payment behaviour. The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:
- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Company uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Company still considers separately some qualitative factors to assess if credit risk has increased significantly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets (continued)

Given that a significant increase in credit risk since initial recognition is a relative measure, a change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment, the assets are at stage 3 of the impairment model.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company derecognises a financial asset only when the contractual rights to the asset’s cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains, which will be presented in 'other income' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

ii. Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method. For all financial liabilities, the amount presented on the statement of financial position represent all amounts payable including interest element.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income" in Note 2.16.

iii. Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Regulatory reserves

The NBC issued the Prakas No. B7-017-344, dated on 1 December 2017, on Credit Risk Grading and Impairment Provisioning, and Circular No. B7-018-001, dated 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Impairment Provisioning, which requires banks and financial institutions to provide impairment provisioning for short-term and long-term facilities as follows:

Classification	**Number of days past due**		**Allowance**
	Short-term *(one year or less)*	**Long-term** *(more than one year)*	
General allowance:			
Normal	14 days or less	Less than 30 days	1%
Specific allowance:			
Special mention	15 days – 30 days	30 days – 89 days	3%
Substandard	31 days – 60 days	90 days – 179 days	20%
Doubtful	61 days – 90 days	180 days – 359 days	50%
Loss	91 days or more	360 days or more	100%

Facilities under this Prakas is defined as all loans and other financial products, whether reported on the statement of financial position or off-the statement of financial position, provided by the Company to a counterparty, which give rise to credit risk exposure on the Company.

The Company calculates the impairment loss allowance for credit facilities in accordance with the regulatory provision simultaneously with the calculation in accordance with the CIFRSs. The impairment loss allowance calculated in accordance with CIFRSs is to be recognised and recorded in profit or loss and statement of financial position. When the impairment loss allowance calculated in accordance with regulatory provision is higher than that calculated under CIFRSs, the excess amount is transferred from retained earnings to regulatory reserves as disclosed in Note 23.

Reversal of regulatory reserves

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under CIFRSs, the regulatory reserve is reversed at the amount that does not exceed the amount that would have been determined had no regulatory reserve been recognised in prior years.

2.8 Derivatives held for risk management

Derivatives held for risk management include all derivative assets and liabilities that are not classified as trading assets or liabilities and are not designated in a qualifying hedge relationship.

Derivatives held for risk management are measured at fair value in the statement of financial position at initial recognition. All changes in its fair value are recognised immediately in profit or loss as a component of foreign exchange gain/loss under 'Other income'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Leases

(a) The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets, motorbikes, and small items of office furniture). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis 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 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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Leases (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under CIAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful lives of the underlying assets. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies CIAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

As a practical expedient, CIFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of a property and equipment item comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Where an item of property and equipment comprises major components having different estimated useful lives, the components are accounted for as separate items of property and equipment.

Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gain or loss arising from the retirement or disposal of an item of property and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and is recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvement	4 years or earlier of lease terms
Motor vehicles	8 years
Motorcycles	5 years
Computer and office equipment	3 to 4 years

Construction in progress is not depreciated until such time as the relevant assets are completed and when it is available for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. If there is any indication that there has been a significant change in rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.11 Intangible assets

Intangible assets comprise software and licences and work in progress.

Software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. It is amortised on a straight-line basis at the rate of 20% per annum. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of software, the amortisation is revised prospectively to reflect the new expectations.

Work in progress is not depreciated until such time as the relevant assets are completed and when it is available for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of property and equipment, intangible assets and right-of-use assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment, intangible assets and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Employee benefits

Provision for staff pension fund

The Company provides its employees with benefits under the staff pension fund policy. Employees who complete three months of service with the Company have to participate in the staff pension fund scheme. The fund is sourced from the following:

Employees contribute 3% of their monthly salary, and the Company contributes 6% for employees who are working less than or equal to three years, and 7% for employees working in the Company for over three years. The Company's contribution is charged to the profit or loss on accrual basis.

The Company contributes interest on the cumulative balance of the staff pension fund in line with the market rates the Company provides to depositors. This interest is charged to the profit or loss on accrual basis.

The staff pension fund will be paid to employees (who have contributed to the fund) upon their retirement, resignation or termination of employment. The employee's contribution and interest are paid in full accordingly. Those who have been terminated due to serious misconduct are only entitled to their contribution plus interest, regardless of how long they have been employed by the Company.

Seniority payment

The Minister of Labour and Vocational Training (MoLVT) issued a Prakas No. 443 on Seniority Payment dated 21 September 2018 and Directive No. 042/19 on the Back Pay of Seniority Payment Before 2019 for the Enterprise and Institution Beside Textile, Garment and Footwear Sector dated 22 March 2019, requiring the Company to pay past seniority payment to employees with undetermined duration contract. All employees who have been working before 1 January 2019 and continue to work are entitled to a payment of six (6) days of their average wages of each year of service, totalling not exceeding 6 months, and shall be paid every year starting December 2021 as follows:

- 3 days shall be made in June; and
- 3 days shall be made in December of each year.

Employees are not entitled to the remaining past seniority payment upon resignation or termination due to serious misconduct.

The past seniority payment benefit is measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to 31 December 2018. This benefit was recognised in full during the year 2018.

This Prakas also requires the Company to pay its employees the seniority for the employment service from 2019 amounting to 15 days per annum of their wages and other benefits, 7.5 days of which shall be paid in June and in December of each year. This seniority was recognised during the employees' periods of service on accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Employee benefits (continued)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.16 Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any ECL allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

2.17 Other income and expense

Other income and expense include fees other than those that are an integral part of EIR (see above). The fees included in this part of the Company's statement of profit or loss include a diverse range of services it provides to its customers such as fees charged for servicing a loan.

Fee and commission expenses with regards to services are accounted for as the services are received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Grant income

Grants received from third parties to subsidise the Company's operating expenses are released to the statement of profit or loss on a systematic and rational basis, matching the related costs which they are intended to compensate.

Grants received from third parties for the purchase of property and equipment are amortised to the statement of profit or loss on a systematic and rational basis over the useful life of the assets. The unamortised grants are shown as deferred grant income.

2.19 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Taxation (continued)

Deferred tax

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

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 they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgments in applying accounting policies

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

(i) Functional currency

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

3.1 Critical judgments in applying accounting policies (continued)

(ii) Significant influence over its associate, Forte Life Assurance (Cambodia) Plc.

Forte Life Assurance (Cambodia) Plc. is an associate of the Company although the Company only owns a 5.7% ownership interest in Forte Life Assurance (Cambodia) Plc. (Note 11). The Company has significant influence over Forte Life Assurance (Cambodia) Plc. by virtue of its contractual right to appoint one out of six directors to the board of directors of that company and its material transactions between Forte Life Assurance (Cambodia Plc and the Company.

(iii) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(iv) Significant increase in credit risk

As explained in Note 2, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. CIFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

3.1 Critical judgments in applying accounting policies (continued)

(v) Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

(vi) Models and assumptions used

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

3.2 Key sources of estimation uncertainty

(i) Calculation of loss allowance

When measuring expected credit losses, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

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

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

Further information on the credit quality analysis of the Company is provided in note 37.1(g).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

3.2 Key sources of estimation uncertainty (continued)

(ii) Covid-19 related uncertainty

COVID-19 is a respiratory illness caused by the novel coronavirus and was declared a global pandemic by the World Health Organisation on 11 March 2020. Despite the successful roll-out of vaccines around the world, the Covid-19 pandemic and its effect on the global economy have continued to impact the Cambodian economy and the Company's borrowers and operations. As a result of the heightened uncertainty associated with the unprecedented nature of the Covid-19 pandemic, developing reliable estimates and applying judgment has become even more challenging. Accounting for expected credit losses (ECL) has become particularly difficult in the current circumstances and requires significant judgment. The ECL model is forward-looking and is based on a probability-weighted approach. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. During this period of greater economic uncertainty, it is very difficult to forecast future events and the macroeconomic inputs used in ECL modelling. As a result of Covid-19 and the recent economic downturn, significant measurement uncertainty exists in determining ECLs, and measurement is subject to significant judgment.

Further information on the credit quality analysis of the Company is provided in note 37.1(g).

(iii) Inflation and Interest Rates and the Russia-Ukraine War

Global commodity markets have been significantly impacted by the Russia-Ukraine war, leading to supply chain disruptions and increased prices for both energy and agricultural commodities. This, combined with supply chain limitations incurred during the Covid-19 pandemic, contributed to a sharp increase in inflation. In response, central banks tightened monetary policy sharply in 2022. The Company recalculates its discount rate and effective interest rates in response to the changing economic conditions. While the Company does not have any exposure to Russia, Belarus or any sanctioned individuals, any further escalation in the Russia-Ukraine war could have additional economic, social and political consequences, including further inflationary pressures.

(iv) Taxation

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

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

4. CASH ON HAND

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Khmer Riel ("KHR")	48,084,855	11,679,586	46,922,266	11,517,493
US Dollars ("US$")	54,624,858	13,268,122	56,770,351	13,934,794
Thai Baht ("THB")	18,251,268	4,433,147	15,570,252	3,821,859
	120,960,981	29,380,855	119,262,869	29,274,146

5. BALANCES WITH THE NBC

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Current accounts	107,852,850	26,196,951	147,200,938	36,131,797
Capital guarantee *(i)*	27,366,245	6,647,133	18,197,495	4,466,739
Negotiable Certificate of Deposit (NCD) *(ii)*	24,709,291	6,001,771	-	-
Guarantee placement *(iii)*	405,850	98,579	609,317	149,562
Reserve requirement *(iv)*	81,993,545	19,915,848	75,976,239	18,649,052
	242,327,781	58,860,282	241,983,989	59,397,150

(i) Under NBC Prakas No. B7-07-163 on Licensing of Microfinance Deposit Taking Institutions dated 13 December 2007, the Company is required to maintain a capital guarantee deposit equivalent to 10% of registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia.

The statutory deposit on registered capital placed with the NBC earns interest at the rate of 3% (2021: 3%) per annum.

(ii) The NCD relates to short-term deposits held with the NBC on unsecured terms. The balances bear fixed interest rate of 3.23% per annum (2021: nil).

(iii) The Guarantee placement amounting to KHR200 million is used as collateral against the overdraft facility with the NBC in connection with the Fast and Secure Transfer ("FAST") service. The FAST service provides instant Riel-denominated fund transfers between banking institutions. The overdraft line as at 31 December 2022 is unutilised (2021: unutilised).

The guarantee placement earned interest ranging from 1.95% to 3.54% per annum (2021: 0.16% to 1.95% per annum).

(iv) The reserve requirement represents the minimum reserve requirement which is calculated at 8% of the total deposits from customers as required by NBC Prakas B7-07-163 on Licensing of MDIs. The reserve requirement fluctuates depending on the level of deposits from customers and does not earn interest.

No impairment loss allowance is created against the balance with the NBC as management determines that the credit risk on these facilities is minimal.

6. BALANCES WITH OTHER BANKS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Current accounts	28,660,852	6,961,587	5,000,550	1,227,430
Saving accounts	2,963,953	719,930	1,695,497	416,175
Fixed deposits	24,582,607	5,971,000	-	-
Guaranteed placements	125,069,402	30,378,771	53,025,342	13,015,548
	181,276,814	44,031,288	59,721,389	14,659,153
Less: impairment loss allowance	(290,466)	(70,553)	(83,671)	(20,538)
Balance with other banks, net	180,986,348	43,960,735	59,637,718	14,638,615

The guaranteed placements are held as security against secured borrowings (Note 16).

The balances with other banks earn interest according to the following rates:

	31 December 2022	31 December 2021
Current accounts	0.0%-1.5%	0.0%-1.0%
Saving accounts	0.1%-2.0%	0.1%-1.5%
Fixed deposits	4.0%-5.5%	-
Guaranteed placements	3.5%-5.5%	5.0%-5.5%

7. LOANS TO CUSTOMERS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Loans to customers at amortised costs	2,371,051,575	575,917,312	1,962,963,251	481,827,013
Less: impairment loss allowance	(97,426,833)	(23,664,521)	(58,480,167)	(14,354,484)
Loans to customers, net	2,273,624,742	552,252,791	1,904,483,084	467,472,529

Loans to customers at amortised cost

	31 December 2022			31 December 2021		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Village bank loans	605,729,782	45,027,635	560,702,147	708,134,962	27,751,769	680,383,193
Individual loans	1,025,962,615	39,153,149	986,809,466	707,874,269	21,509,178	686,365,091
SME and other loans	739,359,178	13,246,049	726,113,129	546,954,020	9,219,220	537,734,800
	2,371,051,575	97,426,833	2,273,624,742	1,962,963,251	58,480,167	1,904,483,084
In US$ equivalent	575,917,312	23,664,521	552,252,791	481,827,013	14,354,484	467,472,529

8. PROPERTY AND EQUIPMENT

	Leasehold improvement KHR'000	Motor Vehicles KHR'000	Motorcycles KHR'000	Computer and office equipment KHR'000	Construction in progress KHR'000	Total KHR'000
Cost						
At 1 January 2022	4,694,770	5,750,678	5,881,236	28,052,005	201,515	44,580,204
Additions	94,803	-	-	2,311,091	3,795,197	6,201,091
Disposals	(250,983)	-	(103,831)	(1,170,533)	(4,362)	(1,529,709)
Transfers	1,660,328	-	-	1,006,861	(2,667,189)	-
At 31 December 2022	6,198,918	5,750,678	5,777,405	30,199,424	1,325,161	49,251,586
Accumulated depreciation						
At 1 January 2022	3,763,467	2,385,770	2,990,189	21,308,713	-	30,448,139
Depreciation	451,021	464,650	746,047	3,851,828	-	5,513,546
Disposals	(250,548)	-	(53,389)	(1,152,911)	-	(1,456,848)
At 31 December 2022	3,963,940	2,850,420	3,682,847	24,007,630	-	34,504,837
Carrying amounts						
At 1 January 2022	931,303	3,364,908	2,891,047	6,743,292	201,515	14,132,065
At 31 December 2022	2,234,978	2,900,258	2,094,558	6,191,794	1,325,161	14,746,749
Carrying amounts in US$						
At 1 January 2022	228,597	825,947	709,634	1,655,201	49,464	3,468,843
At 31 December 2022	542,866	704,459	508,758	1,503,958	321,875	3,581,916

8. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvement	Motor Vehicles	Motorcycles	Computer and office equipment	Construction in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Cost						
At 1 January 2021	4,126,047	5,122,127	10,839,459	25,683,594	448,661	46,219,888
Additions	604,500	280,285	-	2,911,602	1,950,361	5,746,748
Disposals	(296,236)	(847,876)	(4,958,223)	(1,284,097)	-	(7,386,432)
Transfers	260,459	1,196,142	-	740,906	(2,197,507)	-
At 31 December 2021	4,694,770	5,750,678	5,881,236	28,052,005	201,515	44,580,204
Accumulated depreciation						
At 1 January 2021	3,713,119	2,691,349	5,567,287	18,907,940	-	30,879,695
Depreciation	344,586	372,719	1,026,476	3,665,519	-	5,409,300
Disposals	(294,238)	(678,298)	(3,603,574)	(1,264,746)	-	(5,840,856)
At 31 December 2021	3,763,467	2,385,770	2,990,189	21,308,713	-	30,448,139
Carrying amounts						
At 1 January 2021	412,928	2,430,778	5,272,172	6,775,654	448,661	15,340,193
At 31 December 2021	931,303	3,364,908	2,891,047	6,743,292	201,515	14,132,065
Carrying amounts in US$						
At 1 January 2021	102,084	600,934	1,303,380	1,675,069	110,917	3,792,384
At 31 December 2021	228,597	825,947	709,634	1,655,201	49,464	3,468,843

9. INTANGIBLE ASSETS

	Software and licenses	Work in progress	Total
	KHR'000	KHR'000	KHR'000
Cost			
At 1 January 2022	18,157,995	725,649	18,883,644
Additions	79,904	2,089,667	2,169,571
Disposal	(1,053,560)	-	(1,053,560)
Transfers	1,431,649	(1,431,649)	-
At 31 December 2022	18,615,988	1,383,667	19,999,655
Accumulated amortisation			
At 1 January 2022	9,625,197	-	9,625,197
Amortisation	3,467,334	-	3,467,334
Disposal	(690,594)	-	(690,594)
At 31 December 2022	12,401,937	-	12,401,937
Carrying amounts			
At 1 January 2022	8,532,798	725,649	9,258,447
At 31 December 2022	6,214,051	1,383,667	7,597,718
Carrying amounts in US$			
At 1 January 2022	2,094,452	178,117	2,272,569
At 31 December 2022	1,509,364	336,086	1,845,450

	Software and licenses	Work in progress	Total
	KHR'000	KHR'000	KHR'000
Cost			
At 1 January 2021	15,057,371	2,490,102	17,547,473
Additions	116,795	1,505,120	1,621,915
Disposal	(285,744)	-	(285,744)
Transfers	3,269,573	(3,269,573)	-
At 31 December 2021	18,157,995	725,649	18,883,644
Accumulated amortisation			
At 1 January 2021	6,631,048	-	6,631,048
Amortisation	3,279,893	-	3,279,893
Disposal	(285,744)	-	(285,744)
At 31 December 2021	9,625,197	-	9,625,197
Carrying amounts			
At 1 January 2021	8,426,323	2,490,102	10,916,425
At 31 December 2021	8,532,798	725,649	9,258,447
Carrying amounts in US$			
At 1 January 2021	2,083,145	615,600	2,698,745
At 31 December 2021	2,094,452	178,117	2,272,569

10. LEASES

(i) Right-of-use assets ("ROUA")

	Building KHR'000	ATM KHR'000	Parking lot KHR'000	Total KHR'000
Cost				
At 1 January 2022	38,304,138	7,691,435	793,592	46,789,165
Additions	6,180,510	-	688,941	6,869,451
Disposal	(1,501,331)	-	(69,192)	(1,570,523)
Lease modifications	1,658,794	-	-	1,658,794
At 31 December 2022	44,642,111	7,691,435	1,413,341	53,746,887
Accumulated depreciation				
At 1 January 2022	16,783,427	483,370	497,663	17,764,460
Charge for the year	6,734,012	1,562,781	271,155	8,567,948
Disposal	(1,501,331)	-	(69,192)	(1,570,523)
At 31 December 2022	22,016,108	2,046,151	699,626	24,761,885
Carrying amounts				
At 1 January 2022	21,520,711	7,208,065	295,929	29,024,705
At 31 December 2022	22,626,003	5,645,284	713,715	28,985,002
Carrying amounts in US$				
At 1 January 2022	5,282,452	1,769,284	72,639	7,124,375
At 31 December 2022	5,495,750	1,371,213	173,358	7,040,321

	Building KHR'000	ATM KHR'000	Parking lot KHR'000	Total KHR'000
Cost				
At 1 January 2021	35,314,947	4,920,538	793,592	41,029,077
Additions	6,033,904	7,951,111	-	13,985,015
Disposal	(3,044,713)	(5,180,214)	-	(8,224,927)
At 31 December 2021	38,304,138	7,691,435	793,592	46,789,165
Accumulated depreciation				
At 1 January 2021	13,541,603	4,232,522	302,556	18,076,681
Charge for the year	6,286,537	1,431,062	195,107	7,912,706
Disposal	(3,044,713)	(5,180,214)	-	(8,224,927)
At 31 December 2021	16,783,427	483,370	497,663	17,764,460
Carrying amounts				
At 1 January 2021	21,773,344	688,016	491,036	22,952,396
At 31 December 2021	21,520,711	7,208,065	295,929	29,024,705
Carrying amounts in US$				
At 1 January 2021	5,382,780	170,090	121,394	5,674,264
At 31 December 2021	5,282,452	1,769,284	72,639	7,124,375

The maturity analysis of lease liabilities is presented in Note 15.

10. LEASES (continued)

The Company leases several assets including buildings, automated teller machines (ATM), and parking lots. The average lease term is 5 years (2021: 5 years).

The Company has options to purchase ATM for a nominal amount at the end of the lease term.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate and the weighted-average rate applied is 5.76% (2021: 6.55%) for new leases during the year.

(ii) Amounts recognised in profit or loss

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Depreciation expense on ROUA (Note 30)	8,567,948	2,096,390	7,912,706	1,945,109
Interest expense on lease liabilities (Note 25)	1,899,587	464,788	1,667,192	409,831
Expense relating to short-term leases (Note 31)	1,161,628	284,225	615,150	151,217
Expense relating to low value leases (Note 31)	7,888,429	1,930,127	6,717,302	1,651,254

The total cash outflows for leases excluding interest amounted to KHR'000 8,272,050 (2021: KHR'000 7,926,382).

11. OTHER ASSETS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Prepayment	17,862,737	4,338,776	11,595,487	2,846,217
Debt securities (*)	8,292,622	2,014,239	-	-
Penalty receivable	4,727,441	1,148,273	2,083,613	511,442
Investments (**)	2,655,465	645,000	1,772,190	435,000
Advances and deposits	1,970,019	478,508	1,676,449	411,500
Others	1,778,745	432,049	883,729	216,919
	37,287,029	9,056,845	18,011,468	4,421,078
Less: Allowance for debt securities and interest receivable	(3,709,772)	(901,086)	(1,324,431)	(325,094)
Other assets, net	33,577,257	8,155,759	16,687,037	4,095,984

(*) On 6 March 2022, the Company invested KHR'000 4,117,000 in the Techo International Airport Corporate Guaranteed Bond issued by Cambodia Airport Investment Co., Ltd with an issue term of 3 years and a coupon rate of 5.50% per annum. On 9 September 2022, the Company invested KHR'000 4,000,000 in the Cambodian government bond issued by the Ministry of Economy and Finance, with an issue term of 1 year and a coupon rate of 2.2% per annum.

(**) Included in investments is KHR'000 2,511,370 (2021: KHR'000 1,618,000) representing 5.7% equity interest in Forte Life Assurance (Cambodia) Plc.

12. DEPOSITS FROM CUSTOMERS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Savings deposits	438,002,240	106,388,691	444,357,765	109,071,616
Term deposits	574,539,772	139,553,017	530,410,085	130,193,934
	1,012,542,012	245,941,708	974,767,850	239,265,550

13. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Savings deposits	16,210,730	3,937,510	19,282,492	4,733,061
Term deposits	20,995,151	5,099,624	31,225,800	7,664,654
	37,205,881	9,037,134	50,508,292	12,397,715

14. INCOME TAX

The Company's tax returns are subject to examination by the General Department of Taxation ("GDT"). Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the GDT.

14.1 Income tax expense

In accordance with Cambodian tax law, the Company has the obligation to pay tax on income ("ToI") at the rate of 20% of taxable income or minimum tax at 1% of turnover inclusive of all taxes except value-added tax, whichever is higher.

Income tax expense comprises:

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Current income tax	16,267,911	3,980,404	14,458,900	3,554,301
Deferred tax	(3,338,594)	(816,881)	(3,680,565)	(904,760)
(Over)/Under provision of income tax in prior year	(265,267)	(64,905)	391,627	96,270
	12,664,050	3,098,618	11,169,962	2,745,811

14. INCOME TAX (continued)

14.1 Income tax expense (continued)

The reconciliation of income tax expense shown in profit or loss is as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Profit before income tax	60,308,213	14,756,107	51,579,579	12,679,345
Income tax expense at applicable tax rate of 20%	12,061,638	2,951,221	10,315,916	2,535,869
Adjustments:				
Non-deductible expenses	723,379	176,995	684,139	168,176
(Over)/Under provision of income tax in prior year	(265,267)	(64,905)	391,626	96,270
Unrecognised temporary differences	144,300	35,307	(221,719)	(54,504)
	12,664,050	3,098,618	11,169,962	2,745,811

14.2 Current tax liabilities

Movement of current tax liabilities is as follows:

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Balance at beginning of the year	10,830,750	2,658,505	8,054,864	1,991,314
Current income tax	16,002,643	3,915,499	14,850,527	3,650,572
Income tax paid	(15,064,432)	(3,685,939)	(12,074,641)	(2,968,201)
Currency translation difference	-	(29,440)	-	(15,180)
	11,768,961	2,858,625	10,830,750	2,658,505

14.3 Deferred tax

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Deferred tax assets	21,292,050	5,171,739	18,002,076	4,418,772
Deferred tax liabilities	(113,703)	(27,618)	(162,323)	(39,844)
	21,178,347	5,144,121	17,839,753	4,378,928

14. INCOME TAX (continued)

14.3 Deferred tax (continued)

The movements of net deferred tax assets/(liabilities) during the year was as follows:

	Allowance for loan losses	Provision for employee benefits obligations	Unamortised loan processing fees	Accruals for bonuses	Depreciable assets	Unrealised exchange gain	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 1 January 2022	4,519,185	2,649,882	9,560,925	1,272,084	(12,429)	(149,894)	17,839,753
Credited/(charged)to profit or loss	1,170,056	631,349	576,143	233,367	691,488	36,191	3,338,594
At 31 December 2022	5,689,241	3,281,231	10,137,068	1,505,451	679,059	(113,703)	21,187,347
At 31 December 2022 in US$	1,381,890	796,996	2,462,246	365,667	164,940	(27,618)	5,144,121

	Allowance for loan losses	Provision for employee benefits obligations	Unamortised loan processing fees	Accruals for bonuses	Depreciable assets	Unrealised exchange gain	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 1 January 2021	3,337,855	860,704	8,618,377	1,838,660	(275,614)	(220,794)	14,159,188
Credited/(charged)to profit or loss	1,181,330	1,789,178	942,548	(566,576)	263,185	70,900	3,680,565
At 31 December 2021	4,519,185	2,649,882	9,560,925	1,272,084	(12,429)	(149,894)	17,839,753
At 31 December 2021 in US$	1,109,275	650,437	2,346,816	312,244	(3,051)	(36,793)	4,378,928

15. LEASE LIABILITIES

Maturity analysis - contractual undiscounted cash flows

	31 December 2022		31 December 2021	
	KHR'000	**US$**	**KHR'000**	**US$**
Year 1	9,949,931	2,416,792	8,895,204	2,183,408
Year 2	7,408,694	1,799,537	8,002,505	1,964,287
Year 3	5,790,671	1,406,527	5,926,491	1,454,711
Year 4	4,228,662	1,027,122	4,443,849	1,090,783
Year 5	1,940,842	471,421	3,002,946	737,100
More than 5 years	4,125,686	1,002,110	3,094,336	759,533
	33,444,486	8,123,509	33,365,331	8,189,822
Less: unearned interest	(4,672,704)	(1,134,978)	(4,849,744)	(1,190,414)
Lease liabilities	28,771,782	6,988,531	28,515,587	6,999,408
Analysed as:				
Current	9,949,931	2,416,792	8,895,204	2,183,408
Non-current	18,821,851	4,571,739	19,620,383	4,816,000

16. BORROWINGS

	31 December 2022		31 December 2021	
	KHR'000	**US$**	**KHR'000**	**US$**
Borrowings at amortised cost				
Secured (*)	120,279,100	29,215,229	52,244,167	12,823,801
Unsecured (**)	1,115,032,646	270,836,203	840,199,575	206,234,555
	1,235,311,746	300,051,432	892,443,742	219,058,356

(*) This represents KHR'000 119,930,887 loan secured against a fixed deposit (2021: KHR'000 52,000,000).

(**) This represents bank loans obtained from various banks with terms from one to seven years (2021: one to seven years) and interest rate from 2.00% to 8.14% (2021: 2.00% to 9.65%).

17. SUBORDINATED DEBTS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Subordinated debts at amortised cost				
Moringaway*	22,807,480	5,539,830	28,526,060	7,001,979
BlueOrchard**	4,136,149	1,004,651	8,185,897	2,009,302
	26,943,629	6,544,481	36,711,957	9,011,281

(*) This pertains to a subordinated debt from Moringaway which was signed on 8 October 2021 and approved by the NBC on 27 January 2022 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a five-year term maturing on 31 October 2026.

(**) This pertains to a subordinated debt from BlueOrchard Microfinance Fund which was signed on 15 June 2018 and approved by the NBC on 25 July 2018 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a five-year term maturing on 15 June 2023.

All the subordinated debts bear fixed interest rates.

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes		
	1 January 2022	Financing cash flows (i)	New Leases	Other changes (ii)	31 December 2022
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Lease liabilities	28,515,587	(8,272,050)	8,528,245	-	28,771,782
Borrowings	892,443,742	344,031,729	-	(1,163,725)	1,235,311,746
Subordinated debt	36,711,957	(9,880,800)	-	112,472	26,943,629
Total liabilities from financing activities	957,671,286	325,878,879	8,528,245	(1,051,253)	1,291,027,157

			Non-cash changes		
	1 January 2021	Financing cash flows (i)	New Leases	Other changes (ii)	31 December 2021
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Lease liabilities	22,456,954	(7,926,382)	13,985,015	-	28,515,587
Borrowings	623,015,767	275,356,744	-	(5,928,769)	892,443,742
Subordinated debt	17,282,453	19,593,600	-	(164,096)	36,711,957
Total liabilities from financing activities	662,755,174	287,023,962	13,985,015	(6,092,865)	957,671,286

(i) The cash flows from borrowings, subordinated debts and lease liabilities make up the net amount of proceeds from and repayments of borrowings and subordinated debts and the payment of lease liabilities in the statement of cash flows.

(ii) Non-cash changes pertain to interest accruals and payments.

19. PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Staff pension fund	23,893,972	5,803,734	19,227,568	4,719,580
Seniority payments	1,682,043	408,560	2,181,945	535,578
Deferred incentive scheme	1,103,516	268,039	-	-
	26,679,531	6,480,333	21,409,513	5,255,158

19.1 Staff Pension Funds

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Balance at beginning of year	19,227,568	4,719,580	13,824,714	3,417,729
Additions during the year				
Employer contribution	4,607,533	1,127,363	4,291,564	1,054,957
Employee contribution	2,307,496	560,480	2,040,536	501,607
Interest	1,573,045	384,890	1,131,170	278,065
Payments during the year	(3,249,336)	(795,042)	(1,854,756)	(455,938)
Reversal (*)	(572,334)	(140,038)	(205,660)	(50,556)
Foreign exchange difference	-	(53,499)	-	(26,284)
	23,893,972	5,803,734	19,227,568	4,719,580

(*) The reversal of provision resulted from adjustments to employee entitlement according to AMK's policy following resignations, terminations and other staff movements.

19.2 Seniority Payments

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Balance at beginning of period	2,181,945	535,578	2,209,189	546,153
(Decrease)/increase on Provision on Seniority Pay	(311,659)	(76,256)	205,816	50,594
Paid during the period	(188,243)	(46,059)	(233,060)	(57,291)
Foreign exchange difference	-	(4,703)	-	(3,878)
	1,682,043	408,560	2,181,945	535,578

20. OTHER LIABILITIES

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Accrued other staff benefits	16,450,405	3,995,727	13,960,387	3,426,704
Accrual and other payables	8,210,419	1,994,272	3,452,126	847,355
Other taxes payable	4,067,123	987,885	2,913,356	715,109
Mark-to-market loss on derivative financial instruments	196,645	47,764	290,979	71,423
	28,924,592	7,025,648	20,616,848	5,060,591

21. SHARE CAPITAL

(i) Number of ordinary shares was as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
As at 1 January	7,278,998	6,366,998
Additional shares issued	3,667,500	912,000
As at 31 December	10,946,498	7,278,998

(ii) All ordinary shares are registered, issued and paid up with par value of KHR25,000.

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Share capital	273,662,450	66,471,326	181,974,950	44,667,391

Details of shareholdings were as follows:

	31 December 2022			31 December 2021		
	KHR'000	US$	Holding %	KHR'000	US$	Holding %
SCSB	273,662,425	66,471,320	99.9999%	181,974,925	44,667,385	99.9999%
AMK-Staff Association	25	6	0.0001%	25	6	0.0001%
	273,662,450	66,471,326	100.00%	181,974,950	44,667,391	100.00%

On 20 April 2022, the NBC approved an increase in the registered capital by The Shanghai Commercial and Savings Bank Limited ("SCSB") to KHR'000 273,662,425. The Company's revised Memorandum and Article of Association was approved by the NBC and the Ministry of Commerce on 20 April 2022 and 10 May 2022, respectively.

On 7 May 2021, the NBC approved an increase in the registered capital by The Shanghai Commercial and Savings Bank Limited ("SCSB") to KHR'000 181,974,950. The Company's revised Memorandum and Article of Association was approved by the NBC and the Ministry of Commerce on 13 and 16 May 2021, respectively.

22. SHARE PREMIUM

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
As at 1 January	22,425,355	5,504,505	22,425,355	5,543,968
Currency translation difference	-	(57,491)	-	(39,463)
As at 31 December	22,425,355	5,447,014	22,425,355	5,504,505

23. RESERVES

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Non-distributable reserves (i)	72,000,000	17,488,462	72,000,000	17,673,049
Other reserves (ii)	-	-	24,011,603	5,893,864
	72,000,000	17,488,462	96,011,603	23,566,913

(i) The non-distributable reserve is maintained following the approval on 12 November 2021 from the NBC on the request to transfer from retained earnings in accordance with the NBC's Prakas No. B7-018-068 Prokor dated 22 February 2018 on the determination of capital buffer of banks and financial institutions. Any movement requires approval from the Board of Directors and the NBC.

(ii) Under the loan agreement with Instituto De Crédito Oficial of The Kingdom of Spain ("ICO"), the Company is required to transfer a reserve amount of 3.5% of the loan outstanding with ICO from net profit at the end of each year into a capital strengthening reserve account. ICO has no entitlement to this reserve. The loan agreement matured on 29 December 2022 and the reserve was transferred to retained earnings as at 31 December 2022.

24. INTEREST INCOME

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Loans to customers	412,337,404	100,889,993	339,843,265	83,540,626
Balances with other banks	4,774,096	1,168,117	1,625,298	399,532
Balances with the NBC	910,537	222,789	518,752	127,520
Investment securities	175,143	42,854	-	-
	418,197,180	102,323,753	341,987,315	84,067,678

25. INTEREST EXPENSE

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	**US$**	**KHR'000**	**US$**
Deposits from customers	52,374,299	12,814,852	46,744,404	11,490,758
Deposits from other financial institutions	116,709	28,556	183,213	45,038
Borrowings	69,150,658	16,919,661	49,785,422	12,238,304
Subordinated debts	3,479,915	851,460	2,283,567	561,349
Staff pension fund	1,573,045	384,890	1,131,170	278,065
Leases	1,899,587	464,788	1,667,192	409,831
	128,594,213	31,464,207	101,794,968	25,023,345

26. FEE AND COMMISSION EXPENSE

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	**US$**	**KHR'000**	**US$**
Mobile banking agent incentives	8,367,662	2,047,386	6,871,432	1,689,142
Insurance premiums on products	5,010,626	1,225,991	6,693,982	1,645,522
Village fees and commission	2,786,865	681,885	3,512,372	863,415
Fees and commissions on borrowings and swaps	1,788,789	437,678	310,160	76,244
Other fees and commissions	167,483	40,979	22,405	5,508
	18,121,425	4,433,919	17,410,351	4,279,831

27. OTHER INCOME

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	**US$**	**KHR'000**	**US$**
Loan penalties	8,187,104	2,003,207	4,566,910	1,122,643
Loan servicing fees	6,594,862	1,613,619	3,947,682	970,423
Remittance fees	4,387,480	1,073,521	3,312,656	814,321
Bancassurance commissions	3,266,454	799,230	3,102,167	762,578
Mobile banking fees	3,177,783	777,534	2,542,163	624,917
Payroll fees	3,046,910	745,513	2,883,913	708,926
Other account fees	2,361,147	577,721	1,934,525	475,547
Loan recoveries	1,213,483	296,913	1,576,028	387,421
Foreign exchange gains - net	301,760	73,834	749,884	184,337
Others	1,309,175	320,327	840,215	206,543
	33,846,158	8,281,419	25,456,143	6,257,656

28. GRANT INCOME

This represents the grant received from a global not-for-profit organisation, Water.org, for a program managed by the Company as set forth in the grant agreement. No new grants were provided in 2022.

29. PERSONNEL EXPENSES

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Salaries and wages	108,058,772	26,439,631	99,249,314	24,397,570
Pension fund benefits	4,607,533	1,127,363	4,291,564	1,054,957
Insurance	3,967,589	970,783	3,242,875	797,167
Other employee benefits	3,670,489	898,089	2,228,915	547,914
	120,304,383	29,435,866	109,012,668	26,797,608

30. DEPRECIATION AND AMORTISATION

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Depreciation of ROUA	8,567,948	2,096,390	7,912,706	1,945,109
Depreciation of property and equipment	5,513,546	1,349,045	5,409,300	1,329,720
Amortisation of intangible assets	3,467,334	848,381	3,279,893	806,267
	17,548,828	4,293,816	16,601,899	4,081,096

31. OTHER OPERATING EXPENSES

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Professional fees	9,677,871	2,367,966	7,881,682	1,937,484
Low value and short-term leases	9,050,057	2,214,352	7,332,452	1,802,471
Dispensable furniture and fixtures	5,858,880	1,433,540	5,686,669	1,397,903
Transportation	4,861,561	1,189,518	2,994,261	736,052
Security guard	3,124,891	764,593	3,064,448	753,306
Marketing expense	2,742,574	671,048	2,610,983	641,835
Communication	2,415,980	591,138	1,746,470	429,319
Utilities	2,017,010	493,518	1,842,765	452,990
Bank charges	1,836,657	449,390	1,391,867	342,150
NBC licence fee	1,517,500	371,299	1,560,000	383,481
Stationeries and supplies	1,505,522	368,368	1,347,649	331,280
Repairs and maintenance	489,453	119,759	355,514	87,393
Other taxes	626,619	153,320	1,764,065	433,644
Others	1,865,469	456,440	1,647,349	404,953
	47,590,044	11,644,249	41,226,174	10,134,261

32. NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Impairment loss on loans to customers	56,898,629	13,921,857	30,287,324	7,445,262
Impairment loss/(gain) on balances with other banks	206,795	50,598	(425,159)	(104,513)
Impairment loss on other assets	2,385,341	583,641	1,324,431	325,573
	59,490,765	14,556,096	31,186,596	7,666,322

33. OTHER GAINS OR LOSSES

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Gain on disposal of fixed assets	(967)	(237)	(690,370)	(169,707)
Loss on disposal of fixed assets	24,839	6,078	63,140	15,521
Loss on disposal of intangible assets	61,595	15,071	-	-
	85,467	20,912	(627,230)	(154,186)

34. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Cash on hand	120,960,981	29,380,855	119,262,869	29,274,146
Balances with the NBC	132,562,142	32,198,723	147,200,938	36,131,796
Balances with other banks	56,092,805	13,624,680	6,696,047	1,643,605
	309,615,928	75,204,258	273,159,854	67,049,547

35. COMMITMENTS

Capital expenditure commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Property and equipment	378,035	91,823	56,778	13,937
Intangible assets	846,805	205,685	1,043,724	256,191
	1,224,840	297,508	1,100,502	270,128

36. RELATED PARTY TRANSACTIONS AND BALANCES

a) Significant transactions with related parties during the year were as follows:

Related party	Description	Year ended 31 December 2022		Year ended 31 December 2021	
		KHR'000	US$	KHR'000	US$
Board of Directors	Remuneration	398,403	97,481	302,895	74,458
	Interest expense	325,934	79,749	310,246	76,265
Key management personnel	Remuneration	2,807,145	686,847	2,526,381	621,038
	Interest expense	99,453	24,334	79,370	19,511
	Interest income	18,804	4,601	5,142	1,264
SCSB	Interest expense	4,869,661	1,191,500	-	-
AMK Staff Association (AMK-SA) Ltd.	Interest expense	3,239	793	3,241	797

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Balances with related parties at the reporting year were as follows:

Related party	Description	31 December 2022		31 December 2021	
		KHR'000	US$	KHR'000	US$
Board of Directors	Deposits	6,162,976	1,496,958	6,185,387	1,518,259
Key management personnel	Deposits	2,542,390	617,535	1,515,166	371,911
	Loans	364,985	88,653	378,964	93,020
SCSB	Borrowings	168,871,106	41,018,000	-	-
	Balances with other banks	1,707,090	414,644	1,054,989	258,957
AMK Staff Association (AMK-SA) Ltd.	Deposits	146,183	35,507	147,770	36,271

37. FINANCIAL RISK MANAGEMENT

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for approving and monitoring Company risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The policies and procedures adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:

37.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans to customers and other banks. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(a) Credit risk management

The Company's credit committee is responsible for managing the Company's credit risk by:

- Ensuring that the Company has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, CIFRSs and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Company, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Company against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Company's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Company's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

As explained in Note 2 the Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Company uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a summary of the Company's internal credit risk grades.

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(b) Significant increase in credit risk

No.	Groups rating	PD Range 31 December 2022	PD Range 31 December 2021
1	Standard	0.43% - 100.00%	0.28% - 100.00%
2	Special mention	0.43% - 100.00%	0.28% - 100.00%
3	Substandard	31.36% - 100.00%	20.10% - 100.00%
4	Doubtful	31.36% - 100.00%	20.10% - 100.00%
5	Loss	100.00%	100.00%

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

The Company has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case, the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

COVID-19 and significant increases in credit risk

The Company has carefully assessed the impact of COVID-19 when considering the credit risk position.

From 27 March 2020 until 30 June 2022, the Company restructured loans to provide relief to borrowers which were affected by Covid-19, to support clients which were facing temporary financial difficulty due to the impact of the global pandemic. The circumstances of these restructured loans were unique in that many of the deferred loans were performing prior to COVID-19 and either continue to perform, or have genuine prospects of recovery once international restrictions are eased and lockdowns are discontinued.

As at 31 December 2022, the Company no longer has any active restructured loans under these extraordinary Covid-19 provisions.

The Company continues to offer restructuring to clients under ordinary provisions to provide support in the event of temporary difficulty, such as the impact of flooding or borrower-specific impacts. Nevertheless, The Company applied additional internal credit risk assessments of individual borrowers that have received restructuring and payment relief. This assessment may lead to a downgrade from stage 1 to stage 2 or 3, resulting in a broader PD range across the credit grades.

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(c) Incorporation of forward-looking information

The Company analysed forward-looking information by using the statistical regression model for assessment to see whether the credit risk of an instrument has increased significantly to the measurement of ECL.

The unprecedented and widespread impact of COVID-19, and its impact on global markets, has significantly increased the estimation uncertainty in the preparation of these financial statements, including the calculation of ECL.

In March 2020, the IASB published 'IFRS 9 and COVID-19', which highlights the requirements within CIFRS 9 *Financial Instruments* relevant to the impact of COVID-19 on the recognition of expected credit losses. The publication reinforces the fact CIFRS 9 does not provide a mechanistic approach in accounting for impairment provisions.

The current environment is subject to rapid change and to the extent that certain effects of COVID-19 are not fully incorporated into the model calculations, temporary quantitative and qualitative adjustments have been considered. The Company has performed certain additional qualitative portfolio and loan level assessments of significant increase in credit risk.

In recognition of the significant uncertainty, management updated and recalibrated its macroeconomic forecasts and have adjusted the Company's probability weighted percentage in the probability weighted forward-looking of Probability of Default ("PD") to give a heavier weight to the worst case scenario and a lighter weight to the best case scenario while keeping the base percentage the same in 2020, and has continued to apply this weighting in subsequent reporting periods.

The table below show the scenario probability weighted percentage as at 31 December 2022 and 31 December 2021.

Scenario Probability Weighting	Best Case	Base Case	Worse Case
As at 31 December 2022	15%	55%	30%
As at 31 December 2021	15%	55%	30%

The revised probability weighting, coupled with the most up-to-date macroeconomic modelling and forecasting, results in a conservative ECL calculation, in recognition of the significant uncertainty in the global economic landscape. The Company will continue to monitor the situation and actively mitigate the risks to the financial position and operating results of the Company.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company operates, supranational organisations such as International Monetary Fund and World Bank.

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

The key drivers for credit risk on loan portfolios are: Cambodia nominal GDP, interest rate fixed deposit 12 months, current account balance /GDP and Cambodia Foreign Reserves.

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(d) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD")

These figures are generally derived from internally developed statistical models and other historical data.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk and not a longer period. However, for financial instruments such as revolving credit facilities that include both a loan and an irrevocable undrawn commitment component, the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Company's exposure to credit losses to the contractual notice period. For such financial instruments, the Company measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Company does not enforce in the normal day-to-day management of the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Company becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Company expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(d) Measurement of ECL (continued)

The ECL calculation for accounting purposes is different to the ECL calculation for regulatory purposes, although many inputs used are similar. The Company has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes. The main differences between the methodologies used to measure ECL in accordance with CIFRS 9 versus the ones applied for regulatory purposes are:

- Percentage of provision by classification based on short/long term loan
- Number of days past due
- Forward-looking of macro-economic factors
- Probability of default and historical recovery rate.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as below.

(e) Groupings based on shared risks characteristics

The Company has defined four main segments for PD calculation which have similar risk behaviours based on analysis of roll rates, as shown in the table below. These segments are:

Principal Repayment Method	Loan Type	Segment
End of Term	Group	EOT-Group Loan
End of Term	Individual	EOT-Individual Loan
Instalment	Group	Instalment-Group Loan
Instalment	Individual	Instalment-Individual Loan

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(f) Concentration of credit risk

An analysis of the Company's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2022		31 December 2021	
	KHR'000	**US$**	**KHR'000**	**US$**
Balances with banks at amortised cost				
Concentration by sector:				
Financial institution	181,276,814	44,031,288	59,721,389	14,659,153
Loans to customers at amortised cost				
Concentration by sector:				
Household	1,028,164,994	249,736,456	806,454,400	197,951,497
Agriculture	565,076,033	137,254,319	528,727,432	129,780,911
Trade and commerce	453,534,101	110,161,307	355,243,922	87,197,821
Services	244,031,159	59,274,025	191,685,389	47,050,905
Transportation	57,676,595	14,009,375	50,924,860	12,499,966
Construction	20,956,542	5,090,246	29,594,349	7,264,200
Others	1,612,151	391,584	332,899	81,713
	2,371,051,575	575,917,312	1,962,963,251	481,827,013

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(g) Credit quality analysis

An analysis of the Company's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2022				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Balances with other banks:					
Normal	181,276,814	-	-	181,276,814	44,031,288
Loss allowance	(290,466)	-	-	(290,466)	(70,553)
Carrying amount	180,986,348	-	-	180,986,348	43,960,735
Loans to customers:					
Normal	2,270,192,954	1,072,201	1,148,984	2,272,414,139	551,958,740
Special mention	585,040	22,479,377	465,271	23,529,688	5,715,251
Substandard	-	296,216	24,123,694	24,419,910	5,931,482
Doubtful	-	860,970	35,036,555	35,897,525	8,719,341
Loss	-	-	14,790,313	14,790,313	3,592,498
	2,270,777,994	24,708,764	75,564,817	2,371,051,575	575,917,312
Loss allowance	(23,519,534)	(13,198,316)	(60,708,983)	(97,426,833)	(23,664,521)
Carrying amount	2,247,258,460	11,510,448	14,855,834	2,273,624,742	552,252,791

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Balances with other banks:					
Normal	59,721,389	-	-	59,721,389	14,659,153
Loss allowance	(83,671)	-	-	(83,671)	(20,538)
Carrying amount	59,637,718	-	-	59,637,718	14,638,615
Loans to customers:					
Normal	1,881,587,353	49,354,719	326,822	1,931,268,894	474,047,347
Special mention	577,416	10,785,757	773,060	12,136,233	2,978,948
Substandard	-	172,591	4,489,041	4,661,632	1,144,240
Doubtful	-	86,383	4,164,191	4,250,574	1,043,342
Loss	-	-	10,645,918	10,645,918	2,613,136
	1,882,164,769	60,399,450	20,399,032	1,962,963,251	481,827,013
Loss allowance	(12,694,315)	(29,015,225)	(16,770,627)	(58,480,167)	(14,354,484)
Carrying amount	1,869,470,454	31,384,225	3,628,405	1,904,483,084	467,472,529

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(g) Credit quality analysis (continued)

This table summarises the loss allowance as of the year end by class of exposure/asset.

	31 December 2022		31 December 2021	
	KHR'000	**US$**	**KHR'000**	**US$**
Loss allowance by classes				
Balances with other banks at amortised cost	290,466	70,553	83,671	20,538
Loans to customers at amortised cost	97,426,833	23,664,521	58,480,167	14,354,484
Other assets at amortised cost	3,709,772	901,086	1,324,431	325,094
	101,427,071	24,636,160	59,888,269	14,700,116

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(g) Credit quality analysis (continued)

The tables below analyse the movement of the loss allowance during the year per class of assets.

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
	KHR'000	**KHR'000**	**KHR'000**	**KHR'000**	**US$**
Loss allowance – balances with other banks					
Loss allowance as at 1 January 2022	83,671	-	-	83,671	20,538
Changes in loss allowance:	-	-	-		-
- New financial assets originated or purchased	206,795	-	-	206,795	50,598
Foreign exchange and other movements	-	-	-	-	(583)
Loss allowance as at 31 December 2022	290,466	-	-	290,466	70,553
Loss allowance – other assets					
Loss allowance as at 1 January 2022	-	-	1,324,431	1,324,431	325,094
Changes in loss allowance:					
- New financial assets originated or purchased	261,888	-	2,123,453	2,385,341	583,641
Foreign exchange and other movements	-	-	-	-	(7,649)
Loss allowance as at 31 December 2022	261,888	-	3,447,884	3,709,772	901,086
Loss allowance - Loans to customers at amortised cost					
Loss allowance as at 1 January 2022	12,694,315	29,015,225	16,770,627	58,480,167	14,354,484
Changes in loss allowance					
- Transfer to stage 1	7,914,381	(7,574,962)	(339,419)	-	-
- Transfer to stage 2	(161,095)	176,782	(15,687)	-	-
- Transfer to stage 3	(567,645)	(8,951,730)	9,519,375	-	-
- Increase due to change in credit risk	2,890,143	6,867,901	39,872,157	49,630,201	12,143,431
- Decrease due to change in credit risk	(8,734,081)	(378,235)	(815,230)	(9,927,546)	(2,429,055)
- Write-offs	(93,220)	(2,945,802)	(7,312,583)	(10,351,605)	(2,532,813)
New financial assets originated or purchased	15,941,739	5,498,116	5,075,297	26,515,152	6,487,681
Financial assets which have been derecognised	(6,365,003)	(8,508,979)	(2,045,554)	(16,919,536)	(4,139,842)
Foreign exchange and other movements	-	-	-	-	(219,365)
Loss allowance as at 31 December 2022	23,519,534	13,198,316	60,708,983	97,426,833	23,664,521

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(g) Credit quality analysis (continued)

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loss allowance – balances with other banks					
Loss allowance as at 1 January 2021	508,830	-	-	508,830	124,897
Changes in loss allowance:	-	-	-	-	-
- Financial assets which have been derecognised	(425,159)	-	-	(425,159)	(104,513)
Foreign exchange and other movements	-	-	-	-	154
Loss allowance as at 31 December 2021	83,671	-	-	83,671	20,538
Loss allowance – other assets					
Loss allowance as at 1 January 2021	-	-	-	-	-
Changes in loss allowance:					
- Financial assets which have been derecognised	-	-	1,324,431	1,324,431	325,573
Foreign exchange and other movements	-	-	-	-	(479)
Loss allowance as at 31 December 2021	-	-	1,324,431	1,324,431	325,094
Loss allowance - Loans to customers at amortised cost					
Loss allowance as at 1 January 2021	10,746,762	10,216,144	15,582,705	36,545,611	9,034,762
Changes in loss allowance					
- Transfer to stage 1	3,003,451	(2,849,615)	(153,836)	-	-
- Transfer to stage 2	(502,606)	614,471	(111,865)	-	-
- Transfer to stage 3	(80,097)	(2,235,794)	2,315,891	-	-
- Increase due to change in credit risk	1,391,402	22,968,169	7,665,380	32,024,951	7,872,407
- Decrease due to change in credit risk	(4,792,803)	(596,236)	(896,172)	(6,285,211)	(1,545,037)
- Write-offs	-	-	(8,239,677)	(8,239,677)	(2,025,486)
New financial assets originated or purchased	8,500,206	3,894,769	790,946	13,185,921	3,241,377
Financial assets which have been derecognised	(5,572,000)	(2,996,683)	(182,745)	(8,751,428)	(2,151,285)
Foreign exchange and other movements	-	-	-	-	(72,254)
Loss allowance as at 31 December 2021	12,694,315	29,015,225	16,770,627	58,480,167	14,354,484

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(g) Credit quality analysis (continued)

More information about the significant changes in the gross carrying amount of financial assets during the year that contributed to changes in the loss allowance, is provided at the table below:

	31 December 2022				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loans to customers at amortised cost					
Gross carrying amount as at 1 January 2022	1,882,164,769	60,399,450	20,399,032	1,962,963,251	481,827,013
Changes in gross carrying amount					
- Transfer to stage 1	15,150,574	(14,570,845)	(579,729)	-	-
- Transfer to stage 2	(19,803,861)	19,830,775	(26,914)	-	-
- Transfer to stage 3	(17,782,974)	(53,671,539)	71,454,513	-	-
New financial assets originated or purchased	1,491,744,084	9,360,024	7,662,362	1,508,766,470	369,162,337
Financial assets which have been derecognised	(1,077,408,810)	9,730,095	(14,534,455)	(1,082,213,170)	(264,794,020)
Write-offs	(3,285,788)	(6,369,196)	(8,809,992)	(18,464,976)	(4,517,978)
Foreign exchange and other movements	-	-	-	-	(5,760,040)
Gross carrying amount as at 31 December 2022	2,270,777,994	24,708,764	75,564,817	2,371,051,575	575,917,312
Loss allowance as at 31 December 2022	(23,519,534)	(13,198,316)	(60,708,983)	(97,426,833)	(23,664,521)

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(g) Credit quality analysis (continued)

	31 December 2021				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
	KHR'000	**KHR'000**	**KHR'000**	**KHR'000**	**US$**
Loans to customers at amortised cost					
Gross carrying amount as at 1 January 2021	1,441,296,396	19,905,578	19,758,676	1,480,960,650	364,051,291
Changes in gross carrying amount					
- Transfer to stage 1	5,181,865	(4,979,189)	(202,676)	-	-
- Transfer to stage 2	(56,748,969)	56,883,188	(134,219)	-	-
- Transfer to stage 3	(8,840,557)	(4,508,763)	13,349,320	-	-
New financial assets originated or purchased	1,402,797,888	7,302,792	1,143,688	1,411,244,368	346,913,561
Financial assets which have been derecognised	(901,521,854)	(14,204,156)	(5,276,080)	(921,002,090)	(226,401,694)
Write-offs	-	-	(8,239,677)	(8,239,677)	(2,025,486)
Foreign exchange and other movements	-	-	-	-	(710,659)
Gross carrying amount as at 31 December 2021	1,882,164,769	60,399,450	20,399,032	1,962,963,251	481,827,013
Loss allowance as at 31 December 2021	(12,694,315)	(29,015,225)	(16,770,627)	(58,480,167)	(14,354,484)

37. FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

(g) Credit quality analysis (continued)

Under the Company's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans to customers. The table below provides an analysis of the gross carrying amount of loans to customers by past due status.

	31 December 2022		31 December 2021	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	KHR'000	KHR'000	KHR'000	KHR'000
Short-term Loans to customers:				
0-29 days	102,436,359	1,738,155	168,752,522	4,651,356
30-59 days	279,780	128,012	919,377	455,107
60-89 days	1,312,142	662,443	621,699	399,123
90-180 days	1,891,057	1,356,150	827,497	556,886
More than 180 days	6,435,477	4,630,789	2,524,307	1,634,965
Total Short-term Loans	112,354,815	8,515,549	173,645,402	7,697,437
Long-term Loans to customers:				
0-29 days	2,170,860,258	23,364,109	1,763,333,003	32,124,016
30-59 days	12,584,242	6,923,938	6,455,138	3,201,165
60-89 days	10,061,358	5,276,389	3,642,751	1,692,424
90-180 days	24,380,074	16,783,410	3,925,192	2,755,233
More than 180 days	40,810,828	36,563,438	11,961,765	11,009,892
Total Long-term Loans	2,258,696,760	88,911,284	1,789,317,849	50,782,730
Total Loans to Customers	2,371,051,575	97,426,833	1,962,963,251	58,480,167
In US$ equivalents	575,917,312	23,664,521	481,827,013	14,354,484

(h) Collateral held as security and other credit enhancements

The Company holds residential properties as collaterals for majority of loans, and the collaterals include land, house, building and other immovable assets. The Company's policy is to fund up to 70% of the collateral value. There was no change in the Company's collateral policy during the year.

37. FINANCIAL RISK MANAGEMENT (continued)

37.2 Market risk

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

(i) Market risk management

The Company's market risk management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

As with liquidity risk, ALCO is responsible for ensuring the effective management of market risk throughout the Company. Specific levels of authority and responsibility in relation to market risk management have been assigned to appropriate market risk committees.

The core market risk management activities are:

- the identification of all key market risks and their drivers;
- the independent measurement and evaluation key market risks and their drivers;
- the use of results and estimates as the basis for the Company's risk/return-oriented management; and
- monitoring risks and reporting on them.

The Company uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Quantitative limits for fair value and net income sensitivities, stress tests, scenario analyses and ratios on economic capital are used to enforce the Company's market risk appetite. The quantitative and qualitative factors limiting market price risk are determined by the Management ALCO by reference to the Company's management of economic capital. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates, in collaboration with the finance function, potential financial losses, and defines proposals for further action, which are discussed with the market units. Risk concentrations are restricted directly with specific limits or are indirectly avoided using the limit structure described above. Market risk reports reflecting the Company's exposures, risk concentrations, stress test results are reviewed on a daily basis. Appropriate actions are taken when needed, including revisiting the market risk management policies and relative limits to ensure that the Company's market risk management objective is met.

The Company also enters into a number of currency swaps to manage its exposure to foreign currency risk.

The Company's exposure to market risk pertains to non-trading portfolios.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

37. FINANCIAL RISK MANAGEMENT (continued)

37.2 Market risk (continued)

(ii) Foreign exchange risk

The Company operates in the Kingdom of Cambodia and transacts in US$, KHR and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The balances in monetary assets and liabilities denominated in their respective currencies were as follows:

	31 December 2022				
	KHR	**US$**	**THB**	**Total**	**Total**
	KHR'000	**KHR'000**	**KHR'000**	**KHR'000**	**US$**
On-the balance sheet					
Financial assets					
Cash on hand	48,084,855	54,624,858	18,251,268	120,960,981	29,380,855
Balances with the NBC	98,660,024	143,667,757	-	242,327,781	58,860,282
Balances with other banks (*)	16,702,987	164,573,827	-	181,276,814	44,031,288
Loans to customers (*)	1,199,920,967	1,115,673,394	55,457,214	2,371,051,575	575,917,312
Other assets (*)	7,371,060	8,074,571	229,897	15,675,528	3,807,512
Total financial assets	1,370,739,893	1,486,614,407	73,938,379	2,931,292,679	711,997,249
Financial liabilities					
Deposits from customers	340,144,828	636,770,102	35,627,082	1,012,542,012	245,941,708
Deposits from other financial institutions	3,251,856	32,968,811	985,214	37,205,881	9,037,134
Lease liabilities	-	28,771,782	-	28,771,782	6,988,531
Borrowings	395,915,323	805,644,947	33,751,476	1,235,311,746	300,051,432
Subordinated debts	-	26,943,629	-	26,943,629	6,544,481
Other liabilities	15,428,594	8,971,843	457,032	24,857,469	6,037,763
Total financial liabilities	754,740,601	1,540,071,114	70,820,804	2,365,632,519	574,601,049

(*) Excluding loss allowance.

37. FINANCIAL RISK MANAGEMENT (continued)

37.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	31 December 2021				
	KHR	US$	THB	Total	Total
	KHR'000	KHR'000	KHR'000	KHR'000	US$
On-the balance sheet					
Financial assets					
Cash on hand	46,922,266	56,770,351	15,570,252	119,262,869	29,274,146
Balances with the NBC	132,778,035	109,205,954	-	241,983,989	59,397,150
Balances with other banks (*)	2,245,442	57,475,947	-	59,721,389	14,659,153
Loans to customers (*)	1,070,697,477	832,650,420	59,615,354	1,962,963,251	481,827,013
Other assets	1,553,242	2,165,861	136,700	3,855,803	946,442
Total financial assets	1,254,196,462	1,058,268,533	75,322,306	2,387,787,301	586,103,904
Financial liabilities					
Deposits from customers	328,364,533	621,659,722	24,743,595	974,767,850	239,265,550
Deposits from other financial institutions	4,722,278	45,036,120	749,894	50,508,292	12,397,715
Lease liabilities	-	28,515,587	-	28,515,587	6,999,408
Borrowings	458,198,078	384,550,395	49,695,269	892,443,742	219,058,356
Subordinated debts	-	36,711,957	-	36,711,957	9,011,281
Other liabilities	12,832,271	4,571,385	299,836	17,703,492	4,345,482
Total financial liabilities	804,117,160	1,121,045,166	75,488,594	2,000,650,920	491,077,792

(*) Excluding loss allowance.

37. FINANCIAL RISK MANAGEMENT (continued)

37.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

Currency swap

The Company has 1 foreign exchange swap contract (2021: 1 contracts) with certain commercial banks outstanding as at 31 December 2022 to exchange KHR currency with US$ currency in order to manage its foreign exchange risk. As management considers that exposure to foreign exchange risk is deemed minimal, no sensitivity analysis for foreign currency exchange risk was presented.

(iii) Interest rate risk

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

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

The Company has no significant financial assets and liabilities with floating interest rates. Balances with the NBC and with banks earn fixed interest for the period of the deposit and placement, and loans to customers earn fixed interest based on outstanding balance over the agreed term, and borrowings and subordinated debts bear fixed interest rates over the agreed terms of the loans. Therefore, no sensitivity analysis for interest rate risk was presented.

37. FINANCIAL RISK MANAGEMENT (continued)

37.2 Market risk (continued)

(iii) Interest rate risk (continued)

The following is a summary of the Company's interest rate gap position on non-trading portfolios. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Company's statement of financial position based on the maturity date if fixed rate.

	Up to 1 month	> 1 – 3 months	> 3 – 12 months	1 – 5 years	Over 5 Years	Non-interest sensitive	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
As at 31 December 2022							
Financial assets							
Cash on hand	-	-	-	-	-	120,960,981	120,960,981
Balances with the NBC	52,075,536	-	405,850	-	-	189,846,395	242,327,781
Balances with banks (*)	31,624,805	-	149,652,009	-	-	-	181,276,814
Loans to customers (*)	1,567,142	14,837,618	94,791,092	1,534,809,312	725,046,411	-	2,371,051,575
Other assets	-	27,322	5,087,055	7,758,633	147,053	2,655,465	15,675,528
	85,267,483	14,864,940	249,936,006	1,542,567,945	725,193,464	313,462,841	2,931,292,679
Financial liabilities							
Deposits from customers	464,757,164	80,012,106	369,016,930	98,755,812	-	-	1,012,542,012
Deposits from other financial institutions	16,251,155	3,294,910	8,824,259	8,835,557	-	-	37,205,881
Lease liabilities	-	-	-	-		28,771,782	28,771,782
Borrowings	20,821,555	208,911,207	215,048,315	783,500,785	7,029,884	-	1,235,311,746
Subordinated debts	-	-	9,797,683	17,145,946	-	-	26,943,629
Other liabilities	-	-	-	-	-	24,857,469	24,857,469
	501,829,874	292,218,223	602,687,187	908,238,100	7,029,884	53,629,251	2,365,632,519
Total interest re-pricing gap	(416,562,391)	(277,353,283)	(352,751,181)	634,329,845	718,163,580	259,833,590	565,660,160
US$ equivalent	(101,181,052)	(67,367,812)	(85,681,608)	154,075,746	174,438,567	63,112,361	137,396,202

37. FINANCIAL RISK MANAGEMENT (continued)

37.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Up to 1 month	> 1 – 3 months	> 3 – 12 months	1 – 5 years	Over 5 years	Non-interest sensitive	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	119,262,869	119,262,869
Balances with the NBC	18,403,112	-	403,700	-	-	223,177,177	241,983,989
Balances with banks (*)	6,696,047	-	53,025,342	-	-	-	59,721,389
Loans to customers (*)	2,274,106	7,871,711	139,007,973	1,374,525,813	439,283,648	-	1,962,963,251
Other assets	9,096	3,226	180,791	1,864,382	26,118	1,772,190	3,855,803
	27,382,361	7,874,937	192,617,806	1,376,390,195	439,309,766	344,212,236	2,387,787,301
Financial liabilities							
Deposits from customers	440,719,576	7,687,025	282,903,692	231,364,790	12,092,767	-	974,767,850
Deposits from other financial institutions	24,411,703	907,345	14,749,251	10,439,993	-	-	50,508,292
Lease liabilities	-	-	-	-	-	28,515,587	28,515,587
Borrowings	16,713,300	104,854,151	316,986,911	448,945,611	4,943,769	-	892,443,742
Subordinated debts	-	-	-	36,711,957	-	-	36,711,957
Other liabilities	-	-	-	-	-	17,703,492	17,703,492
	481,844,579	113,448,521	614,639,854	727,462,351	17,036,536	46,219,079	2,000,650,920
Total interest re-pricing gap	(454,462,218)	(105,573,584)	(422,022,048)	648,927,844	422,273,230	297,993,157	387,136,381
US$ equivalent	(111,551,845)	(25,913,987)	(103,589,113)	159,285,185	103,650,768	73,145,105	95,026,113

(*) Excluding loss allowance.

37. FINANCIAL RISK MANAGEMENT (continued)

37.3 Liquidity risk

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

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

The following tables present an analysis of the liabilities of the Company by relevant maturity based on the remaining period at the statement of financial position date to the contractual or estimated maturity dates.

37. FINANCIAL RISK MANAGEMENT (continued)

37.3 Liquidity risk (continued)

	Up to 1 month	> 1 – 3 months	> 3 – 12 months	1 – 5 years	Over 5 years	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
As at 31 December 2022						
Financial liabilities						
Deposits from customers	467,925,522	85,894,670	385,227,397	108,240,109	-	1,047,287,698
Deposits from other financial institutions	16,328,931	3,433,591	9,297,400	9,350,887	-	38,410,809
Lease liabilities	847,466	1,693,102	7,409,363	19,368,869	4,125,686	33,444,486
Borrowings	27,788,428	222,176,891	261,806,690	846,753,745	7,136,465	1,365,662,219
Subordinated debts	231,382	462,764	11,517,843	20,285,229	-	32,497,218
Other liabilities	404	8,407,064	14,566,207	1,883,794	-	24,857,469
Total financial liabilities	513,122,133	322,068,082	689,824,900	1,005,882,633	11,262,151	2,542,159,899
US$ equivalent	124,634,961	78,228,827	167,555,234	244,324,176	2,735,524	617,478,722
As at 31 December 2021						
Financial liabilities						
Deposits from customers	480,343,493	88,369,280	363,733,330	66,150,044	-	998,596,147
Deposits from other financial institutions	24,579,126	1,178,955	15,709,052	13,052,547	-	54,519,680
Lease liabilities	778,174	1,542,678	6,574,352	21,375,791	3,094,336	33,365,331
Borrowings	7,519,645	92,959,875	333,812,358	516,127,822	5,061,241	955,480,941
Subordinated debts	312,853	625,706	6,626,243	43,515,239	-	51,080,041
Other liabilities	-	3,743,105	11,106,711	2,853,676	868,988	18,572,480
Total financial liabilities	513,533,291	188,419,599	737,562,046	663,075,119	9,024,565	2,111,614,620
US$ equivalent	126,051,372	46,249,288	181,041,248	162,757,761	2,215,161	518,314,830

37. FINANCIAL RISK MANAGEMENT (continued)

37.3 Liquidity risk (continued)

The Company performs maturity analysis for financial liabilities that shows the remaining contractual maturities. However, the Company monitors the assets held to manage liquidity risk on a continuous basis and it could obtain temporary fund from the overdraft facilities with other banks anytime it encounters liquidity problem.

Liquidity reserves

The Company maintains a pool of liquid assets which represents the primary source of liquidity in stress scenarios. Its composition is subject to limits designed to reduce concentration risks which are monitored on an ongoing basis. The Company's liquidity reserves are analysed below:

	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	KHR'000	KHR'000	KHR'000	KHR'000
Cash on hand	120,960,981	120,960,981	119,262,869	119,262,869
Balances with the NBC	241,921,931	241,921,931	241,374,672	241,374,672
Balances with other banks	56,207,412	56,207,412	6,696,047	6,696,047
Undrawn credit lines	142,590,000	142,590,000	12,222,000	12,222,000
	561,680,324	561,680,324	379,555,588	379,555,588
In US$ equivalent	136,429,518	136,429,518	93,165,338	93,165,338

37. FINANCIAL RISK MANAGEMENT (continued)

37.3 Liquidity risk (continued)

Financial assets to support future funding

	Encumbered		Unencumbered			
	Pledged as collateral (i)	Other(ii)	Available as collateral (iii)	Other(iv)	Carrying amount	Carrying amount
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	US$
31 December 2022						
Cash on hand	-	-	-	120,960,981	120,960,981	29,380,855
Balances with the NBC	405,850	109,359,790	-	132,562,141	242,327,781	58,860,282
Balances with other banks	125,069,402	-	-	55,916,946	180,986,348	43,960,735
Loans to customers	-	-	-	2,273,624,742	2,273,624,742	552,252,791
Other assets	-	-	-	16,692,306	16,692,306	4,054,483
	125,475,252	109,359,790	-	2,599,757,116	2,834,592,158	688,509,146
31 December 2021						
Cash on hand	-	-	-	119,262,869	119,262,869	29,274,146
Balances with the NBC	609,317	94,173,734	-	147,200,938	241,983,989	59,397,150
Balances with other banks	53,025,342	-	-	6,612,376	59,637,718	14,638,615
Loans to customers	-	-	-	1,904,483,084	1,904,483,084	467,472,529
Other assets	-	-	-	4,623,473	4,623,473	1,134,873
	53,634,659	94,173,734	-	2,182,182,740	2,329,991,133	571,917,313

(i) This represents balances held with the NBC for its FAST and CSS against overdraft loans and with other banks pledged as collateral.
(ii) This represents assets that are not pledged but that the Company believes it is restricted from using to secure funding, for legal or other reasons. This includes capital guarantee and reserve requirement.
(iii) This represents assets that can be used as collateral to access secured funding.
(iv) This represents assets that are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in the normal course of business.

37. FINANCIAL RISK MANAGEMENT (continued)

37.4 Capital risk

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements to support its credit rating and to support its growth and strategic options.

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

The Company's lead regulator, the NBC, sets and monitors capital requirements for the Company as a whole.

Capital risk management

As with liquidity and market risks, ALCO is responsible for ensuring the effective management of capital risk throughout the Company.

Capital risk is measured and monitored using limits set calculated in accordance with NBC's requirements.

On 22 February 2018, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, the institution shall comply with the provisions related to the capital conservation buffer at least 50% of the conservation buffer by 1 January 2019 and fully comply by 1 January 2020.

On 7 March 2018, the NBC issued a circular on the implementation of Prakas on Capital Buffer in Banking and Financial Institutions, which determines the countercyclical capital buffer at a level of 0% until a new announcement is released.

On 17 March 2020, the NBC issued an announcement No. B13-020-002 allowing Banks and Financial Institutions to delay and maintain Capital Conservation Buffer at 50% to reduce the impact from COVID-19 on Cambodian economic in accordance to Government policy.

The Company has complied with all externally imposed capital requirements throughout the year.

38. CURRENT AND NON-CURRENT

Management presents the financial statements based on liquidity. Information about short-term and long-term of assets and liabilities are disclosed in the financial risk management section. Property and equipment, intangible assets, right-of-use assets and deferred tax assets are non-current assets. Current tax liability is current liability and provision for employee benefits are non-current liabilities.

39. NEW AND AMENDED CIFRS STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Company has applied the below amendments to CIFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2022.

Amendment to CIFRS 3 Reference to the Conceptual Framework	*Business Combinations*
Amendments to CIAS 16 Property, Plant and Equipment	*Proceeds before Intended Use*
Amendments to CIAS 37 Onerous Contracts	*Cost of Fulfilling a Contract*
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	- *Amendments to CIFRS 1, First-time Adoption of CIFRSs* - *Amendments to CIFRS 9, Financial Instruments* - *Amendments to Illustrative Examples accompanying CIFRS 16* - *Amendments to CIAS 41, Agriculture*

The adoption of these amended standards does not have any significant impact on the financial statements of the Company.

40. NEW AND REVISED CIFRS STANDARDS IN ISSUE BUT NOT EFFECTIVE

Amendments to CIAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to CIAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to CIAS 1	*Non-current Liabilities with Covenants*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
CIFRS 17	*Insurance Contracts*
Amendments to CIFRS 10 and CIAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to CIAS 8	*Definition of Accounting Estimates*
Amendments to CIAS 1 and CIFRS Practice Statement 2	*Disclosure of Accounting Policies*

Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

40. NEW AND REVISED CIFRS STANDARDS IN ISSUE BUT NOT EFFECTIVE (continued)

Amendments to CIAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying CIFRS 16 at the commencement date of a lease.

Following the amendments to CIAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in CIAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  – Right-of-use assets and lease liabilities

  – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Amendments to CIAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments to CIAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

40. NEW AND REVISED CIFRS STANDARDS IN ISSUE BUT NOT EFFECTIVE (continued)

Amendments to CIAS 1 Non-current Liabilities with Covenants

The amendments to CIAS 1 in 2022 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments also specify that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to CIFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in CIFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in CIFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

40. NEW AND REVISED CIFRS STANDARDS IN ISSUE BUT NOT EFFECTIVE (continued)

CIFRS 17 Insurance Contracts

CIFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes CIFRS 4 Insurance Contracts.

CIFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

CIFRS 17 must be applied retrospectively for annual periods beginning on or after 1 January 2023 unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

Amendments to CIAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

40. NEW AND REVISED CIFRS STANDARDS IN ISSUE BUT NOT EFFECTIVE (continued)

Amendments to CIAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates (continued)

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing CIAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to CIAS 1 and IFRS Practice Statement 2

The supporting paragraphs in CIAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in CIFRS Practice Statement 2.

The amendments to CIAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to CIFRS Practice Statement 2 do not contain an effective date or transition requirements.