



ធនាគារ ARDB

ដើម្បីកសិករនិងអភិវឌ្ឍន៍សេដ្ឋកិច្ចសង្គម

Annual Report



2022



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FINANCIAL HIGHLIGHT

Revenue and Profit in 2022

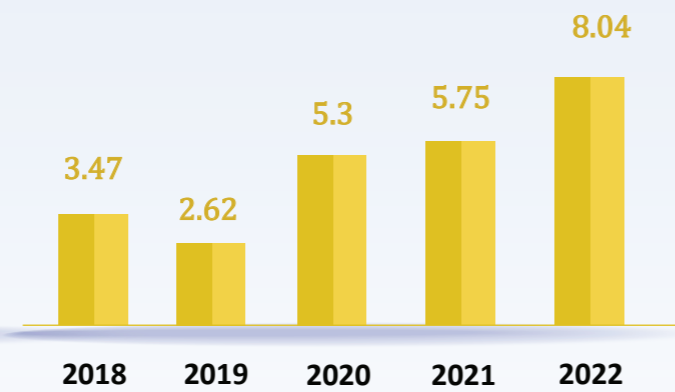
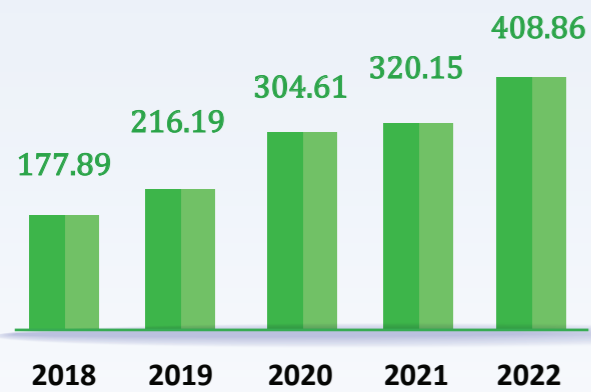


Revenue (as USD)
20,935,411



Profit (as USD)
14,623,425

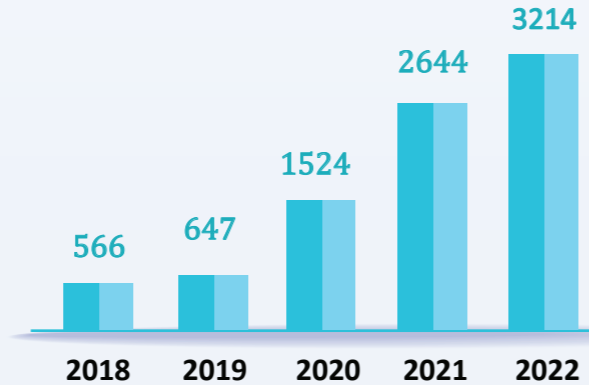
Financial Highlight



Total assets (as million USD)



Total Deposits Balance (as million USD)



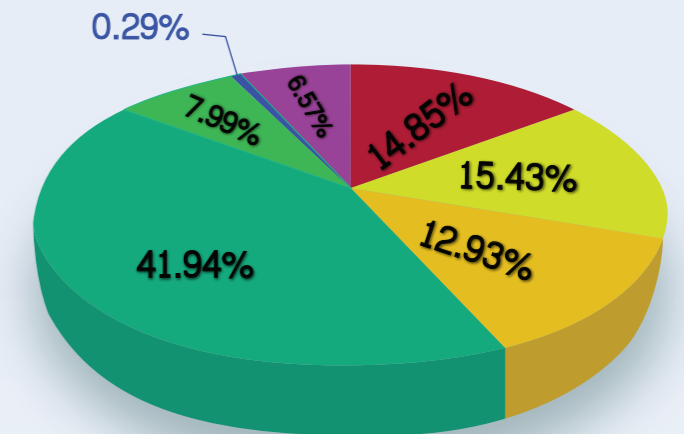
Loan and advances to customers-net (as million USD)

Total deposit accounts

CUSTOMER BY SECTOR

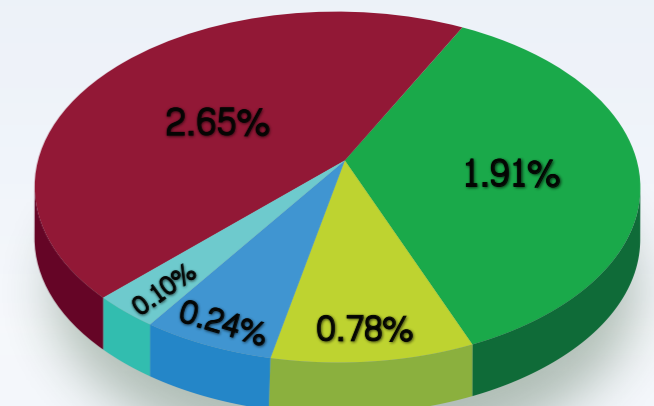
Number of normal loan customers by sector

- Livestock
- Vegetable & Fruit
- Sub-Sector (non-rice)
- Rice Sector
- Other
- MFIs
- Aquaculture



Number of green finance customers

- Irrigation System
- Greenhouse
- Safe Vegetable
- Climate Resilience (Rice sector)
- Hydroponic System (soiless crops)



ចំនួនភាគរយ



His Excellency “Inclusive and Sustainable Agriculture Development through Special Financing is the Main Goal of the Agricultural and Rural Development Bank (ARDB) to contribute to Socio-Economic Development and transform traditional farmers into agri-entrepreneurs with the aims to uplift the living standards of farmers living in rural areas.



In line with the Strategic Framework and Program for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023, ARDB continues to implement the Royal Government's policy carefully by following the three-year rolling business plan 2023-2025 in order to achieve the goals of the bank which is the development of the agricultural sector through special financing to support the policy of the Royal Government to continue enhancing the growth of highly competitive agricultural productivity, aims at food security and increase the efficiency of farming, animal husbandry and aquaculture and sustainability.

As the Chairman of the Board of Directors of ARDB Bank, I would like to congratulate and appreciate the dedication and gratitude of the Board of Directors, management and staff at ARDB Bank for their active duty in implementing the policy of the Royal Government and fulfill the Bank's mission to achieve the common goal for farmers and socio-economic development. In addition, I would like to express my deep gratitude to our customers, ministries and all relevant national and international institutions that have always supported ARDB to achieve fruitful achievements as pride and contribute to the economic development of Cambodia to grow further.

ROS Seilava
Secretary of State, Ministry of Economy and Finance
and Chairman of Agricultural and Rural Development Bank



Development of agriculture and rural sectors through special government financing is a top priority for ARDB in promoting the growth of farmers' living standards and socio-economic development.



Achievements in 2022

The stress of the global crisis especially the sharp rise in inflation rate caused by the war will continue to have a significant negative impact on businesses in almost all sectors by 2022. However, the stress from this global crisis also provides an opportunity for Cambodia to expand and strengthen its agricultural sector. In 2022, ARDB even under the difficult circumstances of this global crisis was still continuing to achieve business success beyond the estimated business plan both financial and non-financial parts. In fact, ARDB has achieved significant achievements such as: (1) Total loan portfolio increased to 384 million US dollars that is equal to an increase by 27.22% compared to 2021. (2) The number of deposit accounts increased to 3,214 which is an increase of 21.56% and the deposit balance increased to 7.74 million US dollars which is an increase by 34.60%. (3) The banking network has been expanded by the operating of mobile units in five more different provinces. ARDB currently has 15 mobile units in the following provinces such as Battambang, Banteay Meanchey, Oddar Meanchey, Pursat, Kampong Thom, Preah Vihear, Prey Veng, Tbong Khmum, Takeo, Stung Treng, Siem Reap, Kampong Cham, Kampong Chhnang, Kratie and Ratanakiri. (4) Establish a green finance department to initiate green financing in Cambodia and participate in protecting the environment and the rising level of

greenhouse gas emissions as well as maintaining sustainable development. And (5) increase the efficiency of the assessment and disbursement process for farmers and stakeholders in the agricultural production chain.

ARDB Vision 2023

In order to continue the mission of contributing to the improvement of farmers' livelihood and socio-economic development, ARDB Bank has set five priority goals for 2023-2025 as follows:

1. Transform into a full-fledged digital banking
2. Promote small and medium enterprise clusters
3. Promote sustainable green financing
4. Maximize non-interest income
5. Transform farmers who do farming as a traditional into entrepreneurial farmers.

Taking this opportunity, I would like to express my deep respect and gratitude to the Royal Government of Cambodia, the Ministry of Economy and Finance and the National Bank of Cambodia for their continued support and trust in ARDB. I would also like to thank the Board of Directors and management for their continued support and good advice to ARDB and thank you to all the Bank staffs for their hard work and at the same time thank to our customers and development partners who have collaborated with ARDB to promote agricultural development in Cambodia.

Dr. KAO Thach
Delegate of Royal Government of Cambodia in charge as CEO of ARDB

BOARD OF DIRECTORS



His Excellency ROS Seilava

His Excellency ROS Seilava is currently a Secretary of State of the Ministry of Economy and Finance, a member of Supreme National Economic Council, Chairman of the Credit Guarantee Corporation of Cambodia (CGCC), Chairman of the Executive Committee of the National Social Protection Council, Member of the Supreme National Economic Council and Chairman of the Board of Directors of the ARDB, Vice Chairman of the Board of Trustees of the Kantha Bopha Foundation of Cambodia, Executive Director of the Kantha Bopha Foundation, Governor of Economic Research Institute for ASEAN and East Asia (ERIA), Secretary General of the General Secretariat of Steering Committee of the Public Financial Management Reform, Deputy Finance Minister for Cambodia in ASEAN Finance Ministers Meeting (AFMM), Member of Board of Directors of the Cambodia Climate Change Alliance (CCCA), Greater Mekong Subregion (GMS) National Coordinator

and Chairman of the Board of the Cambodian Reinsurance Company “Cambodia Re”.

He began to serve the government from 1985 in the Ministry of Industry, Mines and Energy. In 1994, he worked as a Financial Controller, Financial Affairs Department at Ministry of Economy and Finance. From 2002 to 2005, he was appointed as Deputy Director of national economic policy and finance department. From 2005 to 2006, he was appointed as Director, Department of Economic and Public Finance Policy at Ministry of Economy and Finance. Additionally, he also worked as Advisor to Executive Director, WB Board of Executive Directors at The World Bank Group from 2006 to 2008. Upon his return from the World Bank Group, he was appointed as Under Secretary of States in 2013. In 2020, he was appointed as Secretary of States of Ministry of Economy and Finance.

H.E ROS Seilava is one of the important policy makers for government policy design and he also worked as a lecturer Phnom Penh Institute of Technology, Ministry of Education, Youth and Sports.

He obtained Bachelor’s Degree in Social Studies from Phnom Penh University and Penza’s Institute of Pedagogy, former USS in 1992. He obtained Master of International Affairs (MIA) in Economic Policy Management, Columbia University, New York, USA.



His Excellency Dr. KAO Thach

His Excellency Dr. KAO Thach, Delegate of Royal Government of Cambodia, is the Chief Executive Officer and a member of the Board of Directors of ARDB. In addition to his current duties, he is a member of the Supreme National Economic Council with equivalent rank to the Secretary of State and an arbitrator of the Arbitration Council. Prior to joining ARDB, H.E was a Deputy Director General of the Securities and Exchange Commission of Cambodia with the equivalent rank as the Under- Secretary of State (in charge of the Department of Legal Affairs and the Intermediary Inspection Department), formerly the Chief of Office of the Financial Marketing at the Department of Financial Industry and Member of the Technical Working Group



His Excellency SAN Visal

His Excellency SAN Visal is currently a Secretary of State at the Ministry of Rural Development and a member of Board of Directors at ARDB. His excellency started his career in the agriculture sector by participating in various development activities from 1990 to 2003. At the same time, he has obtained a wide range of experiences as technical officer in various departments within the Ministry of Agriculture, Forestry

on Financial sector, representing the Ministry of Economy and Finance under the ASEAN Framework for Capital Market Development such as ABMI, ACMF and Financial Services Liberalization. He has been involved in drafting the Law on Public Securities and the Law on the Issuance and Trading of Non-government Securities, as well as being a member of the working group in charge of preparing the financial sector development strategy from 2006 to 2015 and 2011 to 2020. From 1999 to 2003 he was a legal officer at the Ministry of Justice and a clerk in Koh Kong province. For his academic background, H.E received his PhD in Public Policy from the University of Cambodia (Cambodia) in 2021, completed the dissertation in "The Role of Securities Regulators in Efficient Supervision and Regulation of the Securities Market in Cambodia" and his PhD in Administration Business (DBA) from EU Business School (Switzerland) in 2018. He obtained a Master’s Degree in Law from Bond University (Australia) in 2002, majoring in International Trade Law System, WTO Legal Framework, Dispute Resolution, and Dispute Design System and a Bachelor of Laws from Royal University of Law and Economics (LLB) in 1998.

and Fisheries, including the Department of Agriculture Machinery, the Department of Agronomy and the Department of Agricultural Standardization and Equipment. From 2003 to 2008, he was appointed as a Chief of Meanchey District, and from 2008 to 2019 he was then appointed as an Under-Secretary of states at Ministry of Rural Development.

Apart from that, he has other experience in private sector as well as in non-governmental organizations. From 1994 to the present, he is the Secretary General of Cambodia Democratic Students Intellectual Federation (Group 22). He obtained his Master’s Degree from Chamroeun University of Poly-Technology in 2005 and has been pursuing his higher degree in the field of political science from the Asia-Europe University. Furthermore, he has also participated in various training programs during his career.



His Excellency TEAN Soserey

His Excellency TEAN Soserey, Assistant to His Excellency Kittinitekorsalbandit BIN Chhin, Permanent Deputy Prime Minister, Minister in charge of the Council of Ministers; Deputy Director General of the Internal Affairs Coordination General Department and a member of the Board of Directors of ARDB.

His Excellency has been working in the Office of the Council of Ministers since 2006. In 2006, he worked for the National Land Dispute Resolution Authority, starting as an officer of the Department of Administration and Personnel of the General Secretariat of the National Land Dispute Resolution Authority, as Chief of Office of Administration and Personnel of the Department



His Excellency KHY Kosal

H.E KHY Kosal is currently an Under-Secretary of State at the Ministry of Agriculture, Forestry and Fisheries and a member of Board of Directors of ARDB. He has started his career as a civil servant since 2012 after his graduation from

of Administration and Personnel between 2007 and 2009 and Head of Education and Human Resource Development of the Department of Prevention and Education of the General Secretariat of the National Authority for Land Dispute Resolution in 2009. In the late 2009, he was appointed Deputy Head of the Department of Prevention and Education of the General Secretariat of the National Authority for Land Dispute Resolution. In 2013, he was appointed Assistant to Cabinet of His Excellency BIN Chhin, Deputy Prime Minister, Acting Minister in charge of the Office of the Council of Ministers in addition to his existing duties. In 2018, His Excellency was appointed Deputy-Chief Executive Officer of the General Department of Internal Affairs of the Office of the Council of Ministers.

In 2006, His Excellency graduated in Public Administration from the Royal School of Administration and Bachelor of Science in Computer Science from Norton University. In 2020, he graduated with a Master's Degree in Public Administration from the Royal University of Law and Economics, and in 2022, he graduated with a Bachelor of Public Law from the University of Indrawichea (UI).

England. During these years, he has contributed his expertise and impacts in two Ministries - Ministry of Water Resources and Meteorology and the Ministry of Agriculture, Forestry and Fisheries. With his outstanding performances, he has been continuously promoted for various roles starting from Administration and Human Resources Officer to his latest role as Under-Secretary of States at the Ministry of Agriculture, Forestry and Fisheries. He holds a master's degree class of 2012, majoring in Business Administration from Cardiff Metropolitan University or formerly University of Wales Institute, Cardiff (UWUIC) United Kingdom after he completed his Bachelor's Degree in Engineering and Business Administration.



Mr. PAK Sereivathana

Mr. PAK Sereivathana is currently a consultant for Axis Investment Consulting, which is a consulting firm that has been supporting stakeholders from international and local private entities in various business development projects related to agriculture and financial sectors. In addition to his consulting work, he has experienced working with international firms, such as International Finance Corporation (IFC), and has more than 20 years working experience in financial sector. His key achievements can be

highlighted through several projects achievement for many institutions, such as Corporate Governance Projects both for the National Bank of Cambodia and the Securities and Exchange Commission of Cambodia, Agriculture Diversification Project in Cambodia, Credit Bureau of Cambodia Development Project (CBC), and other IFC projects related to legal reforms and financial interventions. Additionally, Mr. PAK Sereivathana also used to serve as a technical officer at the Ministry of Economy and Finance and other experiences in private companies.

Mr. PAK Sereivathana has held his Master's Degree in Financial Management from Central Queensland University, Australia, in 1997. Following his graduation, he has advanced his area of expertise in investment and financial analysis, feasibility assessment and business plan development, credit assessment, project development, and project management.



His Excellency CHAN Seyha

His Excellency CHAN Seyha is one of the Deputy Chief Executive Officer and concurrently also a member of the Board of Directors of ARDB who represents ARDB staff. H.E Chan Seyha has

been working with ARDB since January 1999. He started his career here as Head of Credit Department and later was promoted to be the Deputy Director in charge of the Credit Department in July 2012. Before joining ARDB, from 1991 to 1999, he worked at the National Bank of Cambodia where he earned his expertise in various roles and departments ranging from an Officer in the Accounting Department, the Head of Clearing House in the Operation Department, and a Deputy Head of Account Management Division. H.E. CHAN Seyha has held master's degree in Finance from the National Management University in 2004 and obtained his Bachelor's Degree from University of Banking, Vietnam, in 1991.

EXECUTIVE MANAGEMENT



ARDB is governed by 5 executive management members as following:

1. H.E. Dr. KAO Thach Chief Executive Officer (CEO)
2. H.E. Dr. SOENG Reth Deputy CEO
3. H.E. CHAN Seyha Deputy CEO
4. H.E. PECH Sany Deputy CEO
5. H.E. BAN Lim Deputy CEO

His Excellency Dr. SOENG Reth is one of the Deputy Chief Executive Officer of ARDB, appointed in June 2019. H.E is a personal advisor to Samdech Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, and a member of the Supreme National Economic Council of Cambodia (SNEC) with the equivalent rank to the Secretary of State. Furthermore, H.E is also a member of Faculty of Business and Economics, University of Antwerp, Belgium and a research fellow at center of ASEAN Studies.

Under the Fulbright Lecturing Program of the U.S Department of State, H.E was an economics professor in Massachusetts. H.E was also a frequent guest professor at D'Amore-McKim School of Business, Northeastern University, Boston, Massachusetts. At the same time, H.E Dr. SOENG Reth was frequently invited to deliver presentations on the success of Cambodia's economic development in many educational institutions and research institutions during his



His Excellency Dr. SOENG Reth

lecturing period in the U.S.A for the academic year 2016-2017. Currently, H.E is also an economics professor at the Royal School of Administration and the Royal Academy of Cambodia. Recently, His Excellency was appointed as reserve member of Royal Academy of Cambodia on July 14th, 2020.

H.E used to serve as a jury member for Master Thesis Defenses at University of Antwerp and a doctoral examination member in Cambodia. From February 2009 to January 2011, H.E did

his post-doctoral work at the Flemish Center for International Policy Institution, University of Antwerp, where he carried out a joint research project on "The Effect of Globalization on Labor Market in Belgium", in collaboration with the National Bank of Belgium. H.E has published a series of research paper on economics in scientific journals and has been a reviewer for publication in scientific journals including Journal of Asian Economics, International Trade Journal, Economics Bulletin, International Journal of Commerce and Management, Journal of International Trade and Economic Development, International Journal of

Manpower, and Journal of International Trade Law and Policy. His research was also accepted, and he was invited to give presentations in the United States, China, the Philippines, Belgium, Korea, Indonesia, Singapore, and Thailand. Presently, H.E is a member of Editorial Board of Journal of Business and Management and a member of the Council of Fellows of East Asian and Economic Association (EAEA). At the same time, H.E is also working as an international consultant of Economic Research Institution for ASEAN and East Asia (ERIA) on Digital Economy and Digital Revolution projects.

His Excellency PECH Sany is the Deputy Chief Executive Officer of ARDB. He has more than 20 years working experiences in banking industry. He was appointed as Deputy Chief Executive Officer of ARDB in 2008. Prior to his role in ARDB in 2001, H.E. PECH Sany worked at the National Bank of Cambodia and commercial banks for many years. H.E. PECH Sany has held his Master's Degree in Finance from the National University of Management in 2004 and his Bachelor's Degree in Banking from the University of Banking, Vietnam, in 1991.



His Excellency PECH Sany

His Excellency BAN Lim joins ARDB as a Deputy Chief Executive Officer in 2021. He had been working as a legal adviser, an internal auditor, and a banking supervisor in the National Bank of Cambodia for more than 20 years. Mr. Ban Lim has held Master of Business Administration from the National University of Management where he graduated in 2005 and a Bachelor of Law from Royal University of Law and Economics in 1998. For many years, he was also a lecturer in the field of banking law and regulation at Center for Banking Studies of the National Bank of Cambodia and Institute of Banking and Finance.



His Excellency BAN Lim

ABOUT AGRICULTURAL AND RURAL DEVELOPMENT BANK (ARDB)



The Rural Development Bank was established by the Royal Government of Cambodia through Sub-decree No. 1, dated January 21, 1998, which was named as the Rural Development Bank and was mandated as a specialized bank in agriculture. In 2014, the Royal Government of Cambodia amended the roles and structures of RDB through sub-decree No. 199, dated June 11, 2014. Henceforth, the Rural Development Bank has changed the status from specialized bank to a

commercial bank, known as the Agricultural and Rural Development Bank, in accordance with sub-decree No. 124, dated August 27, 2019.

ARDB is a public enterprise functioning in the form of state-owned commercial bank and is fully independent in leading and governing the bank's activities.

ARDB is under technical and financial supervision of the Ministry of Economy and Finance and supervisory of the National Bank of Cambodia.

Vision


ARDB is a stated-owned bank serving the Royal Government of Cambodia's policies to be a leading financial institution, concentrated on the development of the agriculture and rural sectors in Cambodia.

Mission

- 1 Development of strong linkages across agricultural value chain actors and rural sector through inclusive end-to-end financial services;
- 2 Identification, coordination, and resolution of market failure in the agricultural and rural sectors through strategic partnerships;
- 3 Enhancement of diversified rural economy by providing financial services to small and medium enterprises (SMEs) in the rural sectors;
- 4 Promotion of rural sector savings.

Goals

The ultimate goal of ARDB Bank is to provide a full, efficient, and sustainable banking service to support agricultural and the rural economy, which will contribute to national economic development aligning with government policy. In addition, the Bank also has a three-year rolling goal to achieve the Bank's goal, such as:

-  Transform into a full-fledged digital banking
-  Promote small and medium enterprise clusters
-  Promote sustainable green financing
-  Maximize non-interest income
-  Transform farmers who do farming as a traditional into entrepreneurial farmers.

Core Values



Integrity

We aspire to have the highest standards of honesty and individual conduct. We do not allow our reputation to be tarnished, and we always act for the benefits of farmers and socio-economic development.



Collaboration

We respect and give value to each other, apply different skills and experiences and work with partners to mobilize our global strength to make a positive difference for our local businesses and the nation.

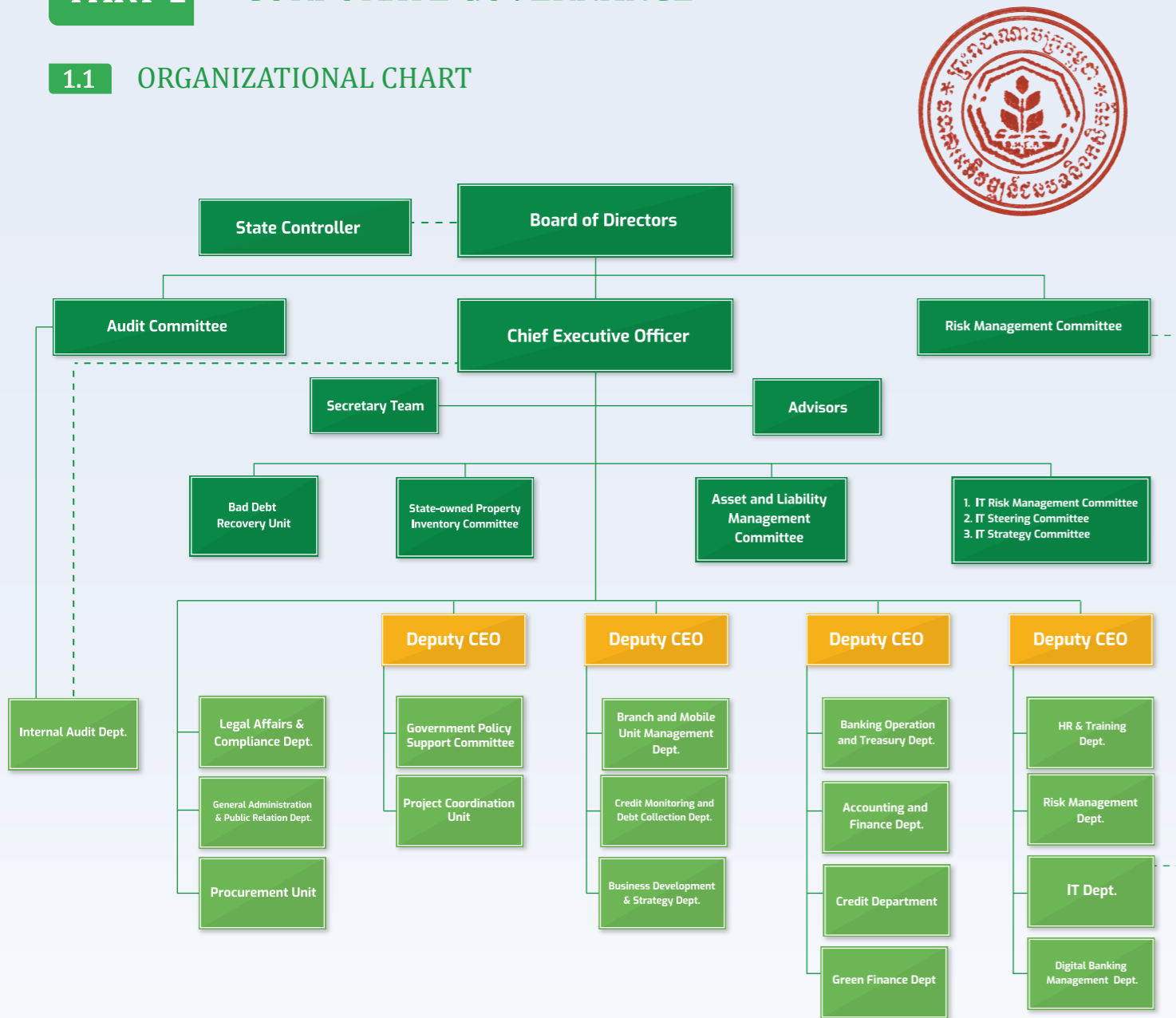


Innovation

We keep striving to determine the perfection in everything. Therefore, we are opened to new ideas that can be standardized and bring creativity for the sustainability and growth of businesses and the nation.

PART 1 – CORPORATE GOVERNANCE

1.1 ORGANIZATIONAL CHART



1.2 AUDIT COMMITTEE

The Audit Committee is an independent committee under the Board of Directors. The Committee plays very important roles in strengthening corporate governance and risk management as follows:

- Verify the accuracy of the annual report of the Independent Accounting Firm, ensuring that the information provided to the public and the NBC is accurate and transparent
- Verify and recommend to the Board of Directors meeting on the shortcomings found by the Accounting Firm and the inspection team of the regulator and the Guardian Ministry
- Evaluate the appropriateness of the accounting methods used, to set up separate and combined accounts
- Examine the effectiveness of the Bank's management and operation system through the financial statements and policies of the internal control system, particularly the evaluation of the measuring, monitoring procedures for identification, evaluation on reports, and operations to be consistent with the policies, plans, procedures, regulations that are taken effectiveness
- Approve on report of the Internal Audit to the Board of Directors
- Evaluate the work efficiency, personality and independence of internal auditor and review the annual plan of the internal audit to ensure the risk management of the bank.

1.3 RISK MANAGEMENT COMMITTEE

Risk Management Committee is a committee under the Board of Directors. This committee is responsible for the Board of Directors on risk management as follows:

- Review and approve risk management strategies, risk frameworks, and risk identification
- Review and evaluate the appropriateness of risk policies and frameworks in identifying, measuring, monitoring, and managing risk developments
- Ensure all processes, structures, resources, and risk management system
- Check and monitor the development of both domestic and international financial markets, and the political situation
- Update the Bank's policies and risk management procedures
- Identify potential implementation challenges to the Board of Directors for guidance and decision.

1.4 STATE PROPERTY INVENTORY COMMITTEE

State Property Inventory Committee has the roles and responsibilities as follows:

- Supervise and coordinate the preparation and recording of the inventory of ARDB
- Check and monitor the preparation and completion of documents and procedures to obtain a certificate of ownership over immovable property or a Certificate of Immoveable Property Possession
- Consolidate and prepare the state property inventory for the Chief Executive Officer of ARDB to review and make decisions
- Review and recommend on the request to clear the state property inventory of the utility unit to be submitted to the Chief Executive Officer of ARDB for review and decision-making

- Review and request for sale, lease, transfer and exchange of lands and buildings, as well as clearing real property from the inventory of ARDB
- Take practical measures to ensure the accuracy, comprehensiveness, and timeliness of the preparation and recording of the state property inventory, as well as the clearance of state property from the state property inventory
- Manage, maintain, and monitor the use of all types of ARDB's vehicles
- Review the report on the results of the preparation and recording of the annual state property inventory and propose solutions to any challenges related to accountability and integrity of preparing and recording the state property inventory, as well as clearing state property from the state property inventory for the Chief Executive Officer of ARDB to review and make decisions
- Propose inspection and auditing of the management of the state property inventory of the utility unit as well as the clearing state property from the state property inventory for the Chief Executive Officer of ARDB to review and make decisions.

1.5 DISCIPLINARY COUNCIL

The Disciplinary Council is a special committee under the executive management. The responsibility of Disciplinary Council are as follows:

- Review and evaluate the request for appointment, promotion, and salary for all levels of staff who holds either a permanent or contractual position
- Review the salary rate and other benefits
- Review and evaluate the probation staff's performance to be included as permanent staff
- Review and evaluate all levels of staff to provide incentives and rewards for those who have excellent performance based on the set criteria
- Review and evaluate on punishment for those who do not comply with rules and conditions that have been set
- Review and search for mistakes of all levels of staff.

1.6 GOVERNMENT POLICY SUPPORT COMMITTEE

Government Policy Support Committee of the Royal Government shall fulfill its roles and responsibilities in accordance with the principles of the roles and responsibilities of the Government Policy Support Committee as follows:

- Liaise and cooperate with relevant ministries and institutions in implementing agricultural and rural economic development projects by providing financial and technical support
- Study the projects of the Royal Government that are related to the missions of ARDB
- Propose technical and/or financial support that ARDB can provide for project implementation
- Study the project's financial demand and determine the financial support and effective financing principles
- Prepare business development projects that

can reduce production costs

- Evaluate the outcomes of ARDB's participation in various projects
- Monitor and analyze the use of finances

provided by ARDB

- Liaise with relevant ministries and institutions of the Royal Government to analyze the effectiveness of financial support for project implementers.

1.7 ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

The Assets and Liabilities Management Committee has the following roles and responsibilities:

- Develop policy frameworks and determine the authority surrounding the determination of level of financial risks and financial management related to ARDB's balance sheet for the review and approval by the Board of Directors
- Review and monitor the risks level of ARDB that may affect the value of assets, liabilities and shareholders' equity in order to take appropriate measures
- Review, monitor and analyze on any changes in business, economic and financial trends, especially on liquidity, interest rates and exchange rates which may impact on assets price, liabilities and shareholders' equity in order to take appropriate measures
- Monitor and review on the regulations, norms, laws, policies and procedures, including reserve requirements, liquidity on assets and liabilities classification, and provision and disposal of assets, that may affect the management of assets, liabilities and shareholders' equity
- Review and make investment proposals on subsidiaries and/or joint ventures with other business partners
- Review and make proposal on the new annual budget plan in relations to the assets, liabilities, and shareholders' equity in accordance with ARDB's strategic business plan.

1.8 INFORMATION TECHNOLOGY RISK MANAGEMENT COMMITTEE

The Information Technology Risk Management Committee has the following roles and responsibilities:

- Improve the information technology risk management capacity of ARDB, including facilitating the development of information technology risk management skills within ARDB
- Establish effective risk management and internal monitoring systems to ensure the confidentiality of data, cybersecurity, and data restoration
- Establish an integrated information technology risk management system that includes the measurement of risk level and impacts, and determine the types of risks by incorporating robust risk management systems and implementation procedures to manage risks
- Implement and monitor ARDB's operation to reduce risks and regularly update and review risk assessments as planned to integrate and adapt to changes in information technology, environmental or operational conditions that could affect the risks analysis
- Ensure the implementation of policies and procedures that are set by ARDB.

1.9 INFORMATION TECHNOLOGY ORIENTATION COMMITTEE

The Information Technology Orientation Committee has the following roles and responsibilities:

- Manage and lead the assigned work that is determined by the Information Technology Strategy Committee
- Identify prioritized projects and re-evaluate strategies in accordance with the information technology plan
- Review the implementation of information technology and identify the information technology techniques in response to the Bank's business activities
- Assist in the management, identification, and reviewing of risks by monitoring the management process of key information technology techniques
- Advise on the use of new information technology products and provide direction surrounding the correct application of information technology techniques and ensure that the adoption of new techniques is feasible and provides the least risks
- Ensure the compliance to laws, regulations and guidelines surrounding technology standards.

1.10 INFORMATION TECHNOLOGY STRATEGY COMMITTEE

The Information Technology Strategy Committee has the following roles and responsibilities:

- Operate in accordance with the decision of the Board of Directors
- Supervise the activities of the Information Technology Orientation Committee
- Update information technology strategies in response to demands or ARDB's business plans
- Ensure the structure of the information technology unit in order to further fulfill the businesses' demands
- Ensure adequate information technology for operations and information technology risk management

PART 2 – PRODUCTS AND SERVICES

2.1 LOANS



SMAEs Loan in Agriculture

These loans are provided to individuals or entities that are stakeholders in the production chain that is related to the agricultural sector, such as producing, processing, storing, distributing, and exporting of the agricultural products, especially in the rice and other sectors that link to the socio-economic development with interest rate from 5-5.5% per annum.



Loan to Agricultural Cooperative

These loans are provided to support the strengthening and expansion of business activities of agricultural cooperatives, producer clusters, and other cooperatives, aiming to sustainably raise income for the members of cooperatives or producer clusters with interest rate from 9.5% -10.5% per annum.



Loan To Small Farmers

These loans are provided to individuals whose businesses are related to the agricultural sector to expand farmers' capacities to grow, produce, process, supply, and stockpile in high quantity and quality to increase their maximum income with interest rate from 8-11% per annum.



Loan To Financial Institution (Wholesale)

These loans are provided to microfinance institutions which support the agriculture sector. Those who can get these loans are deposits-taking microfinance institutions, microfinance institutions, and financial leasing companies that are licensed by the National Bank of Cambodia and fulfill the requirements as set by related authorities with interest rate from 8-9% per annum.

Loans for Paddy-Rice Sector

This loan is a rice-buying center, rice mill, rice inventory warehouse or rice bank, as well as the rice buyer, warehouse or drying facility, or agricultural Silo owner who have willingness and capacity to procure Neang Khon fragrant rice or other agricultural products from farmers at the price determined by ARDB as directed by the Royal Government with interest rate from 5% -5.5% per annum.



2.2 GREEN FINANCE

Green loan is a type of loan that supports safe vegetable cultivation, green/net house, irrigation system, panel/renewable system, biogas, hydroponic system-soilless crops, aquaponic system, climate resilience and others with interest rates ranging from 5-11% per annum.



2.3 DEPOSITS

Saving Deposits

A safe and effective way to deposit and obtain interests.



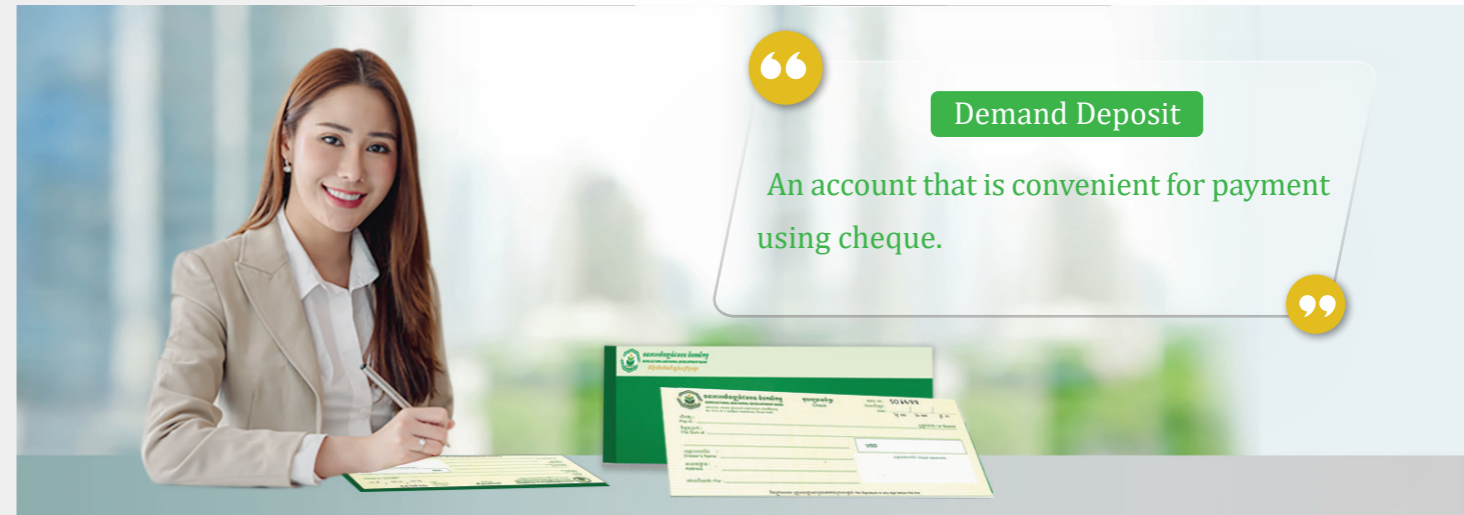
Fixed Deposit

An account that has fixed term from 1 month to 24 months or at a certain period in order to obtain competitive interests.



Demand Deposit

An account that is convenient for payment using cheque.



2.4 ARDB MOBILE BANKING SERVICES

ARDB Mobile



ARDB has seen the potential for mobile banking to grow steadily, so ARDB is working to accelerate, enhance and improve new features in qualitative and competitive mobile applications. The ARDB Mobile App has many functions such as checking account balance, credit checking balance,

transferring money, paying bills, mobile top-up, applying for a loan, exchange rate information and even able to find documents and information related to the agricultural sectors by connecting directly to the ARDB Bank website with ease, speed and safe.

WoW!

you can transfer to Bakong members with easy and fast!

through ARDB Mobile App



Member of
KHQR



Bakong is the latest generation of mobile payments and banking platform initiated by the National Bank of Cambodia for a peer-to-peer fund transfer service available to retail customers of local banks, financial institutions, and payment

service providers in Cambodia. It allows customers of all participating banks to transfer funds easily by scanning QR codes and keying in account numbers to send/receive money or make QR payment to other local financial institutions.

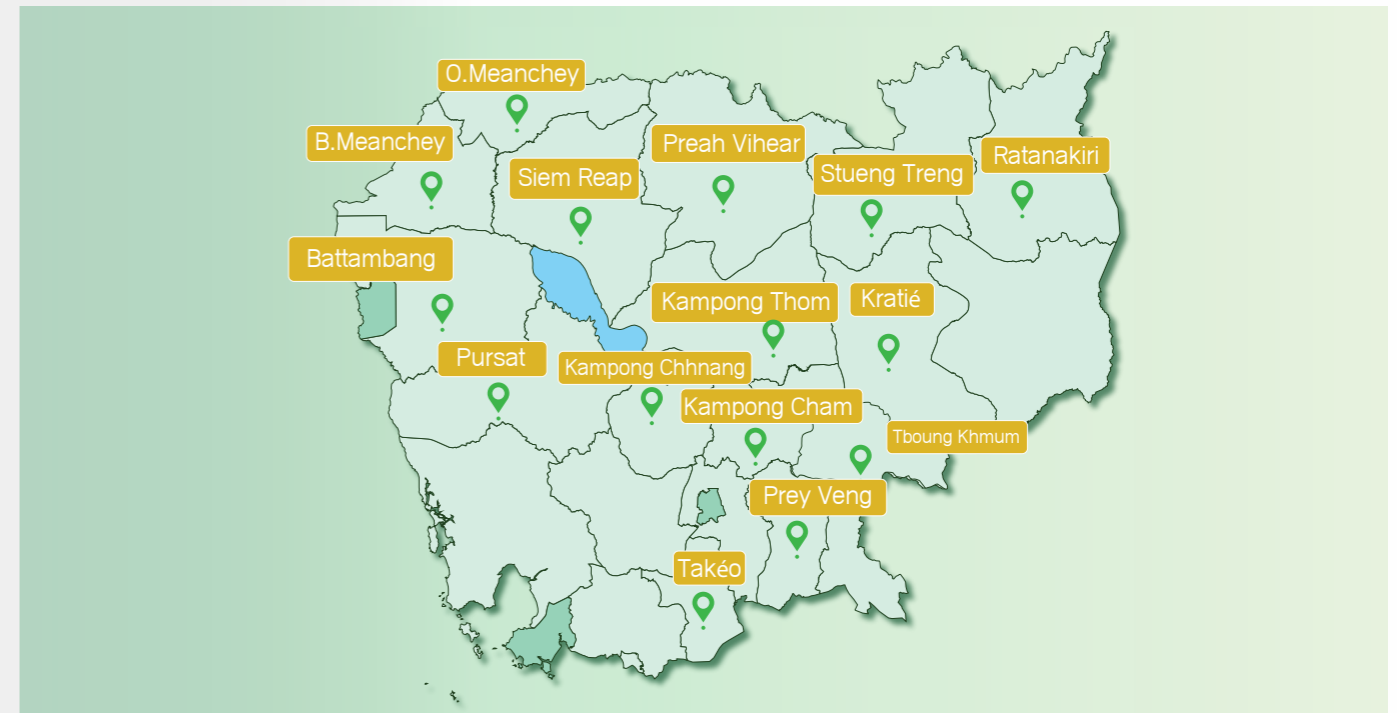
2.5 TRADE FINANCING

The trade financing services of ARDB include:

- International Remittance
- Documentary Collection
- Documentary Letter of Credit
- Bank Guarantee



2.6 NETWORK OF OPERATION AND ARDB'S DEVELOPMENT PARTNERS



Presently, ARDB has 15 mobile units in Battambang, Banthey Meanchey, Banteay Meanchey, Oddar Meanchey, Pursat, Kompong Thom, Preah Vihear, Prey Veng, Tbung Kmom, Takeo, Stung Treng, Siem Reap, Kompong Cham, Kompong Chnang, Kratie and Rattanakiri. Each unit has enhanced its network of operation by promoting greater loans and in line with the transformation phase of the ARDB's 10-year roadmap that expands the bank's branches and mobile units to reach all provinces and cities with digital banking as a way forward to enhance its services to target customers for contributing and improving financial inclusion in the country, especially remote areas.

ARDB collaborates with institutions on the implementation of ARDB's development projects to promote socio-economic development, such as: World Bank (WB), International Fund for Agricultural Development (IFAD), Asian Development Bank (ADB), Swedish International Development Agency (SIDA), French Development Agency (AFD), Bank for Agriculture and Agricultural Cooperatives (BAAC), Cambodia Rice Federation (CRF), The Association of Banks in Cambodian (ABC), Ministry of Economy and

Finance (MEF), Ministry of Commerce (MoC), Ministry of Agriculture, Forestry and Fisheries (MAFF) and National Committee for Sub-National Democratic Development (NCDD).

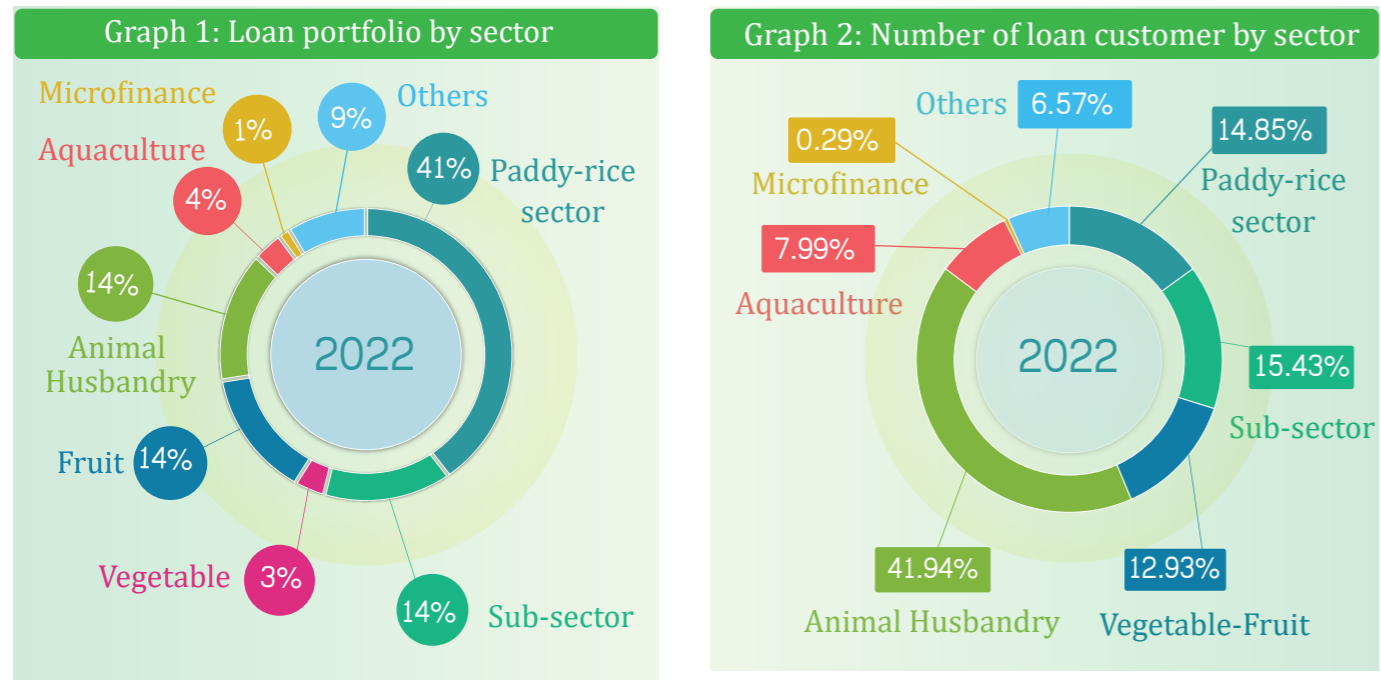
ARDB's membership with regional development institutions: Asia-Pacific Rural and Agricultural Credit Association (APRACA) and The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

ARDB's business partners including Wing Bank; a business partner in facilitating credit payments, Electricité Du Cambodge-EDC as an electricity bill payment partner via ARDB Mobile, and Canada Bank as a banking partner for issuing check, Guangxi Beibu Gulf Bank for overseas banking operations, CIMB of Thailand, and cooperating between ARDB Bank and ACLEDA Bank Plc. with the aim of expanding the scope of fruit and vegetable cultivation, animal husbandry, aquaculture and processing of agricultural products through the use of risk-sharing co-financing mechanisms and participation in the implementation of the special financing policy of the Royal Government to expand the agricultural sector and promote the stabilization of the supply chain in the market.

PART 3 – ARDB'S ACHIEVEMENTS IN 2022

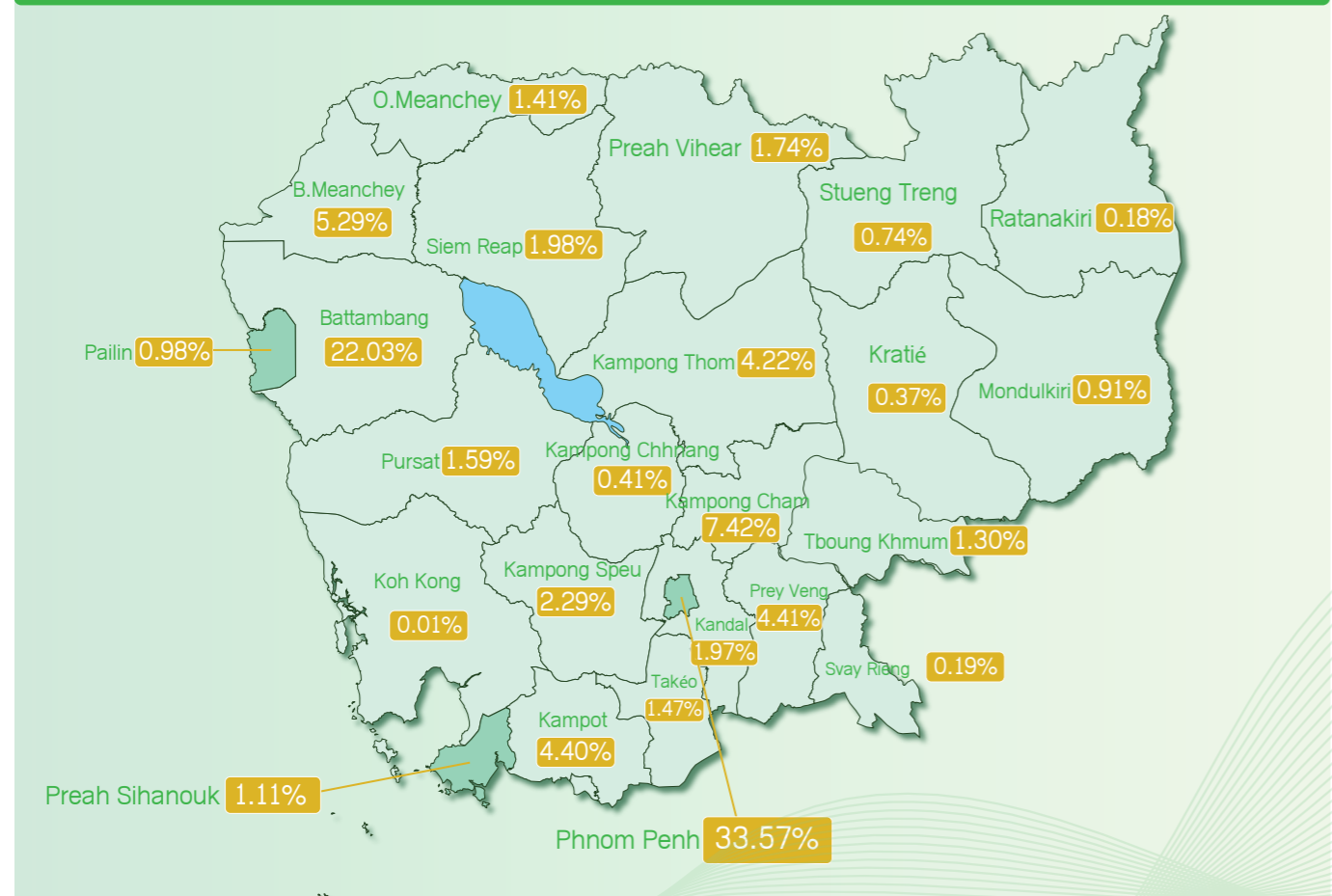
3.1 LOANS PORTFOLIO BY SECTOR

ARDB has achieved a total disbursement of USD 364 million by sector, as shown in the figure below:



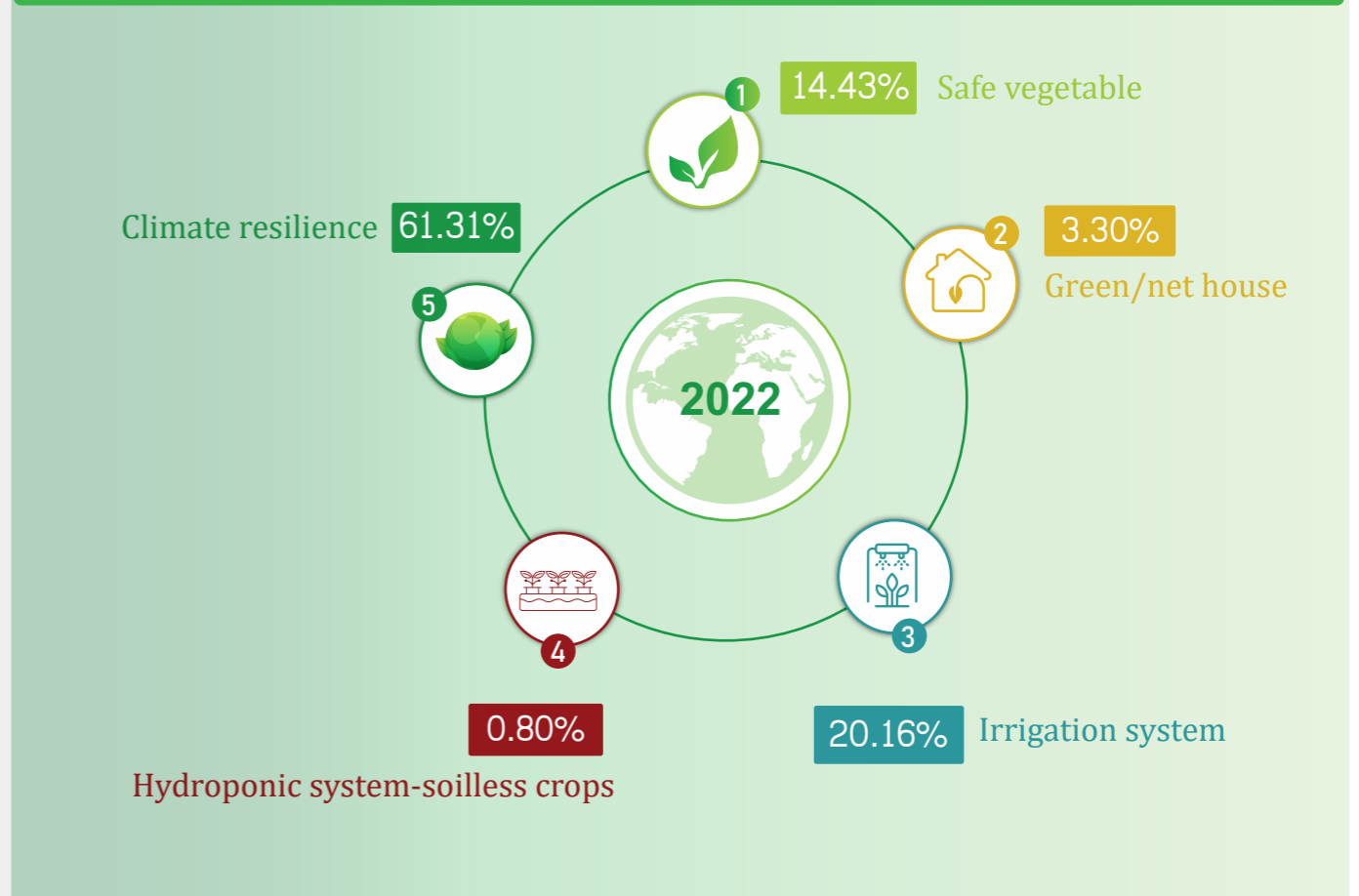
Noted: Sub-sector such as rubber, corn, pepper, coffee, sugarcane, cassava, cashew, mango and Pailin longan.

Graph 3: Loan size by geography

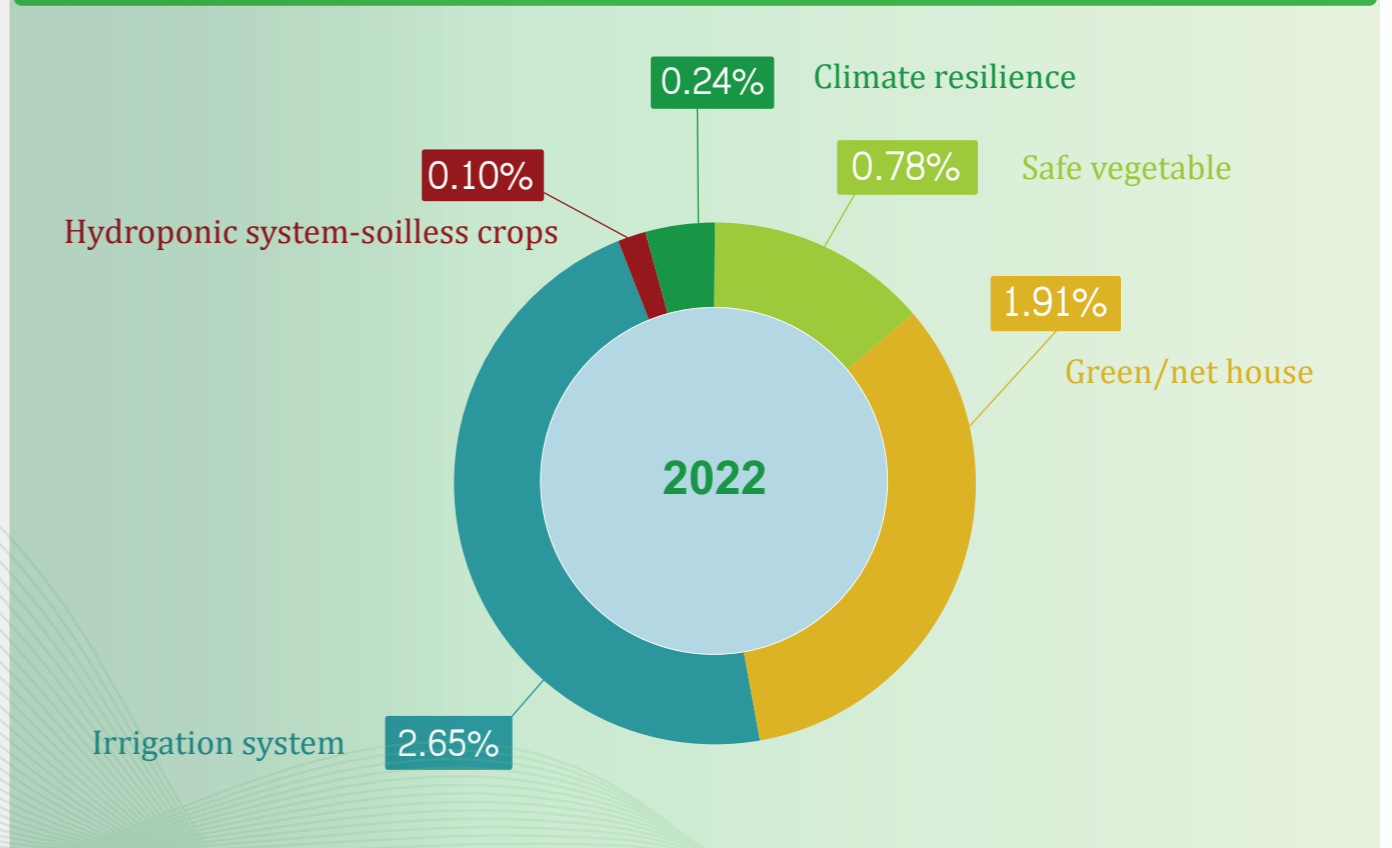


3.2 GREEN LOAN PORTFOLIO BY SECTOR

Graph 4: Green Loan Portfolio by Sector

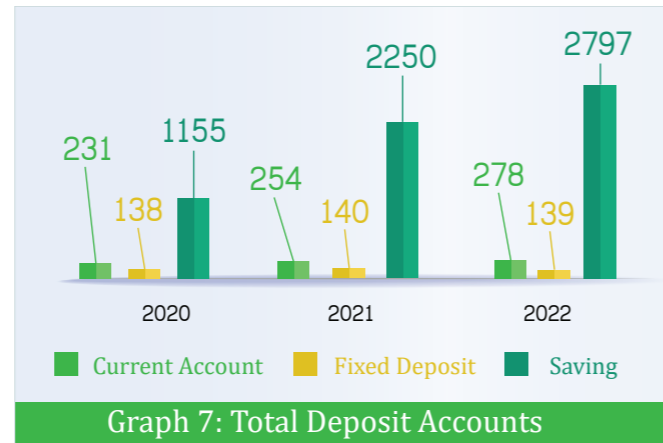
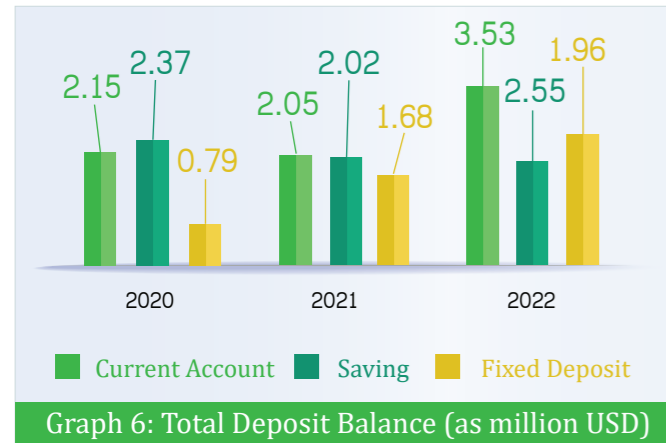


Graph 5: Number of Loan Customers by Sector



3.3 Deposits

ARDB Bank has a total balance of 8.04 million USD in all types of deposits, which has been steadily increasing as of December 31, 2022, as following:



3.4 THE IMPLEMENTATION OF THE ROYAL GOVERNMENT'S SPECIAL FINANCING PROGRAM ACHIEVEMENT



The Association of Development of Financing Institutions in Asia and the Pacific (ADFIAP) is a non-governmental organization, whose mission is to promote sustainable development by strengthening financial functions and financial institutions to increase the capacity of members and advocate for financial innovation.

The 45th ADFIAP Awards was held for the purpose to honor member institutions that have implemented or have supported projects that have positively impacted developments in areas such as the environment, small and medium enterprises, infrastructure, technology, trade, the local economy, corporate governance, and corporate governance along with corporate social responsibility.



ARDB has competed in the Local Economic Development Awards. His Excellency Dr. Kao Thach, Royal Government Delegate in charge as Chief Executive Officer of ARDB Bank, on behalf of all the management and staff of ARDB Bank, received the awards On the Development Awards 2022 under the Local Economic Development provided by Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) on October 26th, 2022. This award is also given to ARDB for implementing the Royal Government's special financing program to promote the rice sector in Cambodia through the Royal Government's special financing to farmers, millers and other stakeholders.

3.5 HUMAN RESOURCE CAPACITY BUILDING AND DEVELOPMENT



ARDB has developed channels of training through channels including e-learning in ARDB's live program called ARDB Talent LMS, weekly virtual training and other in-class training.

For internal training, there are 59 courses that require all bank employees to participate and 20 courses for 59 employees who have applied for training outside the bank.

PART 4 – CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

In contributing to Sustainable Development Goals (SDGs) as a driving force in developing socio-economic and environment, ARDB strives to work with local and international partners to promote closely towards the sustainable development goals. The Bank has mainly contributed to 5 of SDGs, namely SDG1, SDG2, SDG8, SDG13 and SDG17.

SDG1 (No Poverty): ARDB Bank has been working collaboratively with development partners to achieve the goal of no poverty through improving the livelihoods of target customers, such as smallholder farmers in the rural areas, by providing loans, training, and financial literacy skills to help Cambodian rural farmers transform from traditional farmers to entrepreneurial farmers, which would enable them to generate high incomes.



SDG2 (Zero Hunger): ARDB bank has been implementing projects that support small, medium and large producers in agriculture, aquaculture and agri-processing to increase both domestic production and export enhancement.

2 ZERO HUNGER



SDG8 (Decent Work and Economic Growth): ARDB Bank, a commercial bank serving the policy of the Royal Government, has been playing an active role in contributing to the rehabilitation and promotion of the agricultural sector through financial support to farmers and all actors in the agricultural value chain to ensure the economic growth with generating more employments, productivity, and decent work for all people.

8 DECENT WORK AND ECONOMIC GROWTH



SDG13 (Climate Action): ARDB has been continuously promoting green financing to target clients in areas such as: safe vegetable, greenhouse, irrigation system, solar system, biogas plant, hydroponic system (soilless crops), aquaculture system and climate resilience.

13 CLIMATE ACTION



SDG17 (Partnership for the Goals): ARDB Bank has cooperated with a number of international partners such as World Bank, ADB, AFD, and IFAD to contribute to the socio-economic development focusing on agriculture sector by offering financial support in the form of sustainable loans.

17 PARTNERSHIPS FOR THE GOALS



PART 5 – ARDB’S EVENTS

5.1 CONTRIBUTION TO SOCIAL WORK

Cambodia Kantha Bopha Foundation Charitable Donation Program.

ARDB Bank organizes a Memorandum of Understanding (MoU) on the Use of Agricultural and Rural Development Bank Services to collect and receive charitable donations to Cambodia Kantha Bopha Foundation, presided over by His Excellency Dr. KAO Thach, Delegate of the Royal Government of Cambodia in charge as the Chief Executive Officer (CEO) of Agricultural and Rural Development Bank and His Excellency Dr. CHAN Narith, Under-Secretary of State at the Ministry of Economy and Finance, Secretary-General of the National Social Protection Council and Chief of Secretariat at Cambodia Kantha Bopha Foundation.



5.2 REGIONAL CONFERENCE AND STUDY TOUR

Forum on “Promoting Digital Financial Services which is vital mechanism as financial inclusion for farmers”

On July 20, 2022, H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as CEO of the Agricultural and Rural Development Bank (ARDB) led the delegation to join the Regional Policy Forum on “Promoting Digital Financial Services which is vital mechanism as financial inclusion for farmers” in collaboration with the Asia-Pacific Rural and Agricultural Credit Association (APRACA) in Hanoi, Vietnam.



Program of the 7th World Congress

H.E Dr. Soeng Reth and H.E Ban Lim, deputy CEO of ARDB, participated in 7th World Congress on Rural and Agricultural Finance, with other 200 members from over 27 countries, on 23-25 November 2022, in Morelia, Mexico. During the event, H.E Dr. Soeng Reth also gave a presentation on “Accelerating Green Finance to Agriculture and Food Sector in Cambodia: The Role of ARDB”.



ADFIAP 45th Annual Meeting

H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB, shared his experiences in Cambodia through conducting a presentation on Roles in Infrastructure, Technology, and Agriculture Development: Case in Cambodia in the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) 45th Annual Meeting on afternoon of 27th October 2022 in the Philippines and he has been a panelist on Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) meeting. H.E. Dr. KAO Thach has shared to all international delegates on government interventions during and post covid-19 “The Strategic Framework and Program for Economy Recovery in the Context of Living with Covid-19 in a New Normal 2021-2023” as well as elaborating the roles of ARDB in this government intervention policy.



93rd ADFIAP Board of Directors Meeting

H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB as one of the ADFIAP Board of Director Members, accompanied by colleagues, have joined the 93rd ADFIAP Board of Directors Meeting on the morning of 26th October 2022 in Philippines. This meeting has discussed on the following agenda:

1. Approval of the Minutes of 92nd ADFIAP Board of Directors Meeting,
2. Updates on Decisions Made at the 92nd ADFIAP Board of Directors Meeting,
3. Matters for Approval on: New Members, Budget Plan for 2023, International CEO Forum 2023,
4. Membership in ADFIAP Board of Directors, and
5. Secretary-General’s Report Approval.



Study tour at Thai Agro Exchange Co., Ltd,

H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB, accompanied by colleagues, have conducted visits, and learning experiences from Thai Agro Exchange Co., Ltd, which manages the agricultural commodities wholesale market, TALAAD THAI, especially local and imported vegetables and fruits, on 13 September 2022 in Thailand. This wholesale market, TALAAD THAI, is the biggest wholesale market in Thailand and plays important role in matching supply and demand of wholesale quality vegetables and fruits for redistributing to consumers. This is also a crucial market for farmers who grow vegetables and fruits.



Study tour the branch of Agribank at Vietnam

On July 21 and 22, 2022, H.E. Dr. KAO Thach, Delegate of Royal Government in charge as Chief Executive Officer of ARDB, led the delegation to a study tour at the branch of Vietnam Bank for Agriculture and Rural Development (VBARD/Agribank) in Hai Phong province, Vietnam to learn the operations of Agribank branch. The delegation also conducted a study tour to learn the practical experience on the implementation of group loans, banking operations using a van as mobile transaction office at the remote areas as well as a study tour to pig farms and greenhouse-grown safe vegetable by using modern technology.



Consulting with CEO of Philippine Guarantee Corporation

H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB, accompanied by colleagues, have met and expressed courtesy call to Mr. Alberto E. Pascual, President and CEO of Philippine Guarantee Corporation, at its headquarter in Philippines on the afternoon of 24th October 2022 with the facilitation from ADFIAP. This visit aimed to share experiences in providing credit guarantees with discussing, in particular, credit guarantees in the agricultural sector and identifying a proper business models and strategies. Furthermore, the two institutions also examined the possibility of seeking to expand cooperation.



Study tour at the Vietnam Bank for Social Policies

In the morning of July 18, 2022, H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB, led the delegation to a study tour at the Vietnam Bank for Social Policies (VBSP) in Hanoi, Vietnam. H.E. Dr. KAO Thach, accompanied by colleagues had paid a courtesy call with Mr. Huynh Van Thuan, Deputy Director General of VBSP, and his management. In this meeting, the management of the two banks exchanged work experiences and discussed similar roles of policy bank in contributing to socio-economic development, especially agricultural and economic development. In addition, H.E. Dr. KAO Thach was obliged to Mr. Huynh Van Thuan and the management of VBSP Bank for allowing the ARDB delegation to meet and exchange experiences on providing loan to smallholder farmers and group loan to rural farmers of VBSP.



Consulting with CEO of LandBank of the Philippines

H.E. Dr. KAO Thach, Royal Government Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of the ARDB, accompanied by colleagues, led a courtesy call on Cecilia C. Borromeo, President and CEO of Land Bank of the Philippines Head office of Land Bank of the Philippines, Philippines on the morning of October 24th, 2022, coordinated by ADFIAP. The purpose of this meeting was to share experiences in Development Financing with presentations on Sustainability Growth Vision, Innovation of Sustainable Business Model and Strategies, and Data-Driven in Agriculture and to explore more on expanding cooperation between these two banks.



Seminar on “Green and Sustainable Finance to Agricultural and Food Sector”

H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB and Dr. Prasun Kumar Das, General Secretariat of Asia-Pacific Rural and Agricultural Credit Association (APRACA) have presided and given open remarks over a seminar on “Green and Sustainable Finance to Agricultural and Food Sector” organized by APRACA, from 11 to 17 September 2022 in Bangkok, Thailand. This seminar aimed to enhance ARDB staffs capacity on Green Finance Taxonomy organizing, explore the green finance instruments and the implementation of green finance in Cambodia through learning experiences from other countries.



5.3 PARTICIPATION IN THE PADDY-RICE SECTOR

Impact on rice flooding assessment of rice

From October 12 to 15, 2022, H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB, accompanied by colleagues, visited 60 families who were affected by the catastrophic floods causing the destruction of rice and other vegetables that were about to be harvested in Battambang, Pursat, and Kompong Thom Province. Seeing these difficulties, H.E. Dr. KAO Thach allowed clients to consider the possibility of applying for a deferral of principal and / or can apply for additional loans to use when the water recedes. In contributing to the problems of the families, H.E. Dr. distributed rice, fish, noodles, fish sauce, soy sauce and some money.



Met and expressed courtesy to President of BAAC

H.E. Dr. KAO Thach, Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB, accompanied by colleagues, have met, and expressed courtesy to President of BAAC (Bank for Agriculture and Agricultural Cooperatives) at BAAC headquarter in Thailand on 13 September 2022. This meeting aimed at expanding cooperation between both banks on the exchange of information and work experience sharing related to financing programs in agriculture sector in the future.



Participation when rice prices fall

H.E. Dr. KAO Thach, accompanied by the Deputy-CEO and his colleagues, led an emergency meeting with representatives of the Cambodia Rice Federation, rice millers and rice exporters to discuss on (1) the issue of rice prices in potential provinces, including: Battambang, Banteay Meanchey, Pursat, Kampong Thom and Prey Veng, etc., (2) the situation of Cambodia rice exports. During the discussion, rice millers updated the situation of rice procurement and prices in the target areas, and the owners of rice exporters updated the international rice market and orders from China and the European Union. At the end of the discussion, H.E. Dr. KAO Thach requested rice millers and rice exporters to continue to help farmers in buying rice at a reasonable price and promote Cambodian rice exports, as well as identify areas for rice procurement from farmers, in the afternoon of November 18th, 2022.



FINANCIAL STATEMENT

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2022 AND REPORT OF THE INDEPENDENT AUDITOR

**Report of the Board of Directors
and
Audited financial statements**

Agricultural and Rural Development Bank

31 December 2022

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Report of the Board of Directors

The Board of Directors submits its report together with the audited financial statements of Agricultural and Rural Development Bank (“the Bank”) as at 31 December 2022 and for the year then ended.

The Bank

Agricultural and Rural Development Bank is a wholly state-owned entity established by Anukret (Sub-Decree No.1) with the aim to promote agricultural and rural economic activities in order to alleviate poverty and to raise the standard of living of rural people in the Kingdom of Cambodia. The Bank is registered with the Ministry of Commerce under registration no. Co. 3942Et/1998 dated 23 June 1998. On 18 March 2020, the Bank completed its registration with the receipt of certificate no. 0327 from the Ministry of Commerce. The Bank obtained a license from the National Bank of Cambodia to operate as a specialized bank with permanent validity on 15 June 2007. On 19 February 2020, the Bank obtained its license from the National Bank of Cambodia.

The Bank’s registered office is located at No. 9-13, Street 7 Sangkat Chatomuk, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2022, the Bank had 252 employees (2021: 223 employees).

Principal activities

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

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

Results of operations and dividends

The results of the Bank’s operations for the year ended 31 December 2022, and the state of its affairs as at that date is set out in the accompanying financial statements.

The Board of Directors does not recommend the payment of any dividends in respect of the year ended 31 December 2022.

Board of Directors

The members of the Board of Directors of the Bank during the year and as to the date of this report are as follows:

Name	Position	Date of appointment
H.E. Ros Seilava	Chair of Board of Director	5 June 2023
H.E. Dr. Kao Thach	Member of Board of Directors	5 June 2023
H.E. San Visal	Member of Board of Directors	5 June 2023
H.E. Tean Soserey	Member of Board of Directors	5 June 2023
H.E. Khy Kosal	Member of Board of Directors	5 June 2023
Mr. Pak Sereivathana	Member of Board of Directors	5 June 2023
H.E. Chan Seyha	Member of Board of Directors	14 June 2023

State controller

Name	Position
Mr. Deth Veasna	State controller

Managements

The members of the Management of the Bank during the year are as follows:

Name	Position
H.E. Dr. Kao Thach	Chief Executive Officer
H.E. Chan Seyha	Deputy Chief Executive Officer
H.E. Pech Sany	Deputy Chief Executive Officer
H.E. Ban Lim	Deputy Chief Executive Officer
Mr. Sok Ousa	Head of Secretariat
Mrs. San Kimmouy	Head of Internal Audit Department
Mr. Net Panha	Head of Legal Affair and Compliance Department
Mrs. Ing Pisethnaline	Head of Human Resource and Training Department
Mrs. Chhun Sokha	Head of Accounting and Finance Department
Mr. Khék Piseth	Head of Operation and Treasury Department
Mr. Mit Bun	Head of Credit Department
Mr. Kuy Panha	Head of Business Development and Strategy Department
Mr. That Chanthakea	Head of Risk Management Department
Mr. Nem Lorn	Head of Credit Usage and Debt Collection monitoring Department
Mr. Chhin Dina	Head of Digital Banking Management Department
Mr. Chin Cheyabodh	Head of General Administration and Public Relation Department
Mr. Sokhom Dararath	Head of Branch Management and Mobile Operation Department
Mr. Uch Chantha	Head of Government Policy Support Committee
Mrs. Chhay Samen	Head of Procurement Unit
Mrs. Ieng Chankreusna	Head of Project Coordination Unit (PCU)
Mr. Thay Jeudi	Head of Green Finance Department
Mr. Song Chheang	Deputy head of information Technology Department in charge of Network Infrastructure Division

Auditor

The Bank's financial statements as at 31 December 2022 and for the year then ended have been audited by the accounting firm of Grant Thornton (Cambodia) Limited.

Directors' benefits

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

During the financial year, no Director of the Bank 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 Bank or a related corporation with a firm of which the Director is a member, or with a Bank in which the Director has a substantial financial interest other than as disclosed in the financial statement.

Board of Directors' responsibility in respect of the financial statements


The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework indicated therein. When preparing these financial statements, the Board of Directors is required to:

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

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

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and present fairly, in all material respects, the financial position of the Bank as of 31 December 2022, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards and the guidelines of the National Bank of Cambodia. 

On behalf of the Board of Directors:



H.E. Ros Seilava
Chairman

Phnom Penh, Kingdom of Cambodia

30 June 2023



Grant Thornton

Independent auditor's report

Grant Thornton (Cambodia) Limited

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Khan Daun Penh
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Kingdom of Cambodia

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**To the Shareholders of
Agricultural and Rural Development Bank****Opinion**

We have audited the financial statements of Agricultural and Rural Development Bank (“the Bank”), which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

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 Bank in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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



Grant Thornton

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to that matter in accordance with the requirements of CISA 720 (revised).

Other matter

The financial statements of Agricultural and Rural Development Bank as 31 December 2021 and for the year then ended, were audited by another auditor who expressed a qualified opinion on those statements on 31 December 2021.

Responsibilities of the Board of Directors for the financial statements

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

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

The Board of Directors is responsible for overseeing the Bank'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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

Certified Public Accountants and Auditors

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- Conclude on the appropriateness of the Managements' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors



Ronald C. Almera

Ronald C. Almera

Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia

30 June 2023

Certified Public Accountants and Auditors

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Statement of financial position

	Note	31 December 2022		(Restated) 31 December 2021		(Restated) 31 December 2020	
		USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Assets							
Cash and cash equivalents	6	7,434,292	30,606,980	7,137,354	29,077,580	48,590,769	196,549,661
Placements with other banks	7	274,495	1,130,096	316,827	1,290,753	-	-
Statutory deposits	8	13,858,636	57,056,004	9,798,308	39,918,307	9,402,126	38,031,600
Loans and advances to customers - net	9	363,776,219	1,497,666,694	279,312,938	1,137,920,909	232,905,609	942,103,188
Foreclosed properties	10	4,312,638	17,755,131	3,748,234	15,270,305	3,773,887	15,265,373
Other assets	11	1,872,711	7,709,951	636,920	2,594,812	469,284	1,898,254
Property and equipment	12	14,010,536	57,681,377	8,671,698	35,328,498	4,105,178	16,605,445
Deferred tax assets - net	19(a)	1,534,421	6,317,211	-	-	-	-
Intangible assets	13	1,788,971	7,365,194	952,254	3,879,483	983,646	3,978,848
Total assets		408,862,919	1,683,288,638	310,574,533	1,265,280,647	300,230,499	1,214,432,369
Liabilities and equity							
Liabilities							
Deposits from customers	14	8,038,091	33,092,821	5,753,657	23,440,399	5,301,086	21,442,893
Deposits from other banks and financial institutions	15	6,008	24,735	2,627	10,702	4,661	18,854
Borrowings	16	236,600,848	974,085,691	156,591,584	637,954,113	194,363,418	786,200,026
Subordinated debts	17	1,044,084	4,298,494	1,044,084	4,253,598	1,044,084	4,223,320
Other liabilities	18	2,689,908	11,074,344	997,050	4,061,982	763,502	3,088,365
Provision for financial guarantee contracts		6,094	25,089	33,354	135,884	14,904	60,287
Current income tax liability	19(b)	968,627	3,987,837	1,519,836	6,191,812	15,737	63,656
Deferred tax liabilities - net	19(a)	-	-	1,207,816	4,920,642	1,923,903	7,782,188
Total liabilities		249,353,660	1,026,589,011	167,150,008	680,969,132	203,431,295	822,879,589
Equity							
Share capital	20	137,233,606	556,475,330	96,504,646	390,627,000	96,504,646	390,627,000
Other capital	21	(4,511,699)	(17,807,619)	35,132,533	143,574,886	(11,280,227)	(45,429,245)
Capital reserve	22	1,786,779	7,260,512	1,406,164	5,693,521	1,202,424	4,863,484
Regulatory reserve	23	12,016,373	49,471,408	12,020,407	48,507,934	14,930,339	60,345,537
Retained earnings/ (Accumulated losses)		12,984,200	53,084,458	(1,639,225)	(6,681,480)	(4,557,978)	(18,554,968)
Cumulative translation difference		-	8,215,538	-	2,589,654	-	(299,028)
Total equity		159,509,259	656,699,627	143,424,525	584,311,515	96,799,204	391,552,780
Total liabilities and equity		408,862,919	1,683,288,638	310,574,533	1,265,280,647	300,230,499	1,214,432,369

Statement of profit or loss and other comprehensive income

	Note	For the year ended		(Restated)	
		31 December 2022		31 December 2021	
		USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Interest income	24	21,066,118	86,097,224	17,623,973	71,694,322
Interest expense	25	(130,707)	(534,200)	(92,056)	(374,484)
Net interest income		20,935,411	85,563,024	17,531,917	71,319,838
Other income	26	519,187	2,121,917	547,385	2,226,762
Total operating income		21,454,598	87,684,941	18,079,302	73,546,600
Personal expenses	27	(5,899,116)	(24,109,687)	(4,285,886)	(17,434,984)
Other operating expenses	28	(4,579,246)	(18,715,378)	(2,514,496)	(10,228,970)
Total operating expenses		(10,478,362)	(42,825,065)	(6,800,382)	(27,663,954)
Operating profit before impairment		10,976,236	44,859,877	11,278,920	45,882,647
Allowance for bad and doubtful loans	31(b)	2,471,890	10,102,614	(9,932,830)	(40,406,752)
Profit before income tax		13,448,126	54,962,491	1,346,090	5,475,895
Income tax benefits/(expense)	19(c)	1,175,299	4,803,447	(1,337,269)	(5,440,010)
Net profit for the year		14,623,425	59,765,938	8,821	35,884
Other comprehensive income-					
Currency translation difference		-	5,625,884	-	2,888,684
Total comprehensive income for the year		14,623,425	65,391,822	8,821	2,924,568

Statement of changes in equity

	Share capital		Other capital		Capital reserve		Regulatory reserve		Retained earnings		Cumulative translation difference	Total	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Balance at 1 January 2022	96,504,646	390,627,000	35,132,533	143,574,886	1,406,164	5,693,521	12,020,407	48,507,934	(1,639,225)	(6,681,480)	2,589,654	143,424,525	584,311,515
<i>Transactions recognised directly in equity</i>													
Transfer to paid up capital (Note 21)	40,728,960	165,848,330	(40,728,960)	(165,848,330)	-	-	-	-	-	-	-	-	-
Additional capital during the year (Note 21)	-	-	1,084,728	4,465,825	-	-	-	-	-	-	-	1,084,728	4,465,825
Recoveries of interest income from nonperforming loan (Note 22)	-	-	-	-	380,615	1,566,991	-	-	-	-	-	380,615	1,566,991
Currency translation difference for regulatory reserve	-	-	-	-	-	-	(4,034)	(16,608)	-	-	-	(4,034)	(16,607)
	40,728,960	165,848,330	(39,644,232)	(161,382,505)	380,615	1,566,991	(4,034)	(16,608)	-	-	-	1,461,309	6,016,209
<i>Total comprehensive income</i>													
Net profit for the year	-	-	-	-	-	-	-	-	14,623,425	59,765,938	5,625,884	14,623,425	65,391,821
Currency translation difference	-	-	-	-	-	-	-	980,082	-	-	-	-	980,082
	-	-	-	-	-	-	-	980,082	14,623,425	59,765,938	5,625,884	14,623,425	66,371,903
Balance at 31 December 2022	137,233,606	556,475,330	(4,511,699)	(17,807,619)	1,786,779	7,260,512	12,016,373	49,471,408	12,984,200	53,084,458	8,215,538	159,509,259	656,699,627

Statement of changes in equity(continued)

	Share capital		Other capital		Capital reserve		Regulatory reserve		Accumulated losses		Cumulative translation difference	Total	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
As 1 January 2021	96,504,646	390,627,000	(11,280,227)	(45,429,245)	1,202,424	4,863,484	14,930,339	60,345,537	(4,557,978)	(18,554,968)	(299,028)	96,799,204	391,552,780
<i>Transactions recognised directly in equity</i>													
Transfer from borrowings- Ministry of Economy and Finance- ASDF (Note 21)	-	-	36,937,500	150,409,500	-	-	-	-	-	-	-	36,937,500	150,409,500
Additional capital contribution during the year (Note 21)	-	-	3,791,460	15,438,830	-	-	-	-	-	-	-	3,791,460	15,438,830
Recoveries of interest income from nonperforming loan (Note 21)	-	-	158,700	646,544	-	-	-	-	-	-	-	158,700	646,544
Recoveries of interest income from nonperforming loan (Note 22)	-	-	-	-	203,740	830,037	-	-	-	-	-	203,740	830,037
Transfers from regulatory reserves to retained earnings (Note 23)	-	-	-	-	-	-	(2,909,932)	(11,837,603)	2,909,932	11,837,603	-	-	-
Additional capital during the year (Note 21)	-	-	5,525,100	22,509,257	-	-	-	-	-	-	-	5,525,100	22,509,257
	-	-	46,412,760	189,004,131	203,740	830,037	(2,909,932)	(11,837,603)	2,909,932	11,837,603	-	46,616,500	189,834,168
<i>Total comprehensive income</i>													
Net profit for the year	-	-	-	-	-	-	-	-	8,821	35,885	-	8,821	35,885
Currency translation difference	-	-	-	-	-	-	-	-	-	-	2,888,682	-	2,888,683
	-	-	-	-	-	-	-	-	8,821	35,885	2,888,682	8,821	2,924,568
Balance as at 31 December 2021	96,504,646	390,627,000	35,132,533	143,574,886	1,406,164	5,693,521	12,020,407	48,507,934	(1,639,225)	(6,681,480)	2,589,654	143,424,525	584,311,515

Statement of cash flows

	Note	For the year ended 31 December 2022		(Restated) For the year ended 31 December 2021	
		USD	KHR'000	USD	KHR'000
			(Note 4.2)		(Note 4.2)
Cash flows from operating activities					
Net profit for the year		14,623,425	59,765,938	8,821	35,884
Adjustments for:					
Income tax expenses	19(c)	(1,175,299)	(4,803,447)	1,337,269	5,440,010
Depreciation and amortisation	12 and 13	1,119,162	4,574,013	492,246	2,002,457
Impairment losses on foreclosed properties	10	239,272	977,905	91,916	373,914
Allowance for impairment losses on financial instruments		(2,471,889)	(10,102,610)	9,932,830	19,277,593
Net interest income	24 and 25	(20,935,411)	(85,563,024)	(17,531,917)	(71,319,838)
Losses on exchange rate		(124,505)	(508,852)	(882,760)	(3,591,068)
Operating loss before working capital changes		(8,725,246)	(35,660,077)	(6,551,595)	(47,781,048)
Net changes in:					
Statutory deposit		(4,060,328)	(16,594,561)	(396,182)	(1,611,668)
Loans and advances to customers		(40,921,656)	(167,246,808)	(50,892,418)	(207,030,356)
Other assets		(1,286,546)	(5,258,114)	(268,391)	(1,091,814)
Deposit from customers		2,244,510	9,173,312	451,207	1,835,510
Deposit from other banks		3,381	13,818	(2,034)	(8,274)
Other liabilities		2,408,944	9,845,354	233,548	950,073
Net cash generated by operating activities		(50,336,941)	(205,727,076)	(57,425,865)	(254,737,577)
Interest income received		(19,930,767)	(81,457,045)	17,590,070	71,556,405
Interest expenses paid		(1,169,026)	(4,777,808)	(76,104)	(309,591)
Income tax paid		(2,834,233)	(11,583,510)	(549,257)	(2,234,377)
Net cash used in operating activities		(74,270,967)	(303,545,439)	(40,461,156)	(185,725,140)
Investing activities					
Acquisitions of property and equipment	12	(6,381,979)	(26,083,148)	(5,027,374)	(20,451,357)
Acquisitions of intangible assets	13	(912,738)	(3,730,360)	-	-
Placements with other banks		40,045	163,664	(320,000)	(1,301,760)
Net cash used in investing activities		(7,254,672)	(29,649,844)	(5,347,374)	(21,753,117)
Financing activities					
Additional capital during the year		1,084,728	4,433,283	3,791,460	15,423,659
Proceeds from borrowings		81,167,698	331,732,382	33,838	137,653
Recoveries of interest income from non- performing loans		(423,062)	(1,729,054)	137,477	559,256
Recoveries of non- performing loan principal	21	-	-	158,700	645,592
Net cash from financing activities		81,829,364	334,436,611	4,121,475	16,766,160
Net change in cash and cash equivalents		303,725	1,241,328	(41,687,055)	(190,712,097)
Cash and cash equivalents at beginning of the year		7,167,939	29,202,186	48,854,994	197,618,450
Currency translation difference		-	317,328	-	22,295,833
Cash and cash equivalents, end of year	6	7,471,664	30,760,842	7,167,939	29,202,186

Notes to the financial statements

1. General information

Agricultural and Rural Development Bank ("the Bank") is a wholly state-owned entity established by Anukret (Sub-Decree No.1) with the aim to promote agricultural and rural economic activities in order to alleviate poverty and to raise the standard of living of rural people in the Kingdom of Cambodia. The Bank registered with the Ministry of Commerce under registration no. Co. 3942Et/1998 dated 23 June 1998. On 18 March 2020, the Bank completed its registration with the receipt of certificate no. 0327 from the Ministry of Commerce. The Bank obtained a license from the National Bank of Cambodia to operate as a specialized bank with permanent validity on 15 June 2007. On 19 February 2020, the Bank obtained its license from the National Bank of Cambodia.

The Bank's registered office is located at No. 9-13, Street 7 Sangkat Chatomuk, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2022, the Bank had 252 employees (2022: 223 employees).

Principal activities

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

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

2. Statement of compliance with CIFRSs

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

CIFRSs are equivalent to International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Boards ("IASB") because IFRSs were adopted by the National Accounting Council, now the Accounting and Auditing Regulator ("ACAR"), without modification as CIFRSs.

3. New or revised standards and interpretations

3.1 Standards, amendments and interpretations to existing standards that are adopted by the Bank

At the beginning of the current financial year, the Bank adopted new amendments to CIFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

The Management assessed that the following adoption of the amendments to CIFRSs have no material impact on the financial statements of the Bank.

- Onerous Contract – Cost of Fulfilling a Contract (Amendments to CIAS 37)
- Reference to the Conceptual Framework (Amendments to CIFRS 3)
- Property and Equipment: Proceeds Before Intended Use (Amendment to CIAS 16)

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

At the date of authorisation of these financial statements, several new, but not effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB.

Other Standards and amendments that are not yet effective and have not been adopted early by the Bank include:

- Classification of liabilities as Current or Non-current (Amendments to CIAS 1)
- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8)
- Lease Liability in a Sale and Leaseback (Amendments to CIFRS 16)
- Non-current Liabilities with Covenants (Amendments to CIAS 1)

These amendments are not expected to have a significant impact on the Bank's financial statements in the period of initial application.

4. Summary 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.

4.1 Basis of presentation

Management presents the financial statements based on liquidity. Information about short-term and long-term assets and liabilities are disclosed in the financial risk management section. Other investments, intangible assets, property and equipment and deferred tax assets are non-current assets.

4.2 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Bank transacts its business and maintains its accounting records primarily in USD, Management has determined the USD to be the Bank's currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Bank.

Transactions in foreign currencies, other than USD, are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rate of exchange ruling at that date. Exchange differences arising on translation are recognised in other comprehensive income. The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the requirement pursuant to the Law on Accounting and Auditing dated 11 April 2016, and have been made using the prescribed official exchange rate based on the following applicable exchange rate per USD1 as announced by the General Department of Taxation ("GDT"). Starting from January 2021, the GDT instructed to use the rates published by National Bank of Cambodia:

	2022	2021
Average rate*	4.087	4.074
Closing rate	4.117	4.068

*Average rates are calculated based on monthly closing rate during the year

Such translated amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate of exchange.

4.3 Rounding of amounts

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

4.4 Financial asset and financial liabilities

(i) Recognition and initial measurement

The Bank initially recognises loans and advances, borrowings and subordinated debts on the date on which they are originated. All other financial instrument (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

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

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

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

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

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

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

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

In making the assessment, the Bank considers:

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

Non-recourse loans

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

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

Reclassifications

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

(iv) Modifications of financial assets and financial liabilities

Financial assets

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

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit and loss as part of the gain or loss on derecognition.
- If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.
- If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit and loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.
- If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

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

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

(v) Offsetting

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

(vi) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

(vii) Impairment

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investments that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

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

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

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

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

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12 months ECL.

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than or equal to 30 days past due for long-term facilities or more than or equal to 14 days past due for short-term facilities; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (“POCI”) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Inputs, assumptions and techniques used for estimating impairment

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (“PD”);
- Loss given default (“LGD”); and
- Exposure at default (“EAD”).

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

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

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

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

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

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

Write-off

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

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit and loss and OCI.

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

(viii) Interest rate benchmark reform

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

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

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

4.5. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4.6. Capital accounts

(i) Share capital

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

(ii) Other capital and capital reserve

Other capital and capital reserve are classified as equity. According to the letter No.536 dated 3 February 2016 from the Ministry of Economy and Finance submitted to Prime Minister of the Kingdom of Cambodia and appended with his annotation dated 4 February 2016, ARDB is granted the approval upon request to take the actions in respect of the non-performing loans and advances amounting to US\$18,269,567 was deduct from equity by remove from balance sheet and monitor them separately. The subsequent recoverability of these non-performing loans and advances, and interest will be recognised directly into other capital and capital reserve account, respectively, by the Bank following the approval from NBC.

4.7. Regulatory reserves

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

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

(ii). In case that the regulatory provision calculated in accordance with Article 72 is higher than provision calculated in accordance with Article 49 to 71, the entity records the provision calculated in accordance with CIFRSs and transfer the difference from retained earnings or accumulated losses account into regulatory reserves in the equity account.

The regulatory reserves are not an item to be included in the calculated of the Bank's net worth.

On 28 December 2021, the NBC issued a new Circular, No. B7-021-2314 CL on Classification and Provisioning Requirement on Restructure Loans, which aims at phasing out the forbearance period for the existing restructured loans and phasing the classification and provisioning arrangements complying with the current regulation, Prakas No. B7-017-344 dated 01 December 2017 on Credit Risk Grading and Impairment Provisioning. In this regard, all restructured loans by 31 December 2021 shall be classified and provisioned based on the requirements under this circular. For loans that were still in the assessment period, they shall be kept at the same classification as before the restructured terms of contract.

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

4.8. Placement with others banks

Placements with other banks are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

4.9. Statutory deposits

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

4.10. Loans and advances

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

4.11. Other assets

Other assets are carried at amortised cost using the effective interest rate method in the statement of financial position.

4.12. Property and equipment

(i). Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment.

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

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

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

(ii). Subsequent costs

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

(iii). Depreciation

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

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

Depreciation is recognised as an expense in profit or loss on a declining basis except for buildings which is depreciated on a straight-line basis at the following rates:

Buildings	5%	Straight-line basis
Building improvements	20%	Declining balance basis
Motor vehicle	25%	Declining balance basis
IT equipment	50%	Declining balance basis
Office equipment and furniture	20%	Declining balance basis

Land is not depreciated.

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

4.13. Intangible assets

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

Intangible assets are amortised on a declining balance method at a rate of 20% per annum.

Costs associated with the development or maintenance of computer software are recognised as expenses when incurred.

Asset-in-progress represents the payments for the installation of the computer software and system. Asset-in-progress starts to be amortised when it is ready to put in use.

4.14. Borrowings

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

4.15. Subordinated debts

Subordinated debts are treated as financial liabilities when there are contractual obligations to deliver cash or financial assets to the other entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, if otherwise, it is treated as equity. The subordinated debts which are approved by the NBC are included as a Tier II line item in the calculation of the Bank's net worth in accordance with the guidelines of the NBC. Subordinated debts are stated at their amortised costs.

4.16. Foreclosed properties

Foreclosed properties consisting of immoveable and moveable properties are stated at cost less accumulated impairment losses, if any.

4.17. Provisions

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

4.18. Interest

Effective interest rate

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

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

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

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

Amortised cost and gross carrying amount

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

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

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

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

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

Presentation

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

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

4.19. Fee and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

4.20. Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

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

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

4.21. Income tax

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

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

(i). Current tax

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

(ii). Deferred tax

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

A deferred tax asset are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Differed tax assets and liabilities are offset only if certain criteria are met.

4.22. Contingent liabilities

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

4.23. Contingent assets

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

4.24. Related parties

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

- a. A person or a close member of that person's family is related to the Bank if that person:
 - i. Has control or joint control over the Bank;
 - ii. Has significant influence over the Bank; or
 - iii. Is a member of the key management personnel of the Bank.
- b. An entity is related to the Bank if any of the following conditions applies:
 - i. The Bank are members of the same group.
 - ii. One entity is an associate or joint venture of the other entity.
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefits of employees of the Bank.
 - vi. The entity is controlled or jointly-controlled by a person identified in a. above.
 - vii. A person identified in a.i. above has significant influence over the entity or is a member of the key management personnel of the ultimate holding Bank or the entity.
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank.

5. Significant accounting estimates, assumptions and judgments

The Bank makes estimates, assumptions and judgments concerning future transactions which may not equal actual results. The accounting estimates, assumptions and judgments which may cause significant impact on the current recognition and measurement of assets, liabilities, income and expenses are summarised below:

a. Significant accounting estimates and assumptions

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

- Note 4.4(vi): determination of the fair value of financial instruments with significant unobservable inputs.
- Note 4.4(vii): impairment of financial instruments; determining inputs into ECL measurement model, including incorporation of forward-looking information.
- Note 4.4(vii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

b. Significant accounting judgments

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

- Note 4.4(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ("SPPI") on the principal amount outstanding.
- Note 4.4(vii): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss ("ECL") and selection and approval of models used to measure ECL.
- Note 31.b(iv): credit quality of gross loans and advances to customers – incorporation of forward-looking information.

6. Cash and cash equivalents

Cash on hand is further analysed as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
Cash on hand	2,255,938	9,287,697	3,085,267	12,569,380	807,786	3,267,494
Balance with other banks	4,310,806	17,747,589	3,731,104	15,200,518	27,337,166	110,578,835
Balance with NBC	904,920	3,725,556	351,568	1,432,288	20,710,042	83,772,120
	7,471,664	30,760,842	7,167,939	29,202,186	48,854,994	197,618,449
Less allowance for impairment losses	(37,372)	(153,862)	(30,585)	(124,606)	(264,225)	(1,068,788)
	7,434,292	30,606,980	7,137,354	29,077,580	48,590,769	196,549,661

Balance with other banks and balances with NBC are current accounts and saving accounts and earned no interest.

The movements of allowance for impairment losses were as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
At 1 January	30,585	124,606	264,225	1,068,789	47,011	191,570
Allowance/ (reversal) for the year	6,787	27,738	(233,640)	(950,448)	217,214	885,581
Currency transaction difference	-	1,518	-	6,265	-	(8,363)
At 31 December	37,372	153,862	30,585	124,606	264,225	1,068,788

7. Placements with other banks

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
Other banks	279,956	1,152,579	320,000	1,303,680	-	-
Less allowance for impairment losses	(5,461)	(22,483)	(3,173)	(12,927)	-	-
	274,495	1,130,096	316,827	1,290,753	-	-

This represents restricted balance held in local bank, and earn no interest.

The movements of allowance for impairment losses were as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
At 1 January	3,173	12,927	-	-	-	-
Allowance for the year	2,288	9,351	3,173	12,908	-	-
Currency transaction difference	-	205	-	19	-	-
At 31 December	5,461	22,483	3,173	12,927	-	-

8. Statutory deposits

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Statutory capital deposit	12,940,832	53,277,404	8,919,761	36,339,106	8,975,377	36,305,400
Reserve requirements on customers' deposits	917,804	3,778,600	878,547	3,579,201	426,749	1,726,200
	13,858,636	57,056,004	9,798,308	39,918,307	9,402,126	38,031,600

a. Statutory capital deposit

Under the NBC Prakas No. B7-01-136, dated 15 October 2001, the Bank is required to maintain a capital guarantee deposit of 10% of paid-up share capital. The above amount represents the 10% of paid-up share capital plus other capital on non-performing loans principals minus recoveries during the year (See note 21(i)). This deposit is refundable should the Bank voluntarily cease its operations in Cambodia and it is not available for use in the Bank's day-to-day operations. The capital guarantee deposits bear interest rate ranging from 0.04% - 3% (2021: 0.04% - 3%) per annum.

b. Reserve requirements on customers' deposits

Pursuant to the NBC's Prakas No. B7-020-230, bank and financial institutions are required to maintain the reserve requirements, which is calculated at 7% for both local and other foreign currencies of the total daily average amount of deposits from customers, and borrowings from banks and financial institutions, at the NBC.

c. By interest rate (per annum)

	2022	2021
Statutory capital deposit	0.04%-3%	0.04%-3%
Reserve requirements on customers' deposits	Nil	Nil

9. Loans and advances to customers - net

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Long-term loans and advances	274,301,001	1,129,297,221	202,346,721	824,360,541	171,001,558	691,701,302
Short-term loans and advances	93,625,870	385,457,709	83,655,937	340,814,287	71,628,799	289,738,492
Staff Loan	16,816,998	69,235,582	16,415,464	66,876,600	3,237,906	13,097,330
Gross loans and advances	384,743,869	1,583,990,512	302,418,122	1,232,051,428	245,868,263	994,537,124
Accrued interest receivable	3,494,516	14,386,922	3,113,786	12,685,569	3,079,884	12,458,130
Unearned income	(1,792,488)	(7,379,672)	(1,004,550)	(4,092,537)	(872,209)	(3,528,085)
	386,445,898	1,590,997,762	304,527,358	1,240,644,460	248,075,938	1,003,467,169
Less allowance for impairment losses	(22,669,679)	(93,331,068)	(25,214,420)	(102,723,551)	(15,170,329)	(61,363,981)
Loans and advances to customers - net	363,776,219	1,497,666,694	279,312,938	1,137,920,909	232,905,609	942,103,188

The movements of allowance for impairment losses are as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	25,214,420	102,723,551	15,170,329	61,363,981	4,204,708	17,134,185
Allowance for the year	(2,544,740)	(10,400,352)	10,044,091	40,859,362	10,965,621	44,706,837
Currency translation difference	-	1,007,869	-	500,208	-	(477,041)
At 31 December	22,669,679	93,331,068	25,214,420	102,723,551	15,170,329	61,363,981

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

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
By maturity:						
> 1 to 3 months	17,936,631	73,845,110	15,899,291	64,773,712	15,865,433	64,175,676
> 3 to 12 months	83,756,843	344,826,923	2,514,877	10,245,609	2,936,597	11,878,535
> 1 to 3 years	46,164,309	190,058,460	77,444,069	315,507,137	81,860,509	331,125,759
> 3 to 5 years	69,566,896	286,406,911	58,791,381	239,516,086	48,137,151	194,714,776
Over 5 years	167,319,190	688,853,108	147,768,504	602,008,884	97,068,573	392,642,378
	384,743,869	1,583,990,512	302,418,122	1,232,051,428	245,868,263	994,537,124

For additional analysis of gross amount of loans and advances to customers, refer to note 31(b).

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10. Foreclose properties

Foreclosed properties consist of movable and immoveable properties acquired through foreclosure of collaterals from defaulting loans and advances to customers that have devolved to the Bank as part of settlement of debts.

These assets are not held for operational purposes and have to be disposed of in order to recover the outstanding amount within the maximum allowable period of twelve months as per the guidelines No. B7-01-186 Prakas issued by the National Bank of Cambodia.

	Land USD	Buildings USD	Equipment USD	USD	Total KHR'000 (Note 4.2)
Costs					
At 1 January 2022	2,852,413	885,820	680,386	4,418,619	18,001,454
Additional	305,987	497,689	-	803,676	3,284,623
Currency translation difference	-	-	-	-	214,111
At 31 December 2022	3,158,400	1,383,509	680,386	5,222,295	21,500,188
Less allowance for impairment					
At 1 January 2022	-	132,873	537,512	670,385	2,731,149
Impairment loss during the year	-	69,175	170,097	239,272	977,905
Currency translation difference	-	-	-	-	36,003
At 31 December 2022	-	202,048	707,609	909,657	3,745,057
Carrying amounts at 31 December 2022	3,158,400	1,181,461	27,223	4,312,638	17,755,131
Costs					
At 1 January 2021	2,786,150	885,820	680,386	4,352,356	17,605,280
Additional	66,263	-	-	66,263	269,558
Currency translation difference	-	-	-	-	126,616
At 31 December 2021	2,852,413	885,820	680,386	4,418,619	18,001,454
Less allowance for impairment					
At 1 January 2021	-	88,582	489,887	578,469	2,339,907
Impairment loss during the year	-	44,291	47,625	91,916	373,914
Currency translation difference	-	-	-	-	17,328
At 31 December 2021	-	132,873	537,512	670,385	2,731,149
Carrying amounts at 31 December 2021	2,852,413	752,947	142,874	3,748,234	15,270,305
Costs					
At 1 January 2020	2,786,150	885,820	680,386	4,352,356	17,735,851
Currency translation difference	-	-	-	-	(130,571)
At 31 December 2020	2,786,150	885,820	680,386	4,352,356	17,605,280
Less allowance for impairment					
At 1 January 2020	-	44,291	426,387	470,678	1,918,012
Impairment loss during the year	-	44,291	63,500	107,791	439,464
Currency translation difference	-	-	-	-	(17,569)
At 31 December 2020	-	88,582	489,887	578,469	2,339,907
Carrying amounts at 31 December 2020	2,786,150	797,238	190,499	3,773,887	15,265,373

11. Other assets

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
Advance payment to suppliers	1,500,070	6,175,790	210,002	855,548	94,551	382,459
Prepaid insurance	57,051	234,878	121,236	493,915	42,785	173,065
Investment in joint venture (*)	385,000	1,585,045	340,000	1,385,160	340,000	1,375,300
Other	274,185	1,128,820	218,242	889,118	143,754	581,485
	2,216,306	9,124,533	889,480	3,623,741	621,090	2,512,309
Less allowance for impairment losses	(343,595)	(1,414,582)	(252,560)	(1,028,929)	(151,806)	(614,055)
	1,872,711	7,709,951	636,920	2,594,812	469,284	1,898,254

(*) This represents investment in a joint venture with C.J Agro Business Co., Ltd, formed to create a secured vegetable market supply in Cambodia.

The movements of allowance for impairment losses were as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
At 1 January	252,560	1,028,929	151,805	614,051	-	-
Allowance for the year	91,035	372,060	100,755	409,871	151,806	618,909
Currency translation difference	-	13,593	-	5,007	-	(4,854)
At 31 December	343,595	1,414,582	252,560	1,028,929	151,806	614,055

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12. Property and equipment

	Land USD	Buildings USD	Building Improvements USD	Motor vehicles USD	IT equipment USD	Office equipment and furniture USD	Construction in progress USD	USD	Total KHR'000 (Note 4.2)
Gross carrying amount									
Balance as at 1 January 2022	4,644,531	329,344	222,436	1,738,138	1,664,609	469,287	1,847,916	10,916,261	44,472,847
Additions	160,519	-	-	200,235	657,746	402,234	4,961,245	6,381,979	26,083,148
Disposal	-	-	(11,848)	(2,010)	(163,538)	(66,868)	-	(244,264)	(998,307)
Currency translation difference	-	-	-	-	-	-	-	-	653,531
Balance as at 31 December 2022	4,805,050	329,344	210,588	1,936,363	2,158,817	804,653	6,809,161	17,053,976	70,211,219
Accumulated depreciation									
Balance as at 1 January 2022	-	210,619	148,609	1,037,062	538,193	310,080	-	2,244,563	9,144,349
Depreciation	-	16,468	26,483	207,894	631,617	160,679	-	1,043,141	4,263,317
Disposal	-	-	(11,848)	(2,010)	(163,538)	(66,868)	-	(244,264)	(998,307)
Reclassification	-	-	18,800	(18,800)	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-	-	120,483
Balance as at 31 December 2022	-	227,087	182,044	1,224,146	1,006,272	403,891	-	3,043,440	12,529,842
Carrying amounts as at									
31 December 2022	4,805,050	102,257	28,544	712,217	1,152,545	400,762	6,809,161	14,010,536	57,681,377

12. Property and equipment (continued)

	Land USD	Buildings USD	Building Improvements USD	Motor vehicles USD	IT equipment USD	Office equipment and furniture USD	Construction in progress USD	USD	Total KHR'000 (Note 4.2)
Gross carrying amount									
Balance as at 1 January 2021	3,026,671	329,344	221,991	1,467,939	456,591	386,351	-	5,888,887	23,820,548
Additions	1,617,860		445	270,199	1,208,018	82,936	1,847,916	5,027,374	20,451,357
Currency translation difference	-	-	-	-	-	-	-	-	200,942
Balance as at 31 December 2021	4,644,531	329,344	222,436	1,738,138	1,664,609	469,287	1,847,916	10,916,261	44,472,847
Accumulated depreciation									
Balance as at 1 January 2021	-	194,049	122,321	865,648	350,825	250,866	-	1,783,709	7,215,103
Depreciation	-	16,570	26,288	171,414	187,368	59,214	-	460,854	1,874,754
Currency translation difference	-	-	-	-	-	-	-	-	54,492
Balance as at 31 December 2021	-	210,619	148,609	1,037,062	538,193	310,080	-	2,244,563	9,144,349
Carrying amounts as at 31 December 2021	4,644,531	118,725	73,827	701,076	1,126,416	159,207	1,847,916	8,671,698	35,328,498

12. Property and equipment (continued)

	Land USD	Buildings USD	Building Improvements USD	Motor vehicles USD	IT equipment USD	Office equipment and furniture USD	Construction in progress USD	USD	Total KHR'000 (Note 4.2)
Gross carrying amount									
Balance as at 1 January 2020	2,006,671	329,344	177,222	1,070,726	379,782	322,238	-	4,285,983	17,465,381
Additions	1,020,000	-	44,769	455,363	76,809	64,113	-	1,661,054	6,772,117
Write-off	-	-	-	(58,150)	-	-	-	(58,150)	(237,078)
Currency translation difference	-	-	-	-	-	-	-	-	(179,872)
Balance as at 31 December 2020	3,026,671	329,344	221,991	1,467,939	456,591	386,351	-	5,888,887	23,820,548
Accumulated depreciation									
Balance as at 1 January 2020	-	177,491	94,637	739,450	291,865	198,875	-	1,502,318	6,121,947
Depreciation	-	16,558	27,684	184,348	58,960	51,991	-	339,541	1,384,309
Write-off	-	-	-	(58,150)	-	-	-	(58,150)	(237,078)
Currency translation difference	-	-	-	-	-	-	-	-	(54,075)
Balance as at 31 December 2020	-	194,049	122,321	865,648	350,825	250,866	-	1,783,709	7,215,103
Carrying amounts as at 31 December 2020	3,026,671	135,295	99,670	602,291	105,766	135,485	-	4,105,178	16,605,445

13. Intangible assets

	Software USD	Asset in progress USD	USD	Total KH'000
Cost				
Balance as at 1 January 2022	231,527	924,000	1,155,527	4,707,617
Additions	912,738	-	912,738	3,730,360
Write off	(111,760)	-	(111,760)	(456,763)
Currency translation difference	-	-	-	73,717
Balance as at 31 December 2022	1,032,505	924,000	1,956,505	8,054,931
Accumulated depreciation				
Balance as at 1 January 2022	203,273	-	203,273	828,134
Depreciation	76,021	-	76,021	310,696
Write off	(111,760)	-	(111,760)	(456,763)
Currency translation difference	-	-	-	7,670
Balance as at 31 December 2022	167,534	-	167,534	689,737
Carrying amount as at 31 December 2022	864,971	924,000	1,788,971	7,365,194
Cost				
Balance as at 1 January 2021	172,904	982,623	1,155,527	4,674,107
Transfer	58,623	(58,623)	-	-
Currency translation difference	-	-	-	33,510
Balance as at 31 December 2021	231,527	924,000	1,155,527	4,707,617
Accumulated depreciation				
Balance as at 1 January 2021	171,881	-	171,881	695,259
Depreciation	31,392	-	31,392	127,703
Currency translation difference	-	-	-	5,172
Balance as at 31 December 2021	203,273	-	203,273	828,134
Carrying amount as at 31 December 2021	28,254	924,000	952,254	3,879,483
Cost				
Balance as at 1 January 2020	172,904	253,770	426,674	1,738,697
Additions	-	728,853	728,853	2,971,534
Currency translation difference	-	-	-	(36,124)
Balance as at 31 December 2020	172,904	982,623	1,155,527	4,674,107
Accumulated depreciation				
Balance as at 1 January 2020	170,101	-	170,101	693,162
Depreciation	1,780	-	1,780	7,257
Currency translation difference	-	-	-	(5,160)
Balance as at 31 December 2020	171,881	-	171,881	695,259
Carrying amount as at 31 December 2020	1,023	982,623	983,646	3,978,848

14. Deposits from customers

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Demand deposits	3,525,975	14,516,439	2,055,897	8,375,724	2,144,360	8,673,936
Saving account	2,550,463	10,500,256	2,020,941	8,233,314	2,370,205	9,587,479
Fixed deposits	1,961,653	8,076,126	1,676,819	6,831,361	786,521	3,181,478
	8,038,091	33,092,821	5,753,657	23,440,399	5,301,086	21,442,893

a. By maturity:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
By maturity:						
Within 1 month	6,134,168	25,254,371	4,076,859	16,609,124	4,514,585	18,261,497
> 1 to 3 months	115,994	477,546	68,947	280,890	488,629	1,976,504
> 3 to 6 months	50,997	209,954	-	-	-	-
> 6 to 12 months	735,532	3,028,184	567,182	2,310,699	297,872	1,204,892
> 1 to 3 years	1,001,400	4,122,766	1,040,669	4,239,686	-	-
	8,038,091	33,092,821	5,753,657	23,440,399	5,301,086	21,442,893

b. By customer type:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Corporations	778,679	3,205,820	2,079,265	8,470,926	2,245,414	9,082,700
Individuals	7,259,412	29,887,001	3,674,392	14,969,473	3,055,672	12,360,193
	8,038,091	33,092,821	5,753,657	23,440,399	5,301,086	21,442,893

c. By residency status:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	USD KHR'000 (Note 4.2)	KHR'000 (Note 4.2)	USD
Residents	8,030,786	33,062,748	5,740,894	23,388,402	5,299,422	21,436,162
Non-residents	7,305	30,073	12,763	51,997	1,664	6,731
	8,038,091	33,092,821	5,753,657	23,440,399	5,301,086	21,442,893

d. By interest rate (per annum)

	2022	2021	2020
Demand deposits	Nil	Nil	Nil
Saving accounts	1.00% - 1.50%	1.00% - 1.50%	1.00% - 1.50%
Fixed deposits	3.00% - 6.00%	3.00% - 6.00%	3.00% - 6.00%

15. Deposits from other banks and financial institutions

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
Demand deposits	5,361	22,069	1,965	8,005	3,985	16,119
Saving account	647	2,666	662	2,697	676	2,735
	6,008	24,735	2,627	10,702	4,661	18,854

a. By maturity:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
	(Note 4.2)		(Note 4.2)		(Note 4.2)	
Within 1 month	6,008	24,735	2,627	10,702	4,661	18,854

b. By residency status:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000	USD	USD	KHR'000	USD
	(Note 4.2)				(Note 4.2)	
Within 1 month	6,008	24,735	2,627	10,702	4,661	18,854

c. By interest rate (per annum)

	2022	2021	2020
Demand deposits	Nil	Nil	Nil
Saving account	1.00% - 1.50%	1.00% - 1.50%	1.00% - 1.50%

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16. Borrowings

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Royal Government of Cambodia- Special fund	222,087,053	914,332,397	153,129,848	623,851,001	154,012,608	622,980,999
Ministry of Economy and Finance- ASDF	1,205,838	4,964,435	1,205,838	4,912,584	38,143,338	154,289,803
Agence Française de Développement (“AFD”)	248,461	1,022,914	248,461	1,012,230	248,461	1,005,025
International Fund for Agriculture Development (“IFAD”)	3,308,547	13,621,288	2,007,437	8,178,298	1,959,011	7,924,199
Borrowing fund from Kantha Bopha	9,750,949	40,144,657	-	-	-	-
	236,600,848	974,085,691	156,591,584	637,954,113	194,363,418	786,200,026

The borrowings from shareholders are unsecured, bear interest at rates of 9.6% per annum and repayable on maturity dates ranging from 4 to 12 months.

The movements of borrowings are as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	156,591,584	637,954,113	194,363,418	786,200,026	110,485,851	450,229,843
Proceeds from borrowings	82,343,775	339,009,322	33,838	137,653	83,900,279	342,061,437
Repayment of borrowings	(1,205,839)	(4,964,439)	-	-	(1,108,347)	(4,518,730)
Transfer from borrowings - Ministry of Economy and Finance - ASDF to other capital (*)	(1,084,727)	(4,465,821)	(36,937,500)	(150,261,750)	-	-
Interest expense	73,059	300,784	30,575	124,379	515,763	2,102,766
Interest paid	(36,813)	(151,559)	(15,987)	(65,035)	(367,783)	(1,499,451)
Foreign exchange (gain)/loss	(80,191)	(330,148)	(882,760)	(3,591,068)	937,655	3,822,819
Currency translation difference	-	6,733,439	-	5,409,908	-	(5,998,658)
At 31 December	236,600,848	974,085,691	156,591,584	637,954,113	194,363,418	786,200,026

(*) The shareholder resolved to transfer from borrowings - Ministry of Economy and Finance - ASDF amounting to USD1,084,727 (2021: USD36,937,500) to other capital. (See Note 21(iii) for details).

16. Borrowings (continued)

Loan terms	Royal Government of Cambodia - Special fund	Ministry of Economy and Finance - ASDF	Agence Francaise De Development ("AFD")	International Fund for Agricultural Development ("IFAD")	Kantha Bopha
Loan denomination and outstanding as at 31 December 2022	KHR584,381,000,000 and USD 80,143,648 or equivalent to US\$222,087,053 (2021: KHR501,631,000,000 and US\$30,000,000 or equivalent to US\$153,129,848).	USD1,205,838 (2021: USD1,205,838).	USD248,461 (2021: USD248,461).	USD3,308,547 (2021: USD2,007,437).	USD9,750,949 (2021: Nil).
Interest per annum	Nil	2%	Nil	1.50%	3%
Repayment of principal	Repayments of principals are made upon request by RGC.	Repayments of principals are made twice per year equal to the repayments of principal collected from the customers.	The repayments of principal is paid to MEF when the Bank collects the principal repayments from the customers.	The repayments of principal is paid to MEF when the Bank collects the principal repayments from the customers.	Repayment of principals is paid to Kantha Bopha Foundation at the end of 2 year period on 28-Nov-2024.
Loan purposes	Support the agricultural and rural development	Support the agricultural and rural development	Support the agricultural and rural development	Support the agricultural and rural development	Support the agricultural and rural development
Financial covenants	None	None	None	None	None
Collaterals	None	None	None	None	None

17. Subordinated debts

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Subordinated debts	1,044,084	4,298,494	1,044,084	4,253,598	1,044,084	4,223,320

This represents a long-term unsecured borrowing from Agence Française de Développement (“AFD”) outstanding as at 31 December 2022 of USD1,044,084 (2021: USD1,044,084) based on agreement between the Ministry of Economy and Finance (“MEF”) and AFD on 7 May 1999, and between MEF and Agricultural and Rural Development Bank (“ARDB”) on 14 November 2003 with the following terms and conditions:

Total grant facilities	USD1,044,084
Maturity	20 years starting from the signing date of each contract.

The Bank obtained an approval from the NBC allowing to include the above subordinated debts in Tier II capital for the purpose of Net Worth calculation for both subordinated debts on 22 March 2007.

18. Other liabilities

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Other tax payables	123,169	507,087	89,094	362,969	18,131	73,340
Accruals and other payables	2,064,819	8,500,851	630,449	2,568,449	107,798	436,043
Deferred grant income (*)	501,920	2,066,406	277,507	1,130,564	637,573	2,578,982
	2,689,908	11,074,344	997,050	4,061,982	763,502	3,088,365

(*) This represents the remaining balances of grant (total grant of USD1 million) received from the International Fund for Agricultural Development (“IFAD”) - Value Chain Innovation Fund (“VCIF”) based on the subsidiary loan agreement between the MEF and the Bank dated 25 May 2018.

19. Income tax

a. Deferred tax liabilities -net

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Deferred tax asset	1,534,421	6,317,211	214,332	873,189
Deferred tax liabilities	-	-	(1,422,148)	(5,793,831)
Deferred tax asset/(liabilities)	1,534,421	6,317,211	(1,207,816)	(4,920,642)

Deferred tax are attributable to the following:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Depreciation and amortisation	74,914	308,421	(49,840)	(203,048)
Impairment loss on financial instruments	1,101,009	4,532,853	(1,358,886)	(5,536,101)
Unearned income	358,498	1,475,937	200,910	818,507
	1,534,421	6,317,211	(1,207,816)	(4,920,642)

The movements of deferred tax were as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	(1,207,816)	(4,920,642)	(1,923,903)	(7,782,188)
Recognised in profit or loss	2,742,237	11,207,523	716,087	2,913,042
Currency translation difference	-	30,330	-	(51,496)
At 31 December	1,534,421	6,317,211	(1,207,816)	(4,920,642)

b. Current income tax liability

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	1,519,836	6,191,812	-	-
Income tax expense	2,283,024	9,330,718	2,053,356	8,353,052
Income tax paid	(2,834,233)	(11,583,510)	(533,520)	(2,170,359)
Currency translation difference	-	48,817	-	9,119
At 31 December	968,627	3,987,837	1,519,836	6,191,812

In accordance with Cambodia's tax regulations, the Bank has an obligation to pay tax on income at the rate of 20% of taxable income or a minimum tax at 1% of annual turnover, inclusive of all taxes, except value-added tax, whichever is higher.

c. Income tax expense/minimum tax expense

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Current tax				
Current income tax	2,283,024	9,330,718	2,053,356	8,353,052
Over provision in prior year	(3,849,962)	(15,734,795)	-	-
	(1,566,938)	(6,404,077)	2,053,356	8,353,052
Deferred tax				
Origination of temporary differences	2,742,237	11,207,524	(716,087)	(2,913,042)
	1,175,299	4,803,447	1,337,269	5,440,010

	USD	2022 KHR'000 (Note 4.2)	USD	2021 KHR'000 (Note 4.2)
Profit before income tax	13,448,126	54,962,491	6,540,082	26,605,053
Income tax using statutory rate at 20%	2,689,625	10,992,498	1,308,016	5,321,011
Non-deductible expenses	(406,601)	(1,661,779)	29,253	118,999
Over provision in prior year	(3,458,323)	(14,134,166)	-	-
Income tax expense	1,175,299	4,803,447	1,337,269	5,440,010

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

20. Share capital

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Issued and fully paid 55,647,533 shares of KHR10,000 each (2021: 390,627 shares of KHR1,000,000 each) The Ministry of Economy and Finance	137,233,606	558,308,330	96,504,646	390,627,000	96,504,646	390,627,000

21. Other capital

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Other capital on non- performing loan principals (i)	35,132,533	143,574,886	(11,121,527)	(45,429,245)	(13,204,237)	(53,273,434)
Other capital for Climate Resilient Rice Commercialization Sector Development RiceSDP (ii)	1,084,728	4,465,825	5,525,100	22,509,257	1,924,010	7,844,189
Transfer from borrowings - Ministry of Economy and Finance - ASDF (iii)	-	-	36,937,500	150,409,500	-	-
Additional capital contribution during the year (iii)	-	-	3,791,460	15,438,830	-	-
Transfer from other capital to share capital	(40,728,960)	(165,848,330)	-	-	-	-
	(4,511,699)	(17,807,619)	35,132,533	143,574,886	(11,280,227)	(45,429,245)

The movements of other capital of the Bank were as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	35,132,533	143,574,886	(11,280,227)	(45,429,245)	(13,258,222)	(53,493,531)
Add: recoveries of non-performing loan principals (i)	-	-	158,700	646,544	53,985	220,097
Other capital for Climate Resilient Rice Commercialization Sector Development Rice-SDP (ii)	1,084,728	4,465,825	5,525,100	22,509,257	1,924,010	7,844,189
Transfer from borrowings - Ministry of Economy and Finance - ASDF (iii)	-	-	36,937,500	150,409,500	-	-
Additional capital contribution during the year (iii)	-	-	3,791,460	15,438,830	-	-
Transfer from other capital to share capital	(40,728,960)	(165,848,330)	-	-	-	-
At 31 December	(4,511,699)	(17,807,619)	35,132,533	143,574,886	(11,280,227)	(45,429,245)

(i) According to the letter No. 536 dated 3 February 2016 from the Ministry of Economy and Finance submitted to Samdech Akkak Monha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia with his annotation on 4 February 2016, ARDB is granted the approval upon request to take the following actions in respect of the 2015 financial statements:

- Transfer the non-performing loans and advances amounting to US\$18,269,567 from the balance sheet and monitor separately as an off-balance sheet items.
- Recognise the non-performing loans and advances amounting to US\$18,269,567 as a capital reduction.
- Recoverability of the non-performing loans and advances in the future will be recognised directly into capital accounts of the Bank as credit to other capital for the principal amounts received and credit to capital reserve for interest amounts received.

The above actions were approved by the National Bank of Cambodia on 31 March 2016.

(ii) This represents the fund received from the Ministry of Economy and Finance (“MEF”) for the establishment and operation of paddy drying and storage (“PDS”) facilities through the provision of concessionary loans to rice millers. The funds were disbursed from the MEF directly to the PDS facility's construction contractors and equipment suppliers, and the Bank will manage the repayment and retain both the principal and interest for the use in subsequent similar type of activities to ensure development of agriculture sector in the future.

(iii) On 23 February 2021, the Bank received approval from the MEF, the shareholder, to transfer borrowings - Ministry of Economy and Finance - ASDF to share capital.

On 14 July 2021, the shareholder resolved to increase share capital from KHR390,627,000,000 to KHR556,475,330,000, changing the par value from KHR1,000,000 per share to KHR10,000 per share. The increase in share capital are transferred from the outstanding principal of above borrowings - Ministry of Economy and Finance - ASDF amounting to US\$36,937,500 and cash contributions from the MEF amounting to US\$3,791,460. On 9 May 2022 the Bank has received approval form the NBC to changes in share capital.

22. Capital reserve

This represents the recoveries of interest portion of non-performing loans and advances which were transferred to off balance sheet in 2015. This capital reserve will be transferred to paid-up capital in the future.

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	1,406,164	5,693,521	1,202,424	4,863,484	1,119,607	4,525,839
Add: recoveries of non-performing loans interest	380,615	1,566,991	203,740	830,037	82,817	337,645
At 31 December	1,786,779	7,260,512	1,406,164	5,693,521	1,202,424	4,863,484

23. Regulatory reserve

Regulatory reserves represented the variance between allowance for impairment losses on financial instruments in accordance with CIFRSs and regulatory provision in accordance with the National Bank of Cambodia.

As at 31 December 2022, the regulatory reserves balance is US\$12,016,373 (2021: US\$12,020,407).

24. Interest income

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Loans and advances	19,596,037	80,089,003	17,287,421	70,325,229
Balances with other banks	1,470,081	6,008,221	336,552	1,369,093
	21,066,118	86,097,224	17,623,973	71,694,322

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25. Interest expenses

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Saving deposits	21,753	88,904	22,666	92,205
Fixed deposits	35,895	146,703	24,802	100,895
Borrowings	73,059	298,593	44,588	181,384
	130,707	534,200	92,056	374,484

26. Other income

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Gains on foreign exchange	409,379	1,673,133	479,361	1,950,040
Other income	109,808	448,784	68,024	276,722
	519,187	2,121,917	547,385	2,226,762

27. Personnel expense

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Salaries and wages	3,119,614	12,749,862	2,363,103	9,613,103
Seniority payment	185,316	757,386	133,550	543,281
Bonuses	1,632,415	6,671,682	998,231	4,060,804
Other benefits	961,771	3,930,757	791,002	3,217,796
	5,899,116	24,109,687	4,285,886	17,434,984

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28. Other operating expenses

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Depreciation and amortisation	1,119,161	4,574,013	492,247	2,002,462
Advertising	398,581	1,629,001	354,374	1,441,593
Director's remuneration	357,901	1,462,742	321,422	1,307,546
Repairs and maintenance	348,728	1,425,252	177,556	722,296
Court and other legal fees	290,718	1,188,166	45,457	184,919
Accommodations	246,709	1,008,298	32,490	132,169
Loss on sale of other real estate	239,272	977,904	-	-
Professional fees	224,950	919,371	6,316	25,695
Utilities	221,999	907,310	176,209	716,820
Public relations expense	145,774	595,778	86,482	351,808
Rental expenses	121,303	495,763	37,615	153,018
Other supplies	120,202	491,266	45,601	185,505
Donations and gifts	100,935	412,523	62,972	256,170
Social welfare	82,407	336,797	98,477	400,603
Computer supplies	73,218	299,243	53,518	217,713
Penalties expense	72,345	295,673	18	72
Motor vehicle operating	52,988	216,561	44,210	179,848
Internet E Commerce	38,966	159,254	34,858	141,802
License fees	36,434	148,907	36,819	149,779
Memberships fee	28,386	116,013	25,741	104,713
Stationeries and supplies	22,862	93,437	16,585	67,468
Printing and forms	22,353	91,355	13,751	55,937
Training expenses	19,404	79,305	40,000	162,720
Tax on transportation vehicles	6,768	27,662	6,592	26,815
Fire and hazard insurance expenses	3,845	15,716	2,856	11,617
Other miscellaneous	70,498	288,126	165,885	674,819
Other expenses	112,539	459,942	136,445	555,063
	4,579,246	18,715,378	2,514,496	10,228,970

29. Commitments and contingencies

a. Off balance sheet items

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Bad and doubtful loans and advances to customers (*)	13,474,101	55,472,873	13,104,101	53,386,107	13,632,801	55,144,680
Unused portion of approved credit facilities (**)	340,000	1,399,780	3,884,033	15,823,550	4,482,000	18,129,690
	13,814,101	56,872,653	16,988,134	69,209,657	18,114,801	73,274,370
Less impairment loss allowance	(6,094)	(24,906)	(33,354)	(135,884)	(14,904)	(60,764)
	13,808,007	56,847,747	16,954,780	69,073,773	18,099,897	73,213,606

(*) This represents bad and doubtful loans and advances transferred for monitoring as an off-balance sheet item which was approved by the National Bank of Cambodia on 31 March 2016.

(**) In the normal course of business, the Bank makes commitments to its customers for the unused portion of loans. No material losses are anticipated from these transactions.

Movements of allowance for expected credit loss for unused portion of approved credit facilities were as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	33,354	135,884	14,904	60,286	-	-
Charged to profit or loss	(27,260)	(111,412)	18,450	75,055	14,904	60,764
Currency translation difference	-	434	-	543	-	-
At 31 December	6,094	24,906	33,354	135,884	14,904	60,764

b. Tax contingencies

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

30. Related party balances and transactions

a. Identity of related parties

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

The Bank have related party relationships with its subsidiaries, substantial shareholders, associates and key management personnel.

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

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

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b. Transactions with related parties

During the year, the following transactions are entered with related parties:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Interest expense						
MEF - Borrowings	-	-	-	-	1,438	5,863
Deposits	7,770	31,755	6,396	26,019	3,710	15,007
Key management remuneration						
Board of Directors' fees	357,901	1,462,742	321,422	1,307,545	294,031	1,198,764
Shareholder – Ministry of Economy and Finance						
Additional capital during the year	1,084,728	4,465,825	3,791,460	15,423,659	-	-
Transfer from borrowings - MEF - ASDF to other capital	-	-	36,937,500	150,261,750	-	-
Loans and advances to customers disbursed directly by MEF on behalf of the Bank (Note 16)	-	-	5,525,100	22,509,257	1,924,010	22,525,833

c. Balance with related parties

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Deposits from key management	1,314,619	5,412,288	409,895	1,669,912	315,212	1,275,031
Borrowings (Note 16)	223,292,891	919,296,832	154,335,686	628,763,585	192,155,946	777,270,802

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31. Financial risk management

a. Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- credit risk;
- market risk;
- liquidity risk; and
- operational risk.

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

b. Credit risk

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

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

(i) Management of credit risk

The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with NBC Guidelines.

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31. Financial risk management (continued)

b. Credit risk (continued)

(ii) Concentration of risk

Type of credit exposure

31 December 2022	Maximum credit exposure USD	Maximum credit exposure KHR'000 (Note 4.2)	Fully subject to collateral/credit Enhancement %	Partially subject to collateral/ credit Enhancement %	Unsecured and not subject to collateral/ credit enhancement %
On-balance sheet items					
Cash and cash equivalents	7,434,292	30,606,980	0%	0%	100%
Placement with other banks	274,495	1,130,096	0%	0%	100%
Loans and advances to customers - gross	384,743,869	1,583,990,510	0%	0%	100%
Other assets	315,589	1,299,280	0%	0%	100%
Total	392,768,245	1,617,026,866			
Off-balance sheet items					
Commitments	340,000	1,399,780	100%	0%	100%
Total	393,108,245	1,618,426,646			

31. Financial risk management (continued)

b. Credit risk (continued)

(ii) Concentration of risk (continued)

Type of credit exposure

31 December 2021	Maximum credit exposure USD	Maximum credit exposure KHR'000 (Note 4.2)	Fully subject to collateral/credit Enhancement %	Partially subject to collateral/ credit Enhancement %	Unsecured and not subject to collateral/ credit enhancement %
On-balance sheet items					
Cash and cash equivalents	7,137,354	29,077,580	0%	0%	100%
Placement with other banks	316,827	1,290,753	0%	0%	100%
Loans and advances to customers - gross	302,418,122	1,232,051,428	99.8%	0.2%	0%
Other assets	305,682	1,245,349	0%	0%	100%
Total	310,177,985	1,263,665,110			
Off-balance sheet items					
Commitments	3,884,033	15,823,550	100%	0%	0%
Total	314,062,018	1,279,488,660			

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31. Financial risk management (continued)

b. Credit risk (continued)

(ii) Concentration of risk (continued)

Concentration risk by industrial sectors

31 December 2022	Cash and cash equivalents USD	Placement with other banks USD	Loans and advances to customers-gross USD	Other assets USD	Total USD
Financial institutions	7,434,292	274,495	3,294,586	-	11,003,373
Privates	-	-	364,296,736	-	364,296,736
Associates	-	-	247,852	-	247,852
Families rubber plantations	-	-	96,031	-	96,031
Staff loans	-	-	16,808,665	-	16,808,664
Others	-	-	-	315,590	315,589
Total	7,434,292	274,495	384,743,870	315,590	392,768,245

Total (KH'000 Note 4.2)	30,606,980	1,130,096	1,583,990,514	1,299,284	1,617,026,866
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31 December 2021	Cash and cash equivalents USD	Placement with other banks USD	Loans and advances to customers-gross USD	Other assets USD	Total USD
Financial institutions	7,137,354	316,827	3,305,438	-	10,759,619
Privates	-	-	281,556,355	-	281,556,355
Associates	-	-	1,008,378	-	1,008,378
Families rubber plantations	-	-	149,154	-	149,154
Staff loans	-	-	16,398,797	-	16,398,797
Others	-	-	-	305,682	305,682
Total	7,137,354	316,827	302,418,122	305,682	310,177,985
Total (KH'000 Note 4.2)	29,077,580	1,290,753	1,232,051,428	1,245,349	1,263,665,110

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b. Credit risk (continued)

(ii) Concentration of risk (continued)

Concentration risk by residency and relationship, and large-exposures for loans and advances - gross:

	31 December 2022		31 December 2021	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
By residency status:				
Residents	384,743,869	1,583,990,510	302,418,122	1,232,051,428
By relationship:				
External customers	367,926,872	1,514,754,932	286,002,658	1,165,174,828
Staff loans	16,816,997	69,235,578	16,415,464	66,876,600
	384,743,869	1,583,990,510	302,418,122	1,232,051,428
By exposure:				
Large exposures (*)	-	-	37,921,993	154,494,198
Non-large exposures	384,743,869	1,583,990,510	264,496,129	1,077,557,230
	384,743,869	1,583,990,510	302,418,122	1,232,051,428
By concession:				
Restructure (**)	3,118,813	12,840,155	4,956,036	20,190,891
Non-restructure	381,625,056	1,571,150,355	297,462,086	1,211,860,537
	384,743,869	1,583,990,510	302,418,122	1,232,051,428

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

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

(iii) Collateral

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

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

Cash and cash equivalents, and other assets

Collateral is generally not sought for these assets.

Loans and advances to customers, contingent liabilities and commitments

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

b. Credit risk (continued)

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

	Collateral- properties		Unsecured credit exposure		USD	Total KH'000 (Note 4.2)
	USD	KH'000 (Note 4.2)	USD	KH'000 (Note 4.2)		
31 December 2022						
Loans and advances to customers	383,108,839	1,577,259,090	1,635,030	6,731,420	384,743,869	1,583,990,510
Commitments	340,000	1,399,780	-	-	340,000	1,399,780
	383,448,839	1,578,658,870	1,635,031	6,731,424	385,083,869	1,585,390,290
31 December 2021						
Loans and advances to customers	301,779,122	1,229,448,142	639,000	2,603,286	302,418,122	1,232,051,428
Commitments	3,884,033	15,823,550	-	-	3,884,033	15,823,550
	305,663,155	1,245,271,692	639,000	2,603,286	306,302,155	1,247,874,978

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

Pursuant to the NBC guideline Prakas B7-017-344, it has defined each credit grading according to its credit quality as follows:

Normal

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

Special mention

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

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

Substandard

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

Factors leading to a substandard classification include:

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

b. Credit risk (continued)

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

Doubtful

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

Loss

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

Recognition of ECL

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

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

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

Long-term facilities (more than one year)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} < 30$	Performing
2	Credit risk increased significantly	Special Mention Substandard	$30 \leq \text{DPD} < 90$ $90 \leq \text{DPD} < 180$	Underperforming
3	Credit impaired assets	Doubtful Loss	$180 \leq \text{DPD} < 360$ $\text{DPD} \geq 360$	Nonperforming

Short-term facilities (less than one year)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} \leq 14$	Performing
2	Credit risk increased significantly	Special Mention Substandard	$15 \leq \text{DPD} \leq 30$ $31 \leq \text{DPD} \leq 60$	Underperforming
3	Credit impaired assets	Doubtful Loss	$61 \leq \text{DPD} \leq 90$ $\text{DPD} \geq 91$	Nonperforming

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

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (Stage 1) or non-performing (Stage 3).

b. Credit risk (continued)

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

Recognition of ECL (continued)

	31 December 2022			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Loans and advances to customers at amortised cost - net				
Normal	345,295,745	-	-	345,295,745
Special mention	-	18,026,488	-	18,026,488
Substandard	-	-	3,081,616	3,081,616
Doubtful	-	-	1,056,066	1,056,066
Loss	-	-	18,985,983	18,985,983
	345,295,745	18,026,488	23,123,665	386,445,898
Impairment loss	(7,255,494)	(1,515,246)	(13,898,939)	(22,669,679)
Carrying amount	338,040,251	16,511,242	9,224,726	363,776,219
Carrying amount (KH'000 Note 4.2)	1,391,711,714	67,976,783	37,978,197	1,497,666,694
	31 December 2021			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Loans and advances to customers at amortised cost - net				
Normal	255,489,133	-	-	255,489,133
Special mention	-	12,949,613	-	12,949,613
Substandard	-	-	7,900,856	7,900,856
Doubtful	-	-	5,375,110	5,375,110
Loss	-	-	22,812,646	22,812,646
	255,489,133	12,949,613	36,088,613	304,527,358
Impairment loss	(4,855,170)	(1,174,207)	(19,185,043)	(25,214,420)
Carrying amount	250,633,963	11,775,406	16,903,569	279,312,938
Carrying amount (KH'000 Note 4.2)	1,021,082,763	47,973,005	68,865,141	1,137,920,909
	31 December 2020			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Loans and advances to customers at amortised cost - net				
Normal	216,727,123	-	-	216,727,123
Special mention	-	2,841,275	-	2,841,275
Substandard	-	-	3,845,239	3,845,239
Doubtful	-	-	3,747,642	3,747,642
Loss	-	-	20,914,659	20,914,659
	216,727,123	2,841,275	28,507,540	248,075,938
Impairment loss	(4,055,872)	(1,082,809)	(10,031,648)	(15,170,329)
Carrying amount	212,671,251	1,758,466	18,475,892	232,905,609
Carrying amount (KH'000 Note 4.2)	860,255,210	7,112,996	74,734,982	942,103,188

Incorporation of forward-looking information

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

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the World Bank, and selected private-sector and academic forecasters.

The Bank used the macroeconomic historical data is being taken from the World Bank published data. In order to forecast the probability of default for future years, the known quarterly Observed Default Rates (“ODRs”) are regressed against the quarterly macro-economic variables (“MEVs”) values. The Bank has used a time weighted average methodology in order to forecast future MEVs.

A forward-looking scalar is computed as the ratio of the ODR based on the most recently known MEVs and the forecasted MEVs.

The MEVs are shocked in order to generate base, best- and worst-case scenarios. This has been done by computing the standard deviation of the known historical values of the MEVs and adjusting the base value by +/- 1 standard deviation to generate best- and worst-case scenarios.

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

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread across Cambodia and beyond, causing disruption to business and economic activity. The impact on Gross Domestic Product (“GDP”) and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL.

Additionally, National Bank of Cambodia has issued a circular on loan restructuring during COVID-19 outbreak which requires the institutions to work constructively with affected borrowers and allows for loan restructuring for priority sectors.

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of Covid-19 on the Bank; however, this estimate may move materially as events unfold. Consequently, this number should not be seen as firm guidance or a forecast as to the final financial impacts expected. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Bank.

(v) Amounts arising from ECL

Loss allowance

The following tables show reconciliation from opening to the closing balance as at 31 December 2022, 2021 and 2020 of the loss allowance by class of financial instrument.

	31 December 2022			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Loans and advances to customers at amortised cost - net				
At 1 January	4,855,170	1,174,207	19,185,043	25,214,420
- Transfer to Stage 1	(194,232)	186,820	7,412	-
- Transfer to Stage 2	270,764	(275,303)	4,539	-
- Transfer to Stage 3	1,034,034	386,845	(1,420,879)	-
Net remeasurement of loss allowance	(5,771,504)	(770,743)	(16,355,235)	(22,897,482)
New financial assets originated	3,739,932	522,593	428,436	4,690,961
Financial assets that been derecognised	3,296,461	271,093	12,094,227	15,661,780
At 31 December	7,230,625	1,495,512	13,943,542	22,669,679
At 31 December (KHR'000- Note 4.2)	29,768,482	6,157,025	57,405,561	93,331,068

	31 December 2021			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Loans and advances to customers at amortised cost - net				
At 1 January	4,055,872	1,082,809	10,031,648	15,170,329
- Transfer to Stage 1	(175,601)	87,473	88,128	-
- Transfer to Stage 2	459,791	(488,562)	28,771	-
- Transfer to Stage 3	9,986,114	751,000	(10,737,114)	-
Net remeasurement of loss allowance	(14,864,229)	(1,100,220)	13,032,200	(2,932,249)
New financial assets originated	3,733,042	522,593	428,435	4,684,070
Financial assets that been derecognised	1,660,182	319,114	6,312,974	8,292,270
At 31 December	4,855,171	1,174,207	19,185,042	25,214,420
At 31 December (KHR'000- Note 4.2)	19,779,965	4,783,719	78,159,867	102,723,551

	31 December 2020			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Loans and advances to customers at amortised cost - net				
At 1 January	2,077,568	336,476	1,790,664	4,204,708
- Transfer to Stage 1	(6,852,370)	709,843	6,142,527	-
- Transfer to Stage 2	31,394	(995,608)	964,214	-
- Transfer to Stage 3	4,607	-	(4,607)	-
Net remeasurement of loss allowance	4,774,802	659,132	(1,786,057)	3,647,877
New financial assets originated	2,783,964	372,966	1,098,179	4,255,109
Financial assets that been derecognised	1,235,907	-	1,826,728	3,062,635
At 31 December	4,055,872	1,082,809	10,031,648	15,170,329
At 31 December (KHR'000- Note 4.2)	16,406,002	4,379,962	40,578,017	61,363,981

	31 December 2022			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Cash and cash equivalents				
At 1 January	30,585	-	-	30,585
Net remeasurement of loss allowance	6,787	-	-	6,787
New financial assets originated	-	-	-	-
At 31 December	37,372	-	-	37,372
At 31 December (KH'000 Note 4.2)	153,862	-	-	153,862

	31 December 2021			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Cash and cash equivalents				
At 1 January	264,225	-	-	264,225
Net remeasurement of loss allowance	(233,640)	-	-	(233,640)
New financial assets originated	-	-	-	-
At 31 December	30,585	-	-	30,585
At 31 December (KH'000 Note 4.2)	124,606	-	-	124,606

	31 December 2020			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Cash and cash equivalents				
At 1 January	47,011	-	-	47,011
Net remeasurement of loss allowance	217,214	-	-	217,214
New financial assets originated	-	-	-	-
At 31 December	264,225	-	-	264,225
At 31 December (KH'000 Note 4.2)	1,068,788	-	-	1,068,788

	31 December 2022			Total USD
	Stage 1 USD	Stage 2 USD	Stages 3 USD	
Placements with other banks				
At 1 January	3,173	-	-	3,173
Net remeasurement of loss allowance	2,288	-	-	2,288
New financial assets originated	-	-	-	-
At 31 December	5,461	-	-	5,461
At 31 December (KH'000 Note 4.2)	22,483	-	-	22,483

	31 December 2021			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Placements with other banks				
At 1 January	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated	3,173	-	-	3,173
At 31 December	3,173	-	-	3,173
At 31 December (KH'000 Note 4.2)	12,927	-	-	12,927

	31 December 2020			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Placements with other banks				
At 1 January	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated	-	-	-	-
At 31 December	-	-	-	-
At 31 December (KH'000 Note 4.2)	-	-	-	-

	31 December 2022			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Loan commitments and financial guarantee contracts				
At 1 January	33,354	-	-	33,354
Net remeasurement of loss allowance	(27,260)	-	-	(27,260)
New financial assets originated	-	-	-	-
At 31 December	6,094	-	-	6,094
At 31 December (KH'000 Note 4.2)	24,906	-	-	24,906

	31 December 2021			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Loan commitments and financial guarantee contracts				
At 1 January	14,904	-	-	14,904
Net remeasurement of loss allowance	18,450	-	-	18,450
New financial assets originated	-	-	-	-
At 31 December	33,354	-	-	33,354
At 31 December (KH'000 Note 4.2)	135,884	-	-	135,884

	31 December 2020			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
Loan commitments and financial guarantee contracts				
At 1 January	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated	14,904	-	-	14,904
At 31 December	14,904	-	-	14,904
At 31 December (KH'000 Note 4.2)	60,764	-	-	60,764

Allowance for impairment losses recognised in statement of profit or loss and other comprehensive income are summarised as follows:

	31 December 2022		31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Allowance for loan losses (Note 9)	(2,544,740)	(10,400,352)	10,044,091	40,859,366	10,965,621	44,705,891
(Reversal of)/allowance for cash and cash equivalents (Note 6)	6,788	27,743	(233,639)	(950,448)	217,213	885,581
Allowance for placements with other banks (Note 7)	2,287	9,347	3,173	12,908	-	-
Allowance for other assets (Note 11)	91,035	372,060	100,755	409,871	151,805	618,909
Allowance for loan commitments and financial guarantee contracts (Note 29)	(27,260)	(111,412)	18,450	75,055	14,904	60,764
	(2,471,890)	(10,102,614)	9,932,830	40,406,752	11,349,543	46,271,145

c. Market risk

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

(i) Interest rate risk

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

31. Financial risk management (continued)
c. Market risk (continued)
(i) Interest rate risk (continued)

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

31 December 2022	Up to 1 month USD	> 1-3 months USD	> 3-12 months USD	> 1 to 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD
Financial assets							
Cash and cash equivalents	-	-	-	-	-	7,434,292	7,434,292
Placements with other banks	-	-	-	-	-	274,495	274,495
Loans and advances to customers - gross	14,869,992	3,066,639	83,756,843	115,731,205	167,319,190	-	384,743,869
Other assets	-	-	-	-	-	315,589	315,589
	14,869,992	3,066,639	83,756,843	115,731,205	167,319,190	8,024,376	392,768,245
Financial liabilities							
Deposits from customers	6,134,168	115,994	1,787,929	-	-	-	8,038,091
Deposit from banks and other financial institutions	6,008	-	-	-	-	-	6,008
Borrowings	-	-	-	248,461	236,352,387	-	236,600,848
Subordinated debts	-	-	-	-	-	1,044,084	1,044,084
Other liabilities	-	-	-	-	-	2,064,818	2,064,818
	6,140,177	115,994	1,787,929	248,461	236,352,387	3,108,902	247,753,849
Interest sensitivity gap (KHR'000 equivalents - Note 4.2)	8,729,815	2,950,645	81,968,914	115,482,744	(69,033,196)	4,915,473	145,014,396
	35,565,268	12,020,929	333,941,357	470,476,699	(281,241,245)	20,025,639	590,788,647

31. Financial risk management (continued)

c. Market risk (continued)

(i) Interest rate risk (continued)

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

31 December 2021	Up to 1 month	> 1-3 months	> 3-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total
	USD	USD	USD	USD	USD	USD	USD
Financial assets							
Cash and cash equivalents	-	-	-	-	-	7,137,354	7,137,354
Placements with other banks	-	-	-	-	-	316,827	316,827
Loans and advances to customers - gross	15,899,291	2,514,877	77,444,069	58,791,381	147,768,504	-	302,418,122
Other assets	-	-	-	-	-	305,682	305,682
	15,899,291	2,514,877	77,444,069	58,791,381	147,768,504	7,759,863	310,177,985
Financial liabilities							
Deposits from customers	4,076,859	68,947	1,607,851	-	-	-	5,753,657
Deposit from banks and other financial institutions	2,627	-	-	-	-	-	2,627
Borrowings	-	-	-	248,461	156,343,123	-	156,591,584
Subordinated debts	-	-	-	-	-	1,044,084	1,044,084
Other liabilities	-	-	-	-	-	630,449	630,449
	4,079,486	68,947	1,607,851	248,461	156,343,123	1,674,533	164,022,401
Interest sensitivity gap	11,819,805	2,445,930	75,836,218	58,542,920	(8,574,619)	6,085,330	146,155,584
(KHR'000 equivalents - Note 4.2)	48,153,886	9,964,719	308,956,752	238,503,856	(34,932,998)	24,791,634	595,437,849

As of 31 December 2022, the Bank did not have financial instruments carried at fair value. The Bank does not use derivative financial instruments such as interest rate swaps to hold its risk exposures. Accordingly, no sensitivity analysis was prepared.

31. Financial risk management (continued)

c. Market risk (continued)

(ii) Foreign currency exchange risk

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

The Bank has no material exposures to foreign currency exchange risk as it transacts essentially in US Dollars. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

Concentration of currency risk

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

31 December 2022	Denomination		Total
	USD equivalents KHR	USD	
Financial assets			
Cash and cash equivalents	2,218,566	5,215,726	7,434,292
Placements with other banks	-	274,495	274,495
Loans and advances to customers - gross	37,371,137	347,372,732	384,743,869
Other assets	12,500	303,089	315,589
	39,602,203	353,166,042	392,768,245
Financial liabilities			
Deposits from customers	155,592	7,882,499	8,038,091
Deposit from banks and other financial institutions	-	6,008	6,008
Borrowings	1,249,522	235,351,326	236,600,848
Subordinated debts	-	1,044,084	1,044,084
Other liabilities	-	2,064,818	2,064,818
	1,405,114	246,348,735	247,753,849
Net asset position	38,197,089	106,817,307	145,014,396
(KHR'000 - Note 4.2)	155,614,935	435,173,712	590,788,647

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31. Financial risk management (continued)
c. Market risk (continued)
(ii) Foreign currency exchange risk (continued)

31 December 2021	KHR	Denomination US\$ equivalents		Total
		USD		
Financial assets				
Cash and cash equivalents	2,018,512	5,118,842		7,137,354
Placements with other banks	-	316,827		316,827
Loans and advances to customers - gross	36,285,034	266,133,088		302,418,122
Other assets	36,325	269,357		305,682
	38,339,871	271,838,114		310,177,985
Financial liabilities				
Deposits from customers	618,073	5,135,584		5,753,657
Deposit from banks and other financial institutions	-	2,627		2,627
Borrowings	123,129,848	33,461,736		156,591,584
Subordinated debts	-	1,044,084		1,044,084
Other liabilities	-	630,449		630,449
	123,747,921	40,274,480		164,022,401
Net (liability)/asset position	(85,408,050)	231,563,634		146,155,584
{KHR'000 - Note 4.2}	{347,952,396}	943,390,245		595,437,849

Sensitivity analysis

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Bank as at reporting date is summarised as follows (only exposures in currencies that accounts for more than 5 percent of the net open positions are shown in its specific currency in the table below. For other currencies, these exposures are grouped as 'Others'):

	31 December 2022		31 December 2021	
	-1%	+1%	-1%	+1%
	Depreciation USD	Appreciation USD	Depreciation USD	Appreciation USD
KHR	(381,971)	381,971	854,081	(854,081)
{KHR'000 - Note 4.2}	{1,572,575}	1,572,575	3,479,526	{3,479,526}

d. Liquidity risk

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

Management of liquidity risk

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

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

31. Financial risk management (continued)

d. Liquidity risk (continued)

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

31 December 2022	Carrying amounts USD	Gross nominal inflow/(outflow) USD	Up to 1 month USD	> 1-3 months USD	> 3-12 months USD	> 1 to 5 years USD	Over 5 years USD
Financial assets							
Cash and cash equivalents	7,434,292	7,434,292	7,434,292	-	-	-	-
Placements with other banks	274,495	274,495	274,495	-	-	-	-
Loans and advances to customers - gross	384,743,869	384,743,869	14,869,991	3,066,639	83,756,843	115,731,205	167,319,191
Other assets	315,589	315,589	315,589	-	-	-	-
Total USD	392,768,245	392,768,245	22,894,367	3,066,639	83,756,843	115,731,205	167,319,191
(KHR'000 equivalents - Note 4.2)	1,617,026,866	1,617,026,866	94,256,110	12,625,353	344,826,923	476,465,371	688,853,109
Financial liabilities							
Deposits from customers	8,038,091	(8,038,091)	(6,134,168)	(115,994)	(1,787,929)	-	-
Deposit from banks and other financial institutions	6,008	(6,008)	(6,008)	-	-	-	-
Borrowings	236,600,848	(236,600,848)	-	-	-	(248,461)	(236,352,387)
Subordinated debts	1,044,084	(1,044,084)	-	-	-	-	(1,044,084)
Other liabilities	2,064,818	(2,064,818)	(2,064,818)	-	-	-	-
	247,753,849	(247,753,849)	(8,204,994)	(115,994)	(1,787,929)	(248,461)	(237,396,471)
Loan commitment	340,000	(340,000)	(340,000)	-	-	-	-
Total (US\$)	248,093,849	(248,093,849)	(8,544,994)	(115,994)	(1,787,929)	(248,461)	(237,396,471)
(KHR'000 equivalents - Note 4.2)	1,021,402,376	(1,021,402,376)	(35,179,740)	(477,547)	(7,360,904)	(1,022,914)	(977,361,271)

31. Financial risk management (continued)

d. Liquidity risk (continued)

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

31 December 2021	Carrying amounts	Gross nominal inflow/(outflow)	Up to 1 month	> 1-3 months	> 3-12 months	> 1 to 5 years	Over 5 years
	USD	USD	USD	USD	USD	USD	USD
Financial assets							
Cash and cash equivalents	7,137,354	7,137,354	7,137,354	-	-	-	-
Placements with other banks	316,827	316,827	316,827	-	-	-	-
Loans and advances to customers - gross	302,418,122	381,617,039	17,591,203	2,551,479	79,648,256	70,839,820	210,986,281
Other assets	305,682	305,682	-	-	-	-	-
Total USD	310,177,985	389,376,902	25,045,384	2,551,479	79,648,256	70,839,820	210,986,281
(KHR'000 equivalents - Note 4.2)	1,263,665,111	1,586,321,499	102,034,894	10,394,725	324,486,995	288,601,427	859,558,109
Financial liabilities							
Deposits from customers	5,753,657	(5,769,085)	(4,076,859)	(69,067)	(1,623,159)	-	-
Deposit from banks and other financial institutions	2,627	(2,627)	(2,627)	-	-	-	-
Borrowings	156,591,584	(157,641,584)	-	-	(30,000)	(368,461)	(157,243,123)
Subordinated debts	1,044,084	(1,044,084)	-	-	-	-	(1,044,084)
Other liabilities	630,449	(630,449)	(630,449)	-	-	-	-
	164,022,401	(165,087,829)	(4,709,935)	(69,067)	(1,653,159)	(368,461)	(158,287,207)
Loan commitment	3,884,033	(3,884,033)	(3,884,033)	-	-	-	-
Total (US\$)	167,906,434	(168,971,862)	(8,593,968)	(69,067)	(1,653,159)	(368,461)	(158,287,207)
(KHR'000 equivalents - Note 4.2)	684,050,812	(688,391,366)	(35,011,826)	(281,379)	(6,734,970)	(1,501,110)	(644,862,081)

31. Financial risk management (continued)

e. Operational risk

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

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

f. Capital management

(i) Regulatory capital

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

- To comply with the capital requirements set by the NBC;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

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

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

(ii) Capital allocation

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

32. Fair values of financial assets and liabilities

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

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

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed. These include investment in subsidiaries and property and equipment.

The fair value of the Bank's financial instruments such as cash and cash equivalent, balance with NBC, deposits from customers and banks, other assets, and other liabilities are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

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

Investments

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

Financing, advances and others

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

Fair value hierarchy

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

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

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

33. Reconciliation of financial statements

33.1. Statement of financial position

Statement of financial position at the date of transition and as at 31 December 2021 and for the year then ended were reclassified to conform with the current year's presentation of accounts as summarised follows:

	31 December 2021			1 January 2021		
	As previously reported USD	Reclassifications USD	As restated USD	As previously reported USD	Reclassifications USD	As restated USD
Asset						
Net loans and advances	288,887,032	(9,574,094)	279,312,938	237,285,711	(4,380,102)	232,905,609
Equity						
Retained earnings	7,934,869	(9,574,094)	(1,639,227)	(177,876)	(4,380,102)	(4,557,977)

33.2. Statement of profit or loss and other comprehensive income

Statement of comprehensive at the date of transition and as at 31 December 2021 and for the year then ended were reclassified to conform with the current year's presentation of accounts as summarised follows:

	31 December 2021			1 January 2021		
	As previously reported	Reclassifications	As restated	As previously reported	Reclassifications	As restated
	USD	USD	USD	USD	USD	USD
Allowance for bad and doubtful loans	(4,738,838)	(5,193,992)	(9,932,830)	(6,969,442)	(4,379,870)	(11,349,312)

33.3. Statement of changes in equity

Statement of change in equity at the date of transition and as at 31 December 2021 and for the year then ended were reclassified to conform with the current year's presentation of accounts as summarised follows:

	31 December 2021			1 January 2021		
	As previously reported	Reclassifications	As restated	As previously reported	Reclassifications	As restated
	USD	USD	USD	USD	USD	USD
Retained earnings	7,934,869	(9,574,094)	(1,639,227)	(177,876)	(4,380,102)	(4,557,977)

Aside from the impact on the prior year's presentation of the above amounts, no other accounts were affected.

33.4. Statement of cash flows

Statement of cash flows at the date of transition and as at 31 December 2021 and for the year then ended were reclassified to conform with the current year's presentation of accounts as summarised follows:

	31 December 2021			1 January 2021		
	As previously reported	Reclassifications	As restated	As previously reported	Reclassifications	As restated
	USD	USD	USD	USD	USD	USD
Operating activities						
Net profit	5,202,813	(5,193,992)	8,821	141,193	(4,379,870)	(4,238,677)
Allowance for impairment losses on financial instruments	4,738,838	5,193,992	9,932,830	19,277,593	4,379,870	23,657,463

34. Subsequent event

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements, which would require adjustments or disclosures to be made in the financial statements

35. Authorization of financial statements

The financial statements as at 31 December 2022 and for the year then ended were approved for issue by the Board of Directors on 30 June 2023.

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