PhillipBank

Annual Report 2023

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OVERVIEW

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BACKGROUND

Phillip Bank Plc is a member of PhillipCapital which is headquartered in Singapore, and established since 1975.

PhillipCapital operates in the financial hubs of 15 countries including Australia, Cambodia, China (as well as Hong Kong), Spain, India, Indonesia, Japan, Malaysia, Singapore, Thailand, Turkey, UK, UAE, USA and Vietnam.

It offers a full range of quality innovative products and services to retail and high-net-worth individuals, corporate and institutional customers. These include securities brokering, futures, foreign exchange, bonds, precious metals and commodities, unit trusts, contracts for difference, exchange traded funds, fund management, managed accounts, insurance planning, regular savings plan, investment research, equity financing and property consultancy.

The PhillipCapital network has grown into a global presence, an integrated Asian financial house with over 5,000 employees and more than one million clients worldwide and assets under custody/management exceeding US$ 50 billion, and shareholder's funds in excess of US$ 1.5 billion.

From its first foray into Cambodia in 2009 investing in First Finance Microfinance, PhillipCapital expanded its investment by also buying into KREDIT Microfinance in 2012, then purchasing Hwang DBS Bank in 2014 and changing its name to Phillip Bank. Our status as a significant financial solutions provider in Cambodia has been enhanced with the addition of Phillip Life Assurance (Cambodia) Plc, Phillip General Insurance (Cambodia) Plc, and Phillip Trustee (Cambodia) Co., Ltd.

Phillip Bank currently has more than 70 branches across Cambodia and is planning to expand its presence throughout the Kingdom of Cambodia.

PhillipCapital Group's global presence

CORPORATE VISION

- Delighting Customers
- Growing People
- Benefiting Communities

CORPORATE MISSION

To build convenient, integrated, innovative, and trusted financial solutions by leveraging technology platforms and engaging our staff, business partners, and customers to sustainably improve the economic well-being of families in rural and urban communities.

CHAIRMAN’S STATEMENT

MR. LIM HUA MIN

Having recovered from a few years of the COVID-19 pandemic, Cambodia, similar to many other emerging economies, entered the year 2023 in which the economy started to recover slowly. According to the World Bank, the country’s economic growth was 5.4%. According to the Ministry of Economy and Finance, Cambodia's GDP per capita in 2023 was US$1,917 and is expected to increase to US$2,071 in 2024.

Phillip Bank has taken 2023 to slowly grow its products and services and continue to position itself as a key player in the banking sector in Cambodia. The pandemic helped to push Cambodia into the digital frontier, where cashless payment has now become the norm. Seizing on this opportunity, Phillip Bank has been working together closely with the National Bank of Cambodia (NBC) to support the Bakong initiatives as well as the KHQR payment mechanism and we were among the first four Bakong-member banks to promote payment interoperability.

Following the success of Bakong KHQR payments within Cambodia, we extended this initiative for cross-border QR payments between Cambodia and Thailand, for greater customer convenience, security, and peace of mind. We continue to cooperate with NBC to enable additional country corridors throughout 2024 and beyond, and eagerly look forward to the establishment of a large digital payments network throughout the region.

Besides external progress, we also emphasize innovating our products and services in response to the challenges faced by SMEs and individual customers who are looking for a better way to improve their daily lives or businesses

CHAIRMAN'S STATEMENT

after the pandemic. We have recently expanded our suite of services for businesses by launching our Factoring and Trade Financing solutions, and rank amongst the first few banks in Cambodia to offer these products.

To appeal to our increasingly tech-savvy customer base, we constantly introduce new digital features and solutions, while enhancing user-friendliness. As part of Cambodia's fast-growing digital wave, we have negotiated multiple public and private partnerships to ensure that consumers can make cashless payments for everyday services, be it utility bills, school payments, or on-demand services.

Seeing the importance of establishing an ecosystem of solutions within Phillip Capital Cambodia's group of companies, the Bank collaborates with its sister companies in Trustee and Insurance to provide various online and offline solutions. This innovative approach creates synergistic value for our customers, while providing the Bank with a competitive edge.

In 2023, we achieved operating revenue of US$ 79.31 million (compared to US$ 76.26 million in 2022) and recorded a pre-tax profit of US$ 6.6 million as compared to a pre-tax profit of US$ 13.78 million recorded in the preceding year due to the increase in cost of funds. The cost-to-income ratio for the Bank for the year 2023 was higher at 0.76:1 against 0.70:1 in the previous year.

With a paid-up capital of US$ 75 million which complies with regulatory requirements, the Bank remains steadfast in maintaining its strict compliance with the Prakas and regulations set by the NBC.

In addition, Phillip Bank expanded its own local ecosystem by creating a trust company to diversify its financial services. Phillip Trustee (Cambodia) Co.,Ltd is an associated company of Phillip Bank. Currently, we are offering administration of a wide range of trust products to our investors, including holding trust property for commercial, social, and personal purposes, fund trust services and carried-out investment for clients, serving as intermediary for escrow agent for any real estate transaction, and other trust consultations in Cambodia.

In 2023, we have administered 11 trusts with a total trust value of more than US$ 8 million in our first year of operation. We signed MoUs with 20 partners for business collaboration and participated in almost 20 events to raise public awareness of trust solutions with a number of business Chambers of Commerce, partners and investors.

On behalf of the Board, I would like to take this opportunity to thank all the officials of the National Bank of Cambodia for their ongoing guidance, support, and advice. To all our customers, thank you for your continued confidence and support. We look forward to building strong and mutually beneficial partnerships in the coming years which demonstrate our commitment to delight customers, grow people, and benefit communities. And finally, our achievements are only possible because of the tireless efforts and commitment of our employees. They are our greatest asset, and they have our deepest appreciation.

Lim Hua Min
Chairman

BUSINESS REVIEW

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BUSINESS PRIORITIES

FINANCIAL PERSPECTIVE

For the year ended 31 December 2023, the Bank recorded a total operating revenue of US$ 79.31 million (compared to US$ 76.26 million as at 31 December 2022) and recorded a pre-tax profit of US$ 6.66 million (as compared to pre-tax profit of US$ 13.78 million as at 31 December 2022). The pre-tax profit decreased due to the increase in cost of funds and increased impairments.

The Bank will continue to pursue its strategies on satisfying the financial needs of small and medium scale enterprises and micro borrowers; and continue offering consumer products such as personal, housing and car loans. The Bank will also focus on increasing its loan base as well as growing its depositor base, especially in the Retail, Micro and SME segments.

CUSTOMER CENTRICITY

The Bank offers a wide range of products and services for small and medium scale enterprises and micro borrowers to meet retail and corporate financial needs while safeguarding the wealth of its customers for future generations. The Bank believes in going the extra mile to meet with the customers at their convenience, customise solutions that best fit their needs, and offer a great customer experience. We ensure that all transactions are successfully completed and help guide them through all their banking needs. This commitment is a key differentiator for the Bank and brings a whole new meaning to our standard of “Customer Experience and Customer Relationship Excellence” so that we live up to our vision of “Delighting Customers, Growing People and Benefiting Communities”.

COMMUNITY PERSPECTIVE

The Bank also engages in and implements various CSR programmes to support communities. In past years, the Bank has sponsored many charity events. From 2018 until now, the Bank has placed great emphasis on the disabled community and on education by sponsoring and co-running events to help support the disabled community through the Epic Arts Organisation. In addition, we have supported the E2STEM Programme at Preah Yukuntor High School by providing scholarships and internship programmes to students to help foster science and technical education in Cambodia. The scholarship students also had a chance to conduct internships at Phillip Bank so they can experience the real working environment, which helps prepare them for the workplace as they graduate from the school.

The Bank will continue to give back to Cambodian society through many other initiatives and projects in the upcoming years including supporting health & sport, community donation, and many others. Phillip Bank is unique among banks in Cambodia as has its own local NGO which it supports to serve as the CSR arm of the Bank. This organisation, Koampia Phum Yoeung (KPY), which means “Caring for Our Village” in the Khmer language, was originally launched more than 10 years ago as a project of KREDIT Microfinance to help children, poor families and communities across Cambodia by providing training and consulting in financial literacy, agriculture, child rights, health and education.

BUSINESS PRIORITIES

INTERNAL PROCESS PERSPECTIVE

The Bank aims to position itself as a bank that Delights Customers, Grows People, and Benefits Communities while placing a high degree of importance on stringent risk management processes for the benefit of our clients and the community. The Bank has put in place policies and procedures following international banking standards and has invested substantially in technology and infrastructure security for our customers' added peace of mind.

HUMAN RESOURCE PERSPECTIVE

In 2023, the industry faced significant challenges due to a fluctuating and uncertain economic environment. These economic conditions necessitated a strategic shift in our human resource practices to ensure operational resilience and sustainability.

Recruitment and Workforce Management:

Our recruitment activities were highly selective and focused on key positions critical to our strategic objectives. This approach ensured that we brought in talent that could drive value and support our long-term goals.

Environmental, Social and Governance (ESG):

In 2023, we strengthened our commitment to Environmental, Social, and Governance (ESG) principles by implementing a range of initiatives aimed at promoting sustainability, introducing ESG awareness to our employees and enhancing cost efficiency. We currently have a staff who is dedicated to spearheading our ESG initiatives.

Skills Enhancement:

Investment in employee development remained a priority. We introduced targeted training programmes to enhance the skills of our existing workforce, ensuring they were well-equipped to handle evolving industry demands and technological advancements.

Young Talent Management Programme:

We continued to prioritise the development of young talent within the Bank through our innovative Young Talent Management Programme aimed at fostering the next generation of leaders within the Bank. In one of the Young Talent initiatives, we have formed strategic collaborations with leading local and overseas universities, including the National University of Singapore (NUS) and Nanyang Technological University (NTU) to enhance cultural learning and to foster a global perspective among our employees.

Community Engagement:

We strengthened our community engagement by collaborating with independent agencies and institutions to support local students and Singapore students in skills development. Our initiatives focused on career readiness programmes aimed at equipping students with the necessary skills and knowledge to succeed in the workforce. We had the privilege of hosting two groups of young students from Singapore last year. Hosting the student groups was a successful initiative that highlighted the dynamic opportunities within Cambodia's banking industry. By engaging with young minds and providing them with firsthand insights, we not only promoted Cambodia as a viable destination for career growth but also fostered a spirit of cross-cultural exchange and collaboration.

BUSINESS PRIORITIES

Our HR strategy is defined by prudence and precision. By focusing on targeted recruitment for key positions, cost efficiency, and skills enhancement, we ensure that our workforce remains agile, skilled and aligned with our strategic objectives, despite the economic challenges.

LEARNING AND DEVELOPMENT PERSPECTIVE

In 2023, our Learning and Development (L&D) department focused on enhancing the skills and capabilities of our employees to meet evolving business needs and improve customer experience. Our initiatives included designing and implementing key training programmes, enhancing leadership development, collaborating with industry institutes and providing language and international training opportunities.

Customer Service Programme:

The Bank's internally designed customer service training programme, WECARE, reflects the Bank's service philosophy and commitment to enhancing customer experience. The programme is divided into three parts, each targeting specific aspects of customer service excellence. We successfully implemented the training across all regions so that the WECARE programme has standardized and elevated the quality of our customer interactions.

Enhanced Leadership Programme:

Our leadership programme was enhanced to align with the Bank's evolving business needs. Focused on preparing employees for future leadership roles, the programme included modules on topics such as strategic thinking, innovation, and communication skills. These enhancements ensure our leadership pipeline is robust and capable of driving the Bank's future growth.

Certified Programme and collaboration with Institute of Banking and Finance:

We collaborate with the Institute of Banking and Finance to fulfill the requirements of compulsory training in banking skills. Key programmes included the Certified Responsible Lending programme for lending staff and Certification on Responsible Banking for Board Members & Executives for the Bank's directors and executives. This collaboration ensured our staff met industry standards and regulatory requirements, reinforcing our commitment to responsible banking.

Sponsorship in Language Learning Programmes:

Recognising the importance of language skills, we offered sponsorship to help our employees learn English and additional languages like Mandarin.

Overseas Study Trips:

The Bank believes in providing opportunities for exposure and networking. We sent selected employees on overseas study trips and training programmes to expose them to global best practices and innovative banking solutions.

The L&D department plays a pivotal role in driving the Bank's strategic objectives by equipping employees with necessary skills and knowledge. We aim to build a capable and future-ready workforce. These efforts not only improve our current operations but also position us to continued success in the ever-evolving banking landscape.

BUSINESS PRIORITIES

SIGNIFICANT BUSINESS PLANS FOR FINANCIAL YEAR 2024

To provide customers with a more convenient way of banking, the Bank plans to continually improve its existing products, while introducing new and innovative solutions throughout 2024 and beyond. We plan to launch new versions of both our Phillip Mobile and Internet Banking platforms that come with friendlier interfaces and user experience, as well as enhanced security and performance. Besides adding new functions and solutions on our digital channels, including a revamped process for account opening and international remittance, we are working with various government authorities to provide more public services within our Phillip Mobile app.

Our physical Mastercard, including debit and prepaid multi-currency card will be available in the market by the second half of 2024. This provides another dimension of user-friendly solutions for online shopping and payment as one travels.

Our top-notch customer experience can be seen through the increase in the number of our Priority Banking customers. Given the success of our Deposit Campaign in 2023, we will continue innovating and introducing solutions that will help individual and corporate customers maximise their wealth and returns. In addition, we will continue our ambition to acquire new customers which will increase customer transactions via our digital platforms.

Meanwhile, the Bank will also enhance its retail products, including personal loans, micro loans, car loans and housing loans to increase our customer base in retail segments.

THE CUSTOMER'S VOICE

MR. LEAK CHANTREA

"I have been a loyal customer of Phillip Bank for a couple of years. The Bank's personalised service has been outstanding. The staff always try to understand my financial goals before introducing each step carefully to ensure that all necessary documents are in order and that my financial needs have been properly responded to."

MS. SEA SREYNEAT

"I am immensely thankful to the Bank for granting me the loan that facilitated the expansion of my business. Such support has enabled me to invest in new resources, reach a wider customer base, and bring my business to a new level. Your trust and financial assistance have given me the greatest strength to implement strategic initiatives in my business which return in a better result. Thank you for helping me to transform my aspirations into reality."

THE CUSTOMER'S VOICE

MS. SOURN SOBIEN

“I wanted to take a moment to praise the Bank's staff for their professionalism, friendliness, and helpfulness. Their well-mannered and welcoming attitude truly makes me feel valued as a customer. Last but not least, I wish the Bank nothing but a larger customer base, and continuous growth in both size and strength.”

MS. LAM SIVFONG

“The competitive interest rates and the commitment to providing a secure and reliable banking experience at Phillip Bank have earned my trust and loyalty. The Bank has simplified my financial life and given me greater control over my money. The level of innovation and the commitment to customer satisfaction are truly commendable. I appreciate the continuous improvements and the dedication to providing a top-notch user experience.”

THE CUSTOMER'S VOICE

MS. HANG THARIN

“Phillip Bank's deposit campaign is such a clever initiative and simply outstanding. The attractive interest rates and additional rewards have motivated me to increase my savings than ever before. It is a campaign that benefits customers and also encourages responsible financial habits. Thank you for going above and beyond to support your customer’s needs.”

MS. KEO SAMLEY

“I wish to express my appreciation to Phillip Bank’s staff for their outstanding customer service. Every interaction I've had, whether over the phone or in person, has always come with a very friendly and helpful attitude. The staff handles each interaction with a sense of urgency, whether it’s weekday or weekend, demonstrating their dedication to customer satisfaction.”

THE CUSTOMER’S VOICE

MR. SOEUNG SALIN

“Thanks to Phillip Bank for bringing a positive transformation in my financial situation. Since receiving the loan, my business income has experienced remarkable growth, enabling me to achieve greater financial stability and pursue new opportunities. The Bank’s financial support has not only fueled the growth of my business but also contributed to reducing the unemployment rate in my community.”

CORPORATE SOCIAL RESPONSIBILITY

Phillip Bank believes Corporate Social Responsibility (CSR) is not just a corporate obligation. It is built into our DNA and corporate culture to do good and give back to the communities we operate in.

We divide our CSR activities into two parts:

- Strategic CSR: these are specific areas in which the Bank has chosen to contribute over an extended period. For Phillip Bank, Strategic CSR includes benefiting financial inclusion, education and disabled arts.

- Tactical CSR: These are short-term or one-off projects providing aid to specific segments of the community, in response to events such as disasters, flood relief, educational campaigns, children’s enrichment programmes, and health.

In 2023, Phillip Bank supported communities and local charities through the activities below:

Koampia Phum Yoeung (KPY)

KPY is a local NGO working alongside Phillip Bank, as part of the Bank’s CSR, to improve the lives of the vulnerable in Cambodia. Phillip Bank has supported this work for more than 10 years since it was a project of KREDIT Microfinance to help children, poor families, and communities in four target provinces in Cambodia by providing training and consulting in four areas including financial literacy, agriculture development, child rights, and education.

CORPORATE SOCIAL RESPONSIBILITY

Epic Arts Cambodia

Phillip Bank is a sponsor of disabled arts in Cambodia and has proudly contributed to performances by Epic Arts, a social and educational enterprise based in Kampot.

E2STEM Cambodia

Phillip Bank has been a supporter for a major educational initiative called E2STEM. In 2023, Phillip Bank sponsored seven grade 12 students from E2STEM to participate the First Global Challenge in Singapore. The exposure to hands-on STEM learning is helping them to develop their competencies in problem-solving through the application of STEM. In addition, Phillip Bank also arranged an internship programme for selected E2STEM students to make use of their skills in a real working environment.

CORPORATE SOCIAL RESPONSIBILITY


Charity Ride in Kampot Province

Phillip Bank partnered with r+ to organise a Charity Bike Ride in Kampot province on 23rd April 2023.

More than 50 Phillip Bank staff participated in the event to discover Kampot's various farms and raise awareness of local farming in Cambodia.


True VISIONS Sponsorship

Phillip Bank has signed an MoU with True VISIONS International School of Cambodia (TVIS) to provide scholarships to 12 outstanding high school students, covering 50% of their annual tuition fee.

CORPORATE SOCIAL RESPONSIBILITY

Angkor Wat International Half Marathon

Phillip Bank contributed nearly US$ 2,000 by participating in the 28th Angkor Wat International Half Marathon, with more than 100 staff registered to join the event. The whole registration fee was donated via the event organiser to Kantha Bopha Children's Hospitals.

Green Bethel Community School

Phillip Bank is one of the annual sponsors for the Green Bethel Community School (GBC) in Cambodia.

Established by Korean NGOs in collaboration with the local government, it is a beacon of hope for underprivileged children living in garbage landfills. It provides them access to quality education, empowering them to break the cycle of poverty and create a better future for themselves.

FINANCIAL HIGHLIGHTS

	2023	2022
OPERATING RESULTS (US$'000)		
Operating revenue	79,308	76,261
Profit before taxation	6,664	13,783
Net profit for the year	5,195	10,526
KEY BALANCE SHEET DATE (US$'000)		
Total asset	793,449	721,079
Loan and advances (net)	582,248	582,611
Total liabilities	636,363	569,188
Deposits	601,027	507,879
Statutory capital	75,000	75,000
Shareholder's funds	157,086	151,891
FINANCIAL RATIOS		
Earnings per share (US$)	0.07	0.14
Net assets per share (US$)	2.09	2.03
Return on shareholders' funds (%)	3.31	6.93
Return on assets (%)	0.65	1.46
Liquidity ratio (%)	282	154
Loan-to-deposit ratio (%)	98.74	116.37
Non-performing loans to total loans (%)	6.18	4.04
CAPITAL MANAGEMENT		
Net worth (US$'000)	137,570	144,730
Solvency ratio (%)	21.07	22.60

YEAR TO YEAR FINANCIAL SUMMARY

TOTAL ASSETS
(US$ Million)

2023	793.45
2022	721.08

LOAN AND ADVANCES
(US$ Million)

2023	582.25
2022	582.61

DEPOSITS
(US$ Million)

2023	601.03
2022	507.88

SHAREHOLDER'S FUNDS
(US$ Million)

2023	157.09
2022	151.89

OPERATING REVENUE
(US$ Million)

2023	79.31
2022	76.26

PROFIT BEFORE TAX
(US$ Million)

2023	6.66
2022	13.78

ANALYSIS OF FINANCIAL STATEMENTS

OPERATING REVENUE

Operating revenue of the Bank for the year ended 31 December 2023 is 4.00% higher at US$ 79.31 million, compared to US$ 76.26 million in the previous year ended 31 December 2022. Contributing to the higher operating revenue is primarily the significant increase in interest income from loans and advances to customers, on the back of significant growth in loan portfolio of the Bank as well as fee income. The key sources of operating revenue of the Bank for the year ended 31 December 2023 are interest income from loans and advances to customers (94.89%), with recovery from written off loans and foreign exchange gain/loss comprising (1.25%), and fees and commission income comprising (3.86%).

PROFIT BEFORE TAXATION AND EARNINGS PER SHARE

The Bank posted a slightly lower pre-tax profit of US$ 6.66 million for the year ended 31 December 2023 against pre-tax profit of US$ 13.78 million recorded in the preceding year due to the increase in cost of funds. Cost-to-income ratio for the Bank for the year 2023 was higher at 0.76:1 against 0.70:1 in the previous year. Components of operating expenses of the Bank for the current year under review are personnel expenses (54%), depreciation and amortisation expenses (15%), promotion and marketing related expenses (6%) and administrative and other operating expenses (25%).

The Bank posted a net profit for the year of US$ 5.20 million compared to a net profit of US$ 10.53 million in the year ended 31 December 2022, due to the increased cost of funds in the market. Profit per share of the Bank for year 2023 is US$ 0.07 versus US$ 0.14 for the previous year.

TAXATION

Taxation consists of income tax and deferred tax. As the Bank incurred pre-tax profit during the current year, the income tax of the Bank is subject to the 20% profit tax under Cambodian tax laws. The Bank is also recognising the deferred tax liabilities of US$ 1.43 million as of 31 December 2023.

TOTAL LIABILITIES

Total liabilities of the Bank have increased to US$ 636.36 million as at 31 December 2023 from US$ 569.19 million as at 31 December 2022.

Deposit placements from financial institutions and customers, and borrowings from social lenders are the key components of the Bank's total liabilities as at 31 December 2023, accounting for 97.80% of the total liabilities of the Bank.

TOTAL ASSETS

Total assets of the Bank stood at US$ 793.45 million as at 31 December 2023, representing a 10.04% increase from US$ 721.08 million as at 31 December 2022. The asset base of the Bank is largely supported by loans and advances to customers (73.38%), and cash equivalents (17.24%), placement with banks (0.44%), balance with the central bank (Statutory deposits: 6.10%), and other assets (2.84%).

DEPOSITS, BORROWINGS, AND SUBORDINATED DEBTS

Deposits from financial institutions and customers represent 94.45% of total liabilities as at 31 December 2023. It consists of term deposits (82.62%), current

ANALYSIS OF FINANCIAL STATEMENTS

accounts (6.82%) and savings accounts (10.56%). Borrowing and Subordinated Debt are also an essential components, representing 3.35% of total liabilities.

LOANS AND ADVANCES

Loans and advances are mainly comprised of secured long term loans to customers. Gross loans and advances to customers of the Bank have grown by 0.41% to US$ 593.45 million as at 31 December 2023 from US$ 591.01 million as at 31 December 2022.

STATUTORY CAPITAL

The paid-up statutory capital of the Bank as at 31 December 2023 amounted to US$ 75 million.

SHAREHOLDERS' FUNDS AND NET ASSETS PER SHARE

As at 31 December 2023, shareholders' funds of the Bank are marginally higher at US$ 157.09 million compared to US$ 151.89 million. Net assets, per share of the Bank as at 31 December 2023, stood at US$ 2.09 (2022: US$ 2.03).

RETURN ON SHAREHOLDERS' FUNDS AND RETURN ON ASSETS

The Bank recorded returns on shareholders' funds and assets for the year ended 31 December 2023 as follows: return on shareholders' funds was 3.31% (2022: 6.93%) and the return on assets was 0.65% (2022: 1.46%).

NON-PERFORMING LOANS TO TOTAL LOANS (%)

The non-performing loans to total loans ratio as at 31 December 2023 increased to 6.18%, compared to 4.04% as at 31 December 2022. Non-performing loans are mostly secured and the Bank is in the process of recovering the loans.

LIQUIDITY RATIO

The liquidity ratio of the Bank as at 31 December 2023 is higher at 282% compared to 154% as at 31 December 2022, mainly because the short term cash inflow is greater than cash outflow. The Bank is in compliance with the Central Bank's Prakas No.B7-015-349 which requires a liquidity ratio of 100%. The liquidity ratio of the Bank indicates that the Bank has the ability to honour withdrawals of deposits by its customers.

NET WORTH

As at 31 December 2023, the net worth of the Bank of US$ 137.57 million (2022:US$ 144.73 million) is in excess of the minimum regulatory capital requirement of US$ 75 million. The increase is due to the net profit generated in 2023.

LOAN-TO-DEPOSIT RATIO

The loan-to-deposit ratio of the Bank as at 31 December 2023 is moderately decreased at 98.74% as compared to 116.37% as at 31 December 2022, mainly attributed to the fact that the increase in deposits from financial institutions and customers was partly offset by the enlarged loan portfolio.

SOLVENCY RATIO

The solvency ratio provides a measure of the Bank's net worth as a percentage of its risk-weighted credit exposures. As at 31 December 2023, the solvency ratio of the Bank was 21.07% (2022: 22.60%) and is in compliance with Central Bank's Prakas No.B7-04-206 which requires a solvency ratio of at least 15%.

POLICIES AND PRACTICES

BOARD RESPONSIBILITIES AND OVERSIGHT

The Board of Directors of Phillip Bank (Board) is committed to the principles of good corporate governance and oversees the overall corporate practices and performance of the Bank. The responsibilities of the Board include:

- overseeing the conduct of the Bank's business;
- establishing business directions, plans and annual budget of the Bank;
- reviewing action plans that are implemented by the management to achieve business strategies and targets set by the Board;
- identifying principal risks and ensuring the implementation of appropriate systems to manage those risks;
- reviewing the adequacy and the integrity of the Bank's internal control systems and management information systems, including systems for compliance with applicable laws, rules and guidelines issued by the National Bank of Cambodia.

COMPOSITION OF THE BOARD

The Bank is led and managed by an experienced Board comprising members with extensive experience in commercial and Investment banking activities as well as audit background. As at 31 December 2023, the Board comprises seven (7) Directors: one (1) Chairman of The Board, two (2) Non-Independent Executive Directors, and four (4) Independent Non-Executive Directors.

The functions of Executive and Non-Executive Directors are separate and distinct. The Non-Executive Directors complement the skills and contribute to the formulation of strategies and policies of the Bank with the Executive Directors, and also provide effective checks and balances to ensure that the Bank operates within a proper governance framework, with the necessary internal controls and systems in place. The Executive Directors are responsible for making operational decisions and implementing strategic activities of the Bank. The Non-Executive Directors on the Board bring strong independent judgment and objective participation in the proceedings and decision-making process of the Board.

The Board agreed on the composition of the Board of Directors for the new term from 2023-2025 during a meeting in December 2022. The agreement for this new term was approved by the National Bank of Cambodia, acknowledging that all board members have prior experience with their respective obligation.

The composition of the Board reflects the Board's commitment to maintaining an appropriate balance of financial and management expertise to ensure a sufficiently wide and relevant mix of backgrounds, skills and experience to provide strong and effective leadership and control of the Bank.

The Board has set up four (4) Board Committees to assist the Board in the management of the Bank's business and discharge of its duties. The functions and terms of reference of the Committees as well as authority delegated by the Board to these Committees have been clearly defined by the Board. The four (4) Board Committees are:

Committee	Chaired By
Audit Committee	Independent Non - Executive Director
Risk Management Committee	Independent Non - Executive Director
Remuneration and Nomination Committee	Independent Non - Executive Director
IT Committee	Independent Non - Executive Director

POLICIES AND PRACTICES

(I) Audit Management Committee

The Audit Committee provides independent oversight of the Bank's financial reporting and internal control systems and ensures checks and balances within the Bank.

The Audit Committee is comprised of three (3) members from the Board as follows:

1. Ms. Seah Yen Goon (Chairperson)
2. Mr. Paul Gwee Choon Guan
3. Mr. Ong Teong Hoon

The Audit Committee is authorised by the Board in:

Overseeing General Conduct

- Review management's risk assessment practices
- Establish and monitor compliance with a corporate code of conduct
- Monitor procedures for compliance with government regulation
- Review the findings of audits or examinations conducted by other agencies
- Discuss disagreements between internal or external auditors and management

Overseeing Internal Control Structure

- Review the adequacy of internal control structures over financial reporting
- Oversee the company's internal controls for safeguarding its assets

Overseeing the Internal Auditors

- Evaluate the internal auditors' objectivity
- Review the internal auditors' work and assess their performance
- Ensure that the internal auditors' involvement in auditing the financial reporting process is well-coordinated with the work of the external auditors.

Overseeing Financial Reporting

- Assist management in reviewing the terms of reference for the external audit
- Recommend the appointment of the external auditors
- Assist management in reviewing audit results with the external auditors and management
- Review the management letter prepared by the external audits

(II) Risk Management Committee

The Risk Management Committee oversees management's activities in managing credit, market, structural interest rate, liquidity, operational, legal, compliance and other risks to ensure that the risk management process is in place and functioning.

The Risk Management Committee is comprised of three (3) members from the Board as follows:

1. Mr. Paul Gwee Choon Guan (Chairperson)
2. Mr. Ong Teong Hoon
3. Ms. Seah Yen Goon

The Risk Management Committee is authorised by the Board to:

- review and recommend risk management strategies, policies and risk appetite, and risk tolerance limit for the Board's approval. These will cover the enterprise risks of Strategic Risk, Credit Risk, Operational Risk, IT Risk Security, Interest Rate Risk, Liquidity Risk, and Foreign Exchange Risk.

POLICIES AND PRACTICES

- review new products, after ensuring that the new products have undergone proper evaluation process and recommend to the Board for approval should the financial products be beyond plain vanilla;
- review the asset and liability management and capital allocation functions including fund transfer pricing where relevant;
- set risk appetite capital for delegation to the Asset and Liability Committee;
- review and assess the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are adequate and operating effectively and independently;
- ensure that the infrastructure, resources and systems are in place for risk management i.e. ensures that the proper staff are made responsible for implementing risk management systems performs those duties independently of the Company's risk taking activities;
- review the Management's periodic reports on risk exposure, risk portfolio composition and risk management activities;
- review and approve yearly risk dashboard (Key Risk Indicators) toward risks faced by the Bank and overall Internal Control Framework Policy;
- review compliance checklist of the Bank every 6 months;
- review and give comments on compliance-related and risk-related policies for board's approvals;
- review and oversee risk and compliance departments;
- conduct yearly appraisals on the performances of Head of Compliance and risk management department.

(III) Remuneration and Nomination Committee

The Remuneration and Nomination Committee provides a formal and transparent procedure for the appointment of Directors, Board Committees members and key senior management officer(s) as well as assessment of the effectiveness of such individual Directors, the Board as a whole and the performance of the key senior management officer(s). The Committee also provides a formal and transparent procedure for developing remuneration policy for Directors and key senior management officer(s) and ensures that compensation is competitive and consistent with the Group's culture, objectives and strategy.

The Remuneration and Nomination Committee is comprised of three (3) members from the Board as follows:

1. Mr. Koh Yong Guan (Chairperson)
2. Mr. Lim Hua Min
3. Mr. Ong Teong Hoon

The Remuneration and Nomination Committee is authorised by the Board to:

- review the composition and size of the Board and determine the appropriate Board balance between Executive Director(s), Non-Executive Directors and Independent Directors;
- review and recommend to the Board the required mix of skills, experience, qualification and other core competencies required of a Director. Such requirements and criterion should be approved by the Board;

- recommend and assess the nominees for Director(s), Board committee member(s) as well as nominees for key senior management officer(s). The actual decision as to who shall be nominated shall be the responsibility of the Board;
- recommend to the Board the removal of a Director or key senior management officer(s) if they are ineffective, errant and negligent in discharging their respective responsibilities;
- establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the key senior management officer(s);
- oversee the appointment, management succession planning and performance evaluation of the key senior management officer(s); and
- recommend a framework for the remuneration of Directors and key senior management officer(s). Such framework should reflect the responsibility, experience and commitment of each Director and key senior management officer(s) concerned. The remuneration package should be structured such that it is competitive and consistent with the Bank's culture, objectives and strategy, and market benchmark. Salaries should be within the scope of the general business policy and not dependent on short-term performance to avoid incentives for excessive risk-taking.

(IV) IT Committee

The role of the IT Committee is to assist the EXCO in implementing IT strategy that has been approved by the Board. It includes prioritisation of IT-enabled investment, reviewing the status of projects (including, resource conflict), monitoring service levels and improvements, IT service delivery and projects.

Members of IT committee include:

- Independent Board Director, Chairperson
- Chief Digital Officer, Acting Chairperson
- CEO, member
- DCEO, member
- Chief E-Channels or equivalent, member
- Chief Technology Officer or equivalent, member
- Chief Finance Officer or equivalent, member
- Chief Of Human Resource or equivalent, member
- Head Of IT Security Department or equivalent, member
- Head Of Risk Department or equivalent, member
- Head Of Compliance Department or equivalent, member
- Related Head Of IT Department or equivalent, member
- Corporate Secretary of the Bank, Secretary

The IT Committee is authorised by the Board to:

- Oversee the development and implementation of the Bank's IT strategy in alignment with the overall business strategy.
- Review and approve IT policies, standards, and procedures, ensuring they are comprehensive, up-to-date, and compliant with relevant regulations.
- Monitor IT risks and ensure appropriate risk mitigation strategies are in place.
- Review and approve the IT budget, ensuring adequate funding for IT initiatives and projects.
- Evaluate and provide guidance on major IT projects, including project prioritisation, resource allocation, and progress monitoring.

POLICIES AND PRACTICES

- Monitor IT performance metrics and ensure the timely resolution of IT-related issues.
- Review and assess IT security measures, including cybersecurity protocols, incident response plans, and disaster recovery procedures.
- Stay abreast of emerging technologies and industry trends, recommending adoption or integration of new technologies where appropriate.
- Provide oversight and guidance on IT vendor management, including vendor selection, contract negotiation, and performance evaluation.
- Collaborate with internal audit and compliance functions to ensure IT-related audits and regulatory requirements are met.
- Ensure implementation of Technology Risk Management Guidelines as per requirements by NBC

BOARD APPOINTMENT PROCESS

All nominees for appointment to the Board will in the first instance be assessed by the Remuneration and Nomination Committee which will make recommendations to the Board. The Board makes the final decision on appointments to the Board. When assessing nominees for appointment to the Board, considerations will include the nominees' qualifications, expertise and experience, fit and properness, core competencies required of the position and the appropriate Board balance.

POLICY AND PRACTICE GUIDELINES FOR CORPORATE GOVERNANCE

Board Meetings

Board Meetings are held at least once every quarter. During the financial year ended 31 December 2023, the Board met four (4) times.

Directors are provided with notices of the Board Meetings and board papers for each agenda item in advance of each meeting to ensure that Directors have sufficient time to study them and be prepared for discussion. The Board also has a formal schedule of matters reserved for deliberation and decision. Minutes of Meetings are recorded, maintained and distributed to all Board members and senior management.

The management of the Bank has adopted the Group's policy on information to be brought to the Board's attention. In accordance with the policy, all material information are to be tabled to the Board on a timely basis in order for the Board to be kept abreast with the performance and business activities of the Bank.

Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and all necessary information is obtained from Directors both for the Bank's own records and for the purposes of meeting statutory obligations. Details of Directors' attendance at Board Meetings during the financial year ended 31 December 2023 are outlined in the following table:

Name of Director	No. of Board meetings attend in office
Mr. Lim Hua Min (Chairman)	4/4
Mr. Koh Yong Guan	4/4
Mr. Ong Teong Hoon	4/4
Ms. Seah Yen Goon	4/4
Mr. Paul Gwee Choon Guan	4/4
Mr. Chan Mach	4/4
Mr. Pen Chanda	4/4

POLICIES AND PRACTICES

Responsibility

The Board recognises the importance of maintaining adequate accounting records and an effective system of internal controls to safeguard the shareholders' interest and the Bank's assets. The Board affirms its overall responsibility for the Bank's system of internal controls, which includes the establishment of an appropriate control environment and risk management framework as well as review of its adequacy and integrity. In view of the inherent limitations in any system of internal controls, the system is designed to manage risks and ensure that the risks are identified and managed at acceptable levels, rather than eliminate these risks to achieve its business objectives. The system can only provide reasonable but not absolute assurance against the risk of material misstatement of management and financial information or financial losses and fraud.

KEY INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls are described below:

Organisational Structure

Organisational structure with delineated lines of responsibilities, reporting, delegation of authorities and accountability within the Bank assist in ensuring that effective communication of risk control objectives as well as establishment of authority and accountability is in accordance with management criteria.

Internal Policies and Procedures

Detailed internal policies and procedures manuals of business and support units have been established to serve as guidelines to ensure compliance with internal controls and applicable laws and regulations.

There are also documented Limits of Approving Authority for key aspects of the businesses, which have been approved by the Board. This provides a sound framework of authority and accountability and facilitates proper corporate decision-making at the appropriate level in the organisation's hierarchy. The delegation of limits is subject to periodic reviews as to its implementation and continuing suitability in meeting the Bank's business objectives and operational needs.

Financial Performance Review

On a regular basis, management provides comprehensive financial information, key variances and analysis of financial data to the Board for review and decision-making purposes.

Compliance Function

Compliance performs regular assessment on various operations of the Bank to ensure adherence to regulatory requirements, especially AML, CFT and CPF regulations, as well as internal policies and procedures. Any deviation or breaches are reported to the Risk Management Committee and the Board is kept informed of the cause and the remedial measures taken.

Internal Audit Function

Internal Audit monitors the effectiveness of the Bank's system of internal controls and compliance with relevant regulatory requirements by the Bank. The internal auditors undertake regular reviews of the Bank's operations and systems of internal controls. Internal Audit reports to the Board of Directors via the Audit Committee.

POLICIES AND PRACTICES

During 2023, the work of the internal auditors focused on areas of priority according to their annual risk assessment and in accordance with the annual audit plan approved by the Audit Committee of the Bank. The results of reviews together with recommendations for improvement are reported to the Audit Committee of the Bank. The Bank's Audit Committee convenes regular meetings to review the findings and recommendations for improvement by Internal Audit, actions taken to rectify the findings in a timely manner and to evaluate the effectiveness and adequacy of the internal control system.

The Board confirms that there is an ongoing process that has been in place throughout the financial year ended 31 December 2023 for identifying, evaluating and managing significant risks which will provide reasonable assurance that the Bank's assets are safeguarded against losses from unauthorised use and all transactions of the Bank are properly authorised and recorded.

Risk Management Function

The Bank continues to take steps to strengthen the risk management practices by appointing the Head of Risk to maintain a comprehensive risk management framework covering:

- **Strategic risk**

Strategic risk arises from an institution's inability to implement appropriate business plans, strategies, decision-making, and resource allocation and its inability to adapt to changes in its business environment.

- **Credit risk**

Credit risk is the risk of suffering financial loss should any of the Bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the Bank. Credit risk is the single largest risk for the Bank's business.

- **Market / Financial risk**

The Bank's activities expose it to a variety of financial risks, including liquidity risk, foreign exchange risk and interest rate risk.

- Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows.
- Foreign exchange risk is the potential impact of adverse currency rate movements on earnings and economic value.
- Interest rate risk is the adverse changes in future cash flows of a financial instrument arising from changes in market interest rates. Interest margins may increase or decrease due to unexpected movements in rates.

- **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. This includes Technology risk and Reputation risk.

POLICIES AND PRACTICES

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to reputation that the Bank may suffer as a result of failure to comply with laws, regulations, rules, self-regulatory banking standards and codes of conduct applicable to its activities.

The Bank promotes risk awareness and visibility among its employees at all levels of the Bank. Training programmes are continuously held by the Risk Department Department to educate employees on how to identify risks, promote methods to improve controls, and remain compliant with both internal and external policies and regulations. The Bank has implemented a ongoing Control Self-Assessment (CSA) process through which all departments will continue to identify, assess and mitigate operational risks. The Asset Liability Management Committee (ALCO) maintains oversight of the Bank's financial performance, risk-return positions, liquidity and capital management processes.

The Board of Directors' Risk Management Committee provides guidance on related issues and ensures that the Bank's risk appetite is appropriate to deliver the financial objectives of the Bank.

The Bank is continuing the risk management framework and believes that this robust framework will help to ensure its continued sustainability and ability to meet the needs of its target market.

Code of ethics

The Bank's Code of Ethics has been put in place as a guideline for the acceptable behaviours of employees, especially when they handle sensitive issues like investments, interaction with others and handling grievances, both from outside and within the organisation. The Code of Ethics also sets out specific behaviour standards for employees related to potential ethical issues such as confidentiality and / or misuse of information or funds.

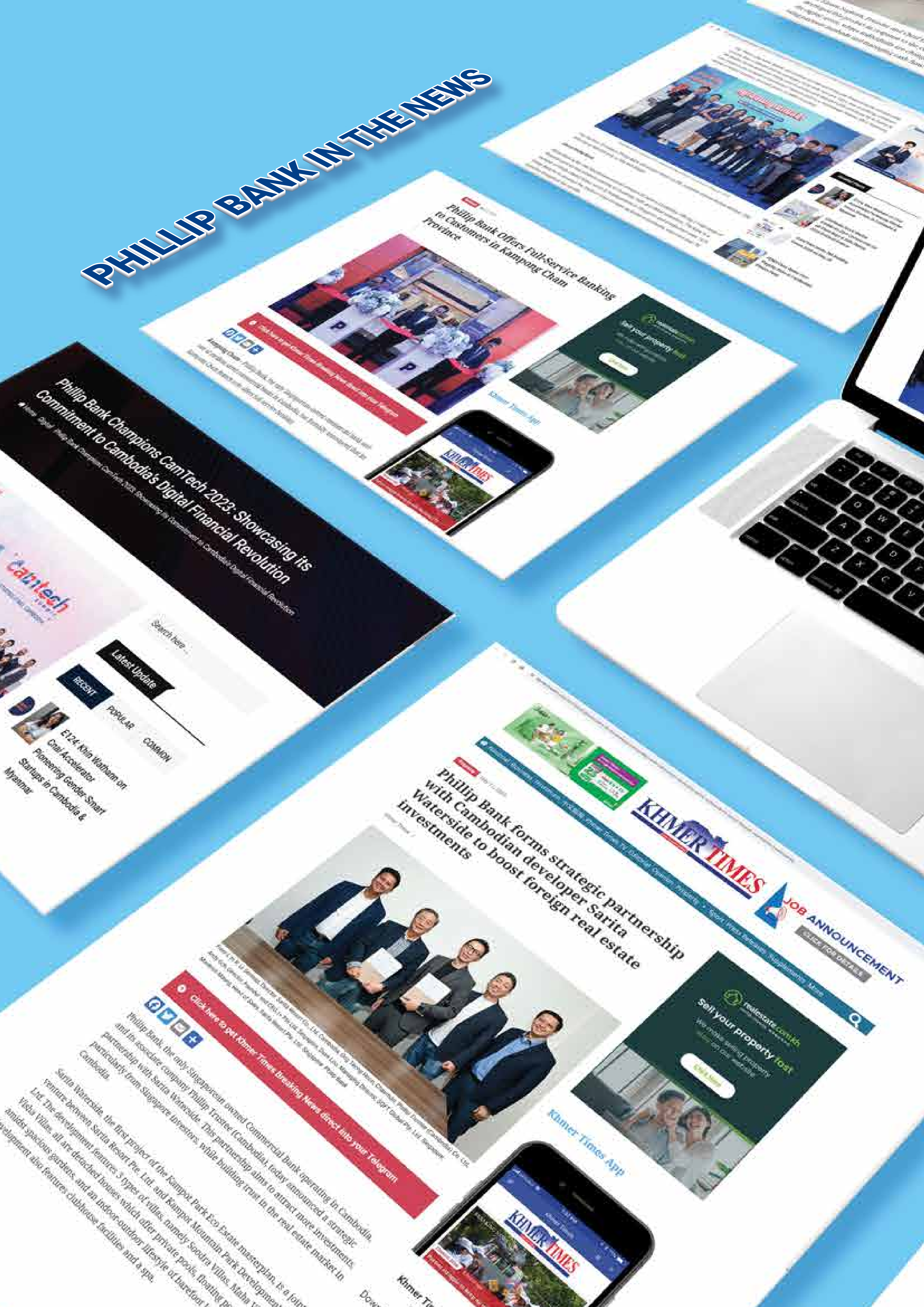
The Code of Ethics increases the confidence in the Bank as an organisation by showing potential customers and investors that the Bank is committed to maintaining the Bank's integrity by adhering to the highest ethical standards and acting in a responsible manner in the course of performing its business activities.

All new employees are briefed and required to sign their acceptance of the Code of Ethics as a guide to their conduct upon commencement of employment.

Independence and transparency

The Bank is independently managed by an experienced management team with oversight by the Board. The Bank practices transparency in dealings with customers and in its financial accountability and reporting.

PHILLIP BANK IN THE NEWS



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allow customers to instantly purchase any goods at Mora's
App under the financing of Phillip Bank without having
Phillip Bank's Chief Executive Officer, Mr Chan
technology and the development of fast
with Mora to provide the best paym
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Kampong Cham – Phillip Bank, the only Singaporean-owned
one of medium-sized commercial banks in Cambodia, has formally
Kampong Cham Branch now offers full-service banking.

CORPORATE GOVERNANCE

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PROFILE OF DIRECTORS

MR. LIM HUA MIN

Chairman

MR. PAUL GWEE CHOON GUAN

Independent Director

Mr. Lim Hua Min is the Executive Chairman of PhillipCapital Group of Companies and was also appointed Chairman of IFS Capital Limited on 20 May 2003. He began his career holding senior positions in the Stock Exchange of Singapore ("SES") and the Securities Research Institute. He has served on a number of committees and sub-committees of SES. In 1997, he was appointed Chairman of SES Review Committee, which was responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. For this service, he was awarded the Public Service Medal in 1999 by the Singapore Government. In 2014, he was also awarded "IBF Distinguished Fellow", the highest certification mark bestowed by The Institute of Banking and Finance on industry captains who are the epitome of professional stature, integrity and achievement. In 2018, he was named Businessman of the Year 2017 at the annual Singapore Business Awards, which is Singapore's most prestigious business accolade. Mr. Lim had also served as a Board Member in the Inland Revenue Authority of Singapore from 2004 to 2010.

Mr. Lim holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College London.

Mr. Paul Gwee Choon Guan's banking career spans over 25 years of experience in the universal and treasury/investment banking with asset/fund and wealth management industry across the Asia Pacific. His specialised skills include the fields of enterprise risk management (credit, market, liquidity and operational), control and compliance and back-room operations with a robust combination of strategic business finance and accounting reporting, mergers and acquisitions and capital management. He was the Head of Risk Management and Compliance in United Overseas Bank Group followed by as the Country CFO in Hong Kong and Shanghai Bank, Indonesia and as Chief Operating Officer in Bank of East Asia, Singapore. He is currently the Secretary-General of the ASEAN Bankers Association. Mr. Gwee holds a Master of Business Administration from the University of Chicago, Graduate School of Business, majoring in finance and was awarded the Bachelor of Commerce degree from theUniversity of Newcastle.

He qualified as a Chartered Accountant in 1984 and is a Fellow of the Institute of Chartered Accountants in Australia and Institute of Singapore Chartered Accountants.

PROFILE OF DIRECTORS

MR. KOH YONG GUAN

Independent Director

Mr. Koh graduated with a Bachelor of Applied Science (Honours) degree in Mechanical Engineering in 1970 and a Master of Applied Science in Mechanical Engineering and Biomedical Engineering in 1972 from the University of Toronto on a Colombo Plan scholarship. He obtained a Master's Degree in Business Administration (with distinction) from the Catholic University of Leuven, Belgium in 1981. He was conferred an Honorary Doctorate by the University of Toronto in 2011.

Mr. Koh joined Singapore's Civil Service as a Biomedical Engineer in the Ministry of Health in 1972 and was absorbed into the Administrative Service in 1979. He served in the Ministry of Finance (Revenue Division), Education and Defence before being appointed Permanent Secretary in the Ministry of Defence in 1989.

Mr. Koh was the Commissioner of Inland Revenue from 1991 to 1997. In 1998, he was appointed Managing Director, Monetary Authority of Singapore (Governor of the Central Bank). He had also held the appointments of Permanent Secretary, Ministry of Health and National Development, and Second Permanent Secretary, Ministry of Finance (Budget and Revenue) between 1998 and 2001. He retired as the Managing Director, Monetary Authority of Singapore (MAS), in June 2005, and remained a member of the MAS Board until April 2011. He served as the Chairman of Central Provident Fund Board, the national pension fund for all employees in both the private and public sectors in Singapore, from 2005 to 2013. He was Singapore's Non-Resident High Commissioner to Canada from May 2008 to March 2013, and was Singapore's Ambassador (Non-Resident) to Greece since from May 2013 to May 2020.

He had also served as the Chairman of the SMRT Corp that operates the train system, and buses and taxi services in Singapore, and Chairman of the Cancer Sciences Institute of Singapore.

Mr. Koh is currently the Chairman of the Singapore Deposit Insurance Corporation.

PROFILE OF DIRECTORS

MS. SEAH YEN GOON

Independent Director

Ms. Seah Yen Goon has more than 30 years of working experience in financial institutions including GE Commercial Finance, which specialises in financing small and medium-sized enterprises. She held senior position in Finance, Operations, IT, overseeing operations in Singapore, Thailand and Hong Kong. She was the Chief Financial Officer in charge of the finance and controllership, strategic and financial planning, funding and compliance.

She conducts training workshops at various institutions and serves at the HR sub-committees of St. Luke's Hospital and the Singapore Christian Home.

Ms. Seah is a Chartered Accountant (Singapore) who holds a Bachelor of Accountancy degree from the University of Singapore, now called the National University of Singapore and an MBA degree (Business Law) from the Nanyang Technological University.

MR. ONG TEONG HOON

Director

Mr. Ong started working in the financial sector in 1977, with Standard Chartered Bank, as a Management Trainee. For 25 years with the Bank, he had been through all aspects of Commercial Banking apart from Treasury function, and he ended his banking career as Country Manager for the Bank in Cambodia in 2002. This was after being the Bank's Chief Representative in Myanmar and before that, Regional Manager, Asia Pacific Region covering Financial Institutions.

Soon after that, he joined Phillip Securities Pte Ltd and covered various functions, including a stint in Phillip Securities Thailand PLC as its acting CEO, and was the Director of OTC Capital prior to being assigned to KREDIT Microfinance in 2012. He is currently serving as Chairman of Phillip General Insurance (Cambodia) Plc in addition to being shareholder representative for both Phillip General Insurance (Cambodia) Plc, Phillip Life Assurance (Cambodia) Plc, and Phillip Bank Plc. Mr. Ong is also the Chairman of Phillip Trustee (Cambodia) Co., Ltd.

Mr. Ong is a graduate from the University of Singapore with a Bachelor of Business Administration and is an Associate of the Chartered Institute of Bankers since 1978.

PROFILE OF DIRECTORS

MR. CHANDA PEN

Independent Director

Chanda Pen is passionate about technology, electronic payments, and the start-ecosystem and has spent 20 years of his career building products and designing systems. Chanda is the Chief of Party for the USAID Digital Workforce Development initiative, which is to improve technical education for Cambodia's working professionals and university students in an effort to meet the challenges imposed by a world economy that is leaning toward high technology.

Prior to serving as Chief of Party, Chanda was the Co-Founder/CEO of Bongloy, a Southeast Asia based fintech company focusing on open API for card issuance and digital payment infrastructure which he exited in June of 2021. He has served as a Council Member of the Association of Banks of Cambodia (ABC), Chaired the National QR Code Task Force Committee, and was the Chairman of Cambodia Association of Finance and Technology (CAFT). He has also served as a Fintech Lecturer at the National University of Management (NUM).

Chanda holds a Bachelor of Science degree from Barry University and an Executive Master of Science in Technology Management from Columbia University in the City of New York.

PROFILE OF MANAGEMENT

MR. CHAN MACH

Director & Chief Executive Officer

Mr. Mach, with nearly 25 years of experiences in the financial sector, currently serves as CEO and a Director on the Board of Phillip Bank Plc. He has served as CEO since the merger of Phillip Bank and KREDIT Microfinance Institution in 2020. Before that he was CEO of KREDIT Microfinance Institution from 2006. Additionally, he currently serves as a Director on the Boards of Phillip General Insurance, Phillip Trustee Company, and a local NGO, Koampia Phum Yoeung (KPY).

During his career path, Mr. Mach led the transformation of KREDIT MFI from an NGO lending project to a licensed microfinance institution (MFI), and then to become a Micro-Deposit-Taking Institution (MDI), tripling its portfolio. He was instrumental in leading the merger with Phillip Bank as a member of the merger steering committee.

Mr. Mach has been awarded Certified Banker by Experience certification from the Chartered Banker Institute (UK). He has completed two Master's Degrees: MBA and MFB. He also completed advanced courses and certification in Business Ethics (Singapore), Commercial Loan to Business from Omega Performance (USA), Advanced Bank Risk Analysis from Moody Analytics, and Good Corporate Governance from IFC. He has attended many other national and international courses related to microfinance and banking.

MR. LEE YONG MAN (MARK)

Member of Senior Management Team (SMT)

Mr. Lee is a seasoned banker with more than 40 years of experience in the banking industry. His experience encompasses all aspects of banking including corporate, retail, investment and digital banking. As an international banker, Mr. Lee has worked in South Korea, Singapore, Hong Kong, and Cambodia. He established PPCBank, Cambodia in 2008 and DGB Bank, Cambodia in 2009, respectively, and served as CEO of DGB Bank until 2021. In March 2021, he joined Phillip Bank as a member of the Senior Management Team. In addition to his banking career, Mr. Lee is the current Chairman of the Korean Chamber of Commerce in Cambodia since 2018 and now in his third term of office.

He graduated from the School of Business Administration, Yonsei University, South Korea with a Master's Degree in Economics. As part of his career enhancement, Mr. Lee also successfully completed the Accelerated Development Programme of Booth School of The University of Chicago in 2016.

Mr. Lee has since vacated his position within Phillip Bank from 15th March 2024.

PROFILE OF MANAGEMENT

MS. SOK CHANTHEARA

Chief Finance Officer

Ms. Chantheara has more than 10 years of experience in banking and finance. Before the merger, she was the CFO at KREDIT Microfinance. She also worked as an auditor with a Big Four accounting firm, in charge of financial services, corporate, garment factories, as well as local and international NGOs. Ms. Chantheara obtained two Bachelor Degrees in Accounting and English Teaching in 2006 from the Royal University of Law and Economics (RULE) and Institute of Foreign Languages (IFL) respectively. In June 2013, she completed the ACCA programme from the UK and was accepted as an ACCA member in the same year. In September 2018, she became a fellow member of FCCA.

MS. SRON SREYNEANG

Head of Treasury Division

Ms. Sreyneang graduated with a Bachelor's Degree in Accounting from the Royal University of Laws and Economics (RULE) in 2006 and completed her ACCA in 2019. Ms. Sreyneang started her career in 2006 and worked as an Auditor for 6.5 years. She has been involved in many industries including corporates, banks and NGOs. She also worked for PwC Malaysia for 14 months on the Secondment Programme. Ms. Sreyneang joined Phillip Bank in April 2015 as Finance Manager and was later redesignated as the Treasurer of the Bank.

PROFILE OF MANAGEMENT

MS. LILY SABRINA

Chief Human Resources

Ms. Lily joined Phillip Bank Cambodia as Chief of Human Resources in May 2020. She oversees the HR and Learning & Development Departments. Lily brings with her over 25 years of strategic and operational human resources experience gained in both local and multinational companies, and diverse sectors such as banking, property development, property investment, manufacturing and healthcare.

Ms. Lily speaks English, Bahasa Malaysia, Mandarin, Hokkien and Cantonese (Chinese dialects) and she possesses skill sets in Change Management, Talent Management and Organisational Development, in addition to industrial relations experience.

Ms. Lily holds a Post Graduate Diploma in Human Resource Management from Glasgow University and a Master's Degree in Human Resource Management from Open University Malaysia.

MS. MAO SOKHOEURN

Chief Card and E-Operations

Ms. Sokhoeurn joined Phillip Bank as Chief of Card and E-Operations in June 2022. Before joining Phillip Bank, she had over 21 years of experience with various positions at other Banks and MDI's, including Operations & Finance Supervisor, Head of Credit Card, Head of Product Development, Head of Digital Project Management, and Head of Card & E-Payment.

Ms. Sokhoeurn holds a BBA in Accounting & Finance from The National Institute of Management. She also obtained other training and skills certificates from national and international courses related to microfinance, banking, security, and compliance.

PROFILE OF MANAGEMENT

MR. SOK KIMCHHAY

Chief Digital Officer

Mr. Kimchhay, Chief Digital Officer (CDO) at Phillip Bank, is transitioning from his previous role as Chief Information Officer (CIO). He continues to oversee the IT Division, focusing on delivering innovative digital solutions to integrate financial services seamlessly into everyday life. His responsibilities now encompass spearheading digital product management, optimization, and digital transformation initiatives alongside his ongoing oversight of application development, infrastructure, core systems, project management, and the digital product design and growth team and together, comprising over 90 IT professionals and Digital talents, to adopt new development methodologies to enhance digital platforms, including payment gateways, merchant management systems, payment hubs, data warehouses, digital business, and mobile platforms. These efforts ensure that the Bank's technology resources scale effectively to meet rapid market demand growth.

Mr. Kimchhay holds a Master's Degree from Norton University and a Bachelor's Degree in Computer Science from the Royal University of Phnom Penh. He has also earned numerous certifications from national and international microfinance, banking, security, and compliance courses. In 2015, his exemplary leadership in IT was recognised with an ASEAN CIO Award, marking him as one of the year's most outstanding Chief Information Officers.

MR. BUN SOPHEAKTRA

Chief Credit Officer

Mr. Sopheaktra is a leader with a proven track record operating within the Credit Division of the Bank. He is holding position of Chief Credit Officer and also a member of credit committee, responsible for overseeing Retail Loan Processing Center, Credit Risk Management, Credit Admin and Loan Recovery (Retail, SME & Corporate Loans) Departments. Mr. Sopheaktra started his career in banking sector in year 2005 and joined with Phillip Bank in March 2015.

Mr. Sopheaktra was a scholarship student with a Bachelor's Degree in Economics from Royal University of Law and Economics in year 2004 and earned a Master's Degree in Finance from Pannasastra University of Cambodia in year 2007. In addition to his working experience, he is also accredited with several nationally and internationally recognised courses related to Credit and ACCA Programmes.

PROFILE OF MANAGEMENT

MR. VINCENT YAP TONG YIN

Chief Business Development Officer

Vincent brings over 30 years of banking expertise to the table, having held senior positions at prominent financial institutions such as Bank of America Merrill Lynch, Standard Chartered Bank, Bank of Tokyo Mitsubishi-UFJ, and Malayan Banking Group. His leadership spans various banking sectors, including retail, wholesale, and virtual banking, where he has been instrumental in implementing both local and international business strategies.

Prior his tenure at Phillip Bank, Vincent served as a digital trade finance consultant for VCargo Cloud Singapore, collaborating with nine global banks under the Monetary Authority of Singapore's trade finance application portal initiative, contributing significantly to the development of the CamelONE Platform.

In his role as Director for APAC at MITIGRAM AB, Vincent contributed to the creation of a digital business marketplace for trade finance, stepping down from his consultancy role to join Phillip Bank. MITIGRAM AB, based in Sweden, offers a web-based digital marketplace for the risk coverage and financing of global trade, known as the "MITIGRAM Platform."

Since joining Phillip Bank in November 2019, Vincent has been at the forefront of pioneering online banking strategies, changes, and ideas, all aimed at enhancing the customer experience in e-Channels banking at Phillip Bank. His efforts have expanded the e-channels banking sector, encompassing card business, merchant acquisitions, educational institutions, billers, and campaign management from 2019 to 2023.

In 2024, Vincent embraced a new challenge by aiding in the development of the Transaction Banking Department and initiating the establishment of the Business Development Department. His focus is on cultivating potential new business opportunities and attracting a network of new corporate clients to the Bank.

Vincent is an alumnus of the University of York, United Kingdom, where he earned an Honors degree in Economics in 1982.

PROFILE OF MANAGEMENT

MR. HASHIM ALKAFF SYED

Chief E-Channels Banking Officer

Mr. Hashim is an experienced generalist with prior experience in operations, marketing, financial planning, product development, and user experience. In Cambodia, he previously served as Country Head of a Southeast Asian ride-hailing and deliveries platform, as well as Chief Commerical Officer of a digital start-up MFI.

As the Chief E-Channels Banking Officer at Phillip Bank, Mr. Hashim is a strong advocate of data-driven decision-making and innovation. He oversees key areas such as B2B E-Solutions, Merchant Management, Cards Business Development, Marketing, Campaign Management, Internet Banking, Payroll Solutions, and Self-Service Machines.

MR. MECH VANNAK

Head of IT Division

Mr. Vannak has a Bachelor's Degree in Computer Sciences and Engineering and a Master's Degree in Business Administration. He has over 15 years of experience in various IT roles, including Network Engineer, System and Network Manager, Network and Infrastructure Manager, Deputy Head of IT, and Head of Infrastructure.

Mr. Vannak has been appointed Head of the IT Division at Phillip Bank from 01 Jan 2024. He also obtained other training and skills certificates from national and international courses related to IT, banking, and security.

PROFILE OF MANAGEMENT

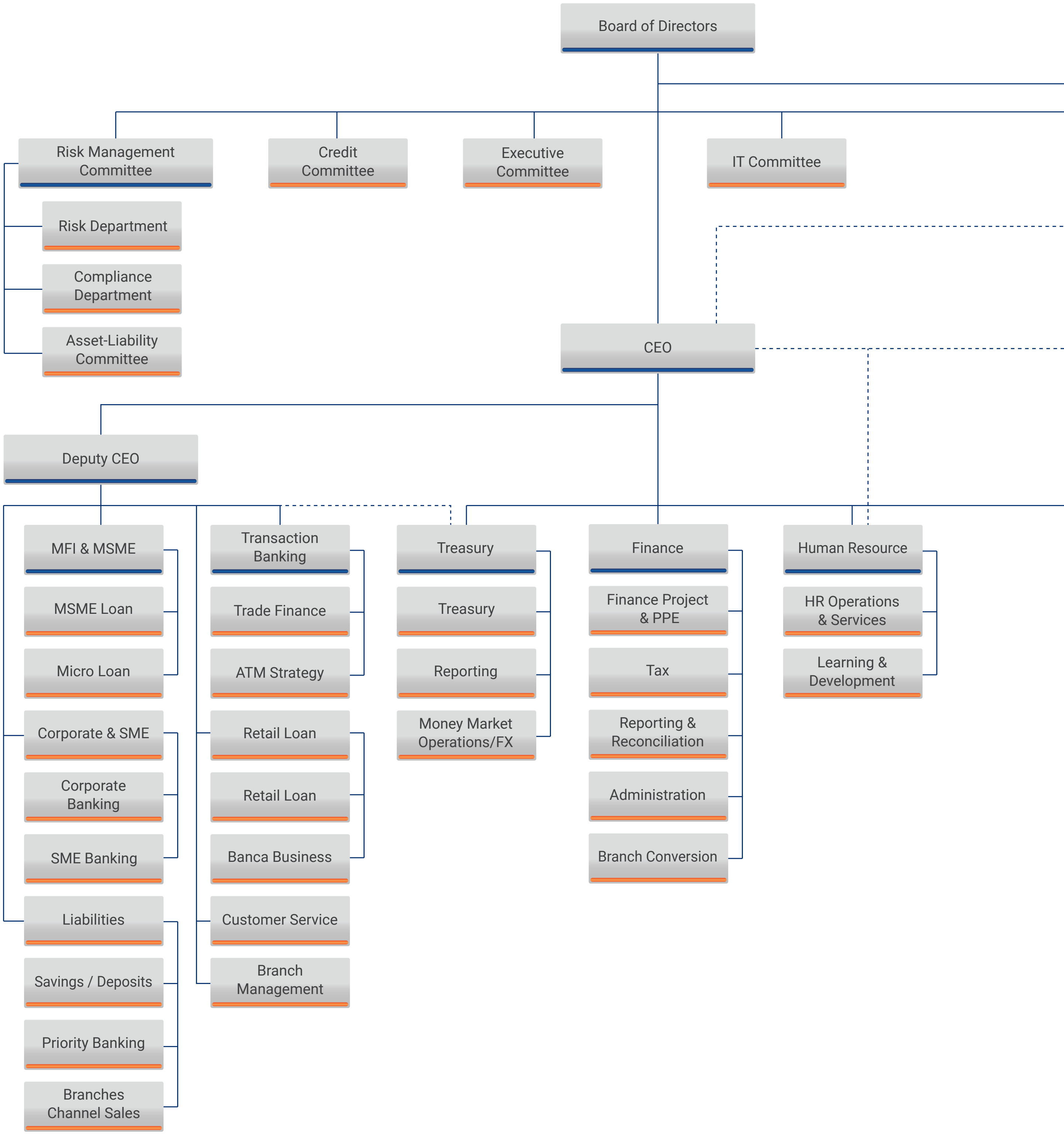
MR. ROM VANARA

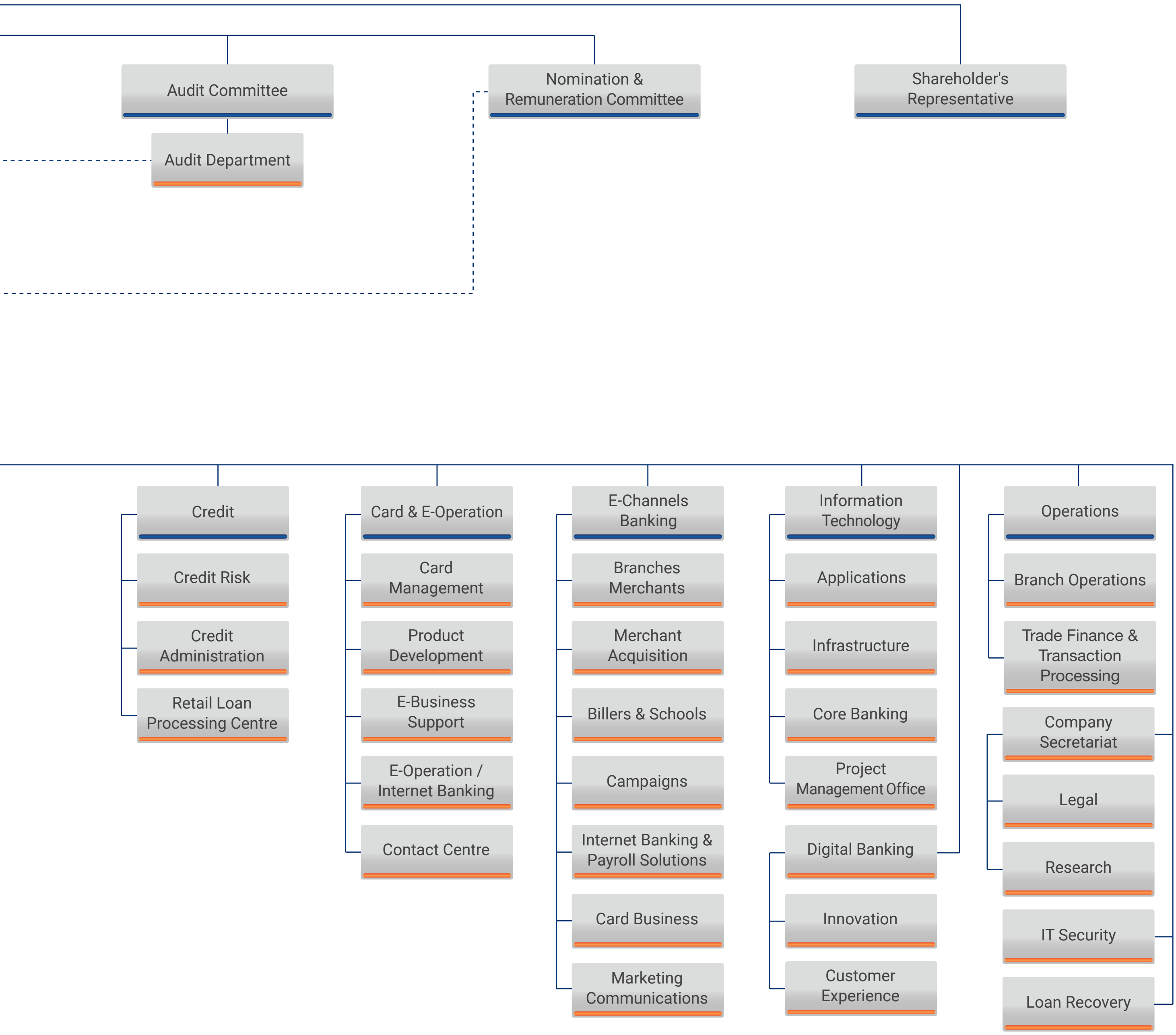
Chief of MSME and Provinces Branch Manangment

Mr. Vanara has more than 20 years of experience in micro finance and banking. After merged, he was promoted to be Chief of MSME and Provinces Branch Management, responsible for overseeing and supervising provinces branch performance management, MSME Loan department, Micro Loan department, Micro & MSME loan recovery department, and branches channel department which is responsible for growing the deposit and non-loan products in the provinces.

He obtained a Diploma in Accounting and Finance, and a Bachelor's Degree in English Literature at Build Bright University. In 2010, he graduated with a Master's Degree in Finance and Banking from Build Bright University and completed the recognition international course of Commercial Loan to Business which was certified by Omega Performance U.S and obtained a certificate from Moody's Analytics in 2019. He also attended numerous national, and international courses related to microfinance and banking such as Managing MFI/Bank, Banking Products and Services, Advanced Risk Management, Operations Management, Credit Risk Management, Branch Management, Advanced Management and Leadership, Business Development Process, Business Law and Contract Law, Digital Banking Transformation, Fund Management, and Data Analytics.

PHILLIP BANK ORGANISATION CHART




Audit Committee
Audit Department
Nomination & Remuneration Committee
Shareholder's Representative
Credit
Credit Risk
Credit Administration
Retail Loan Processing Centre
Card & E-Operation
Card Management
Product Development
E-Business Support
E-Operation / Internet Banking
Contact Centre
E-Channels Banking
Branches Merchants
Merchant Acquisition
Billers & Schools
Campaigns
Internet Banking & Payroll Solutions
Card Business
Marketing Communications
Information Technology
Applications
Infrastructure
Core Banking
Project Management Office
Digital Banking
Innovation
Customer Experience
Operations
Branch Operations
Trade Finance & Transaction Processing
Company Secretariat
Legal
Research
IT Security
Loan Recovery

FINANCIALS

PHILLIP BANK PLC. AND ITS SUBSIDIARY

Audited Consolidated and Separate Financial Statements for the year ended 31 December 2023 and Report of the Independent Auditors

CORPORATE INFORMATION

Bank	Phillip Bank Plc.	
Registration No.	00000292	
Registered office	No. 27 DEFG, Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.	
Shareholder	Phillip MFIS PTE. LTD.	
Board of Directors	Mr. Lim Hua Min	Chairman
	Mr. Ong Teong Hoon	Director
	Mr. Chan Mach	Director
	Mr. Paul Gwee Choon Guan	Independent Director
	Ms. Seah Yen Goon	Independent Director
	Mr. Koh Yong Guan	Independent Director
	Mr. Pen Chanda	Independent Director
Management team	Mr. Chan Mach	Chief Executive Officer
	Mr. Lee Yong Man	Deputy Chief Executive Officer (resigned on 15 March 2024)
	Mr. Bun Sopheaktra	Chief Credit Officer
	Ms. Sok Chantheara	Chief Financial Officer
	Ms. Sron Sreyneang	Treasurer
	Ms. Lily Sabrina Kuang Binti Abdullah	Chief Human Resources
	Mr. Sok Kimchhay	Chief Information Officer
	Mr. Rom Vanara	Chief MSME and Provinces Branch Management
	Mr. Yap Tong Yin	Chief Business Development Officer
	Ms. Mao Sokhoeurn	Chief Card And E Operations
	Mr. Syed Hashim Alkaff	Chief E Channels Banking Officer
Auditors	KPMG Cambodia Ltd	

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits this report, together with the consolidated financial statements of Phillip Bank Plc. ("the Bank") and its Subsidiary (collectively referred to as "the Group"), and the separate financial statements of the Bank as at 31 December 2023 and for the year then ended.

PRINCIPAL ACTIVITIES

The Bank

The Bank was incorporated on 26 June 2009 under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia ("NBC"). The Bank is a wholly-owned subsidiary of Phillip MFIS Pte Ltd.

The Bank is engaged in the provision of banking and related financial services in the Kingdom of Cambodia.

There was no significant change in the principal activities of the Bank during the year.

The Subsidiary

In 2022, the Bank invested 49% equity interest in Phillip Trustee (Cambodia) Co., Ltd, a newly incorporated company in Cambodia on 25 July 2022 under the Cambodian Law on Commercial Enterprises and obtained a trustee licensed from Trust Regulator ("TR") dated 15 December 2022.

Phillip Trustee's principal activity is to provide the engagement for a comprehensive trust service including holding trust properties for a commercial trust, social trust, personal trust, and obtained other alternative trust administrations in the Kingdom of Cambodia.

FINANCIAL RESULTS

The Group's and the Bank's financial performance for the year ended 31 December 2023 is set out in the statement of profit or loss and other comprehensive income. Refer to pages 10 and 15 respectively.

DIVIDENDS

No dividend was declared or paid during the year, and the Directors do not recommend any dividends to be paid for the financial year.

REPORT OF THE BOARD OF DIRECTORS

SHARE CAPITAL

The Bank's share capital as at 31 December 2023 was US$75,000,000 or KHR'000 300,765,000 (2022: US$75,000,000 or KHR'000 300,765,000) by way of issuance of shares with par value of US$1 per share.

RESERVE AND PROVISIONS

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

EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

Before the financial statements of the Group and the Bank were prepared, the Board of Directors took reasonable steps to ascertain those actions had been taken in relation to writing off bad loans and in recognising the provision for expected credit losses, and satisfied themselves that all known bad loans had been written off and reasonable allowance had been made for expected credit losses.

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

ASSETS

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

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

VALUATION METHODS

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

REPORT OF THE BOARD OF DIRECTORS

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or

(b) any contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

CONTINGENT AND OTHER LIABILITIES

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the Board of Directors is not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

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

There have not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature that likely, in the opinion of the Board of Directors, to affect substantially the results of the operations of the Group and the Bank for the current financial year in which this report is made.

EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed elsewhere in the financial statements, there have been no significant events occurring between the end of the reporting period and the date of authorisation of the financial statements, which would require adjustments or disclosures to be made in the financial statements.

REPORT OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS

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

Mr. Lim Hua Min	Chairman
Mr. Ong Teong Hoon	Director
Mr. Chan Mach	Director and Chief Executive Officer
Mr. Paul Gwee Choon Guan	Independent Director
Ms. Seah Yen Goon	Independent Director
Mr. Koh Yong Guan	Independent Director
Mr. Pen Chanda	Independent Director

DIRECTORS' INTERESTS

Mr. Lim Hua Min, the Chairman of the Board of Directors, holds 85% share in Phillip MFIS PTE LTD.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Group and the Bank have 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 Group and the Bank or a related corporation with a firm of which the Director is a member, or with the Group and the Bank in which the Director has a substantial financial interest other than as disclosed in the financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial positions of the Group and the Bank as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") as set out on pages 9 to 113. The Board of Directors oversees preparation of these financial statements by management who is required to:

REPORT OF THE BOARD OF DIRECTORS

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

(ii) Comply with CIFRSs or, if there have been any departures in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

(iii) Oversee the Group's and the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;

(iv) Assess the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so;

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

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

AUDITOR

KPMG Cambodia Ltd. is the auditor of the Group and the Bank.

APPROVAL OF THE FINANCIAL STATEMENTS

We, hereby approve the accompanying financial statements together with the notes which, in our opinion, present fairly, in all material respects, the financial positions of the Group and the Bank as at 31 December 2023, and their financial performance and their cash flows for the year then ended, in accordance with CIFRSs.

On behalf of the Board of Directors in accordance with a resolution of the Board of Directors,

ធនាគារ ហ្វីលីព ភីអិលស៊ី
ការិយាល័យកណ្តាល
Head Office
PHILLIP BANK PLC.

ONG TEONG HOON
Director
Phnom Penh, Kingdom of Cambodia
29 March 2024

REPORT OF THE INDEPENDENT AUDITORS *(To the shareholder of Phillip Bank Plc. and its Subsidiary)*

OPINION

We have audited the financial statements of Phillip Bank Plc. ("the Bank") and its Subsidiary (collectively referred to as "the Group"), which comprise the consolidated and the separate statements of financial positions as at 31 December 2023, the consolidated and the separate statements of profit or loss and other comprehensive income, the consolidated and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information (hereafter referred to as "the financial statements") as set out on pages 9 to 113.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Group and the Bank as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

BASIS FOR OPINION

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

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Report of the Directors on pages 1 to 5, and the annual report, which is expected to be made available to us after the date of auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

REPORT OF THE INDEPENDENT AUDITORS *(To the shareholder of Phillip Bank Plc. and its Subsidiary)*

OTHER MATTER

The separate financial statements of the Bank as of and for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 March 2023.

We draw attention to the fact that we have not audited the accompanying consolidated statement of financial position of the Group as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended 31 December 2022, or any of the related notes and accordingly, we do not express an opinion on them.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

- 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 Group's and the Bank's internal control.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiary and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT OF THE INDEPENDENT AUDITORS *(To the shareholder of Phillip Bank Plc. and its Subsidiary)*

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

For **KPMG Cambodia Ltd**

Taing YoukFong
Partner
Phnom Penh, Kingdom of Cambodia
29 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(for the year ended 31 December 2023)

	Notes	31 December 2023 US$	31 December 2023 KHR'000 (Note 2.4.3)	31 December 2022 US$ (Unaudited)	31 December 2022 KHR'000 (Note 2.4.3) (Unaudited)
ASSETS					
Cash and cash equivalents	5	136,796,268	558,812,754	73,913,894	304,303,502
Placements with other financial institutions	6	3,515,843	14,362,218	262,397	1,080,288
Statutory deposits	7	48,527,608	198,235,279	42,591,664	175,349,881
Loans and advances to customers	8	582,247,771	2,378,482,145	582,611,307	2,398,610,751
Financial assets at fair value through other comprehensive income		42,500	173,613	42,500	174,973
Assets held for sale	10	1,800,000	7,353,000	-	-
Other assets	11	2,687,745	10,979,438	2,753,675	11,336,880
Property and equipment	12	6,158,021	25,155,516	7,209,764	29,682,598
Right-of-use assets	13	9,846,490	40,222,912	10,370,446	42,695,126
Intangible assets	14	1,528,897	6,245,545	1,833,235	7,547,428
TOTAL ASSETS		793,151,143	3,240,022,420	721,588,882	2,970,781,427
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other financial institutions	15	63,870,907	260,912,655	54,790,080	225,570,759
Deposits from customers	16	536,373,537	2,191,085,899	453,088,610	1,865,365,807
Borrowings	17A	16,748,255	68,416,622	40,675,993	167,463,063
Lease liabilities	18	9,500,667	38,810,225	9,860,478	40,595,588
Other liabilities	19	3,098,137	12,655,889	3,704,681	15,252,172
Income tax payable	20.1	68,170	278,474	1,194,668	4,918,448
Deferred tax liabilities	20.2	1,410,111	5,760,304	781,315	3,216,674
Subordinated debts	17B	4,588,881	18,745,579	5,092,082	20,964,102
TOTAL LIABILITIES		635,658,665	2,596,665,647	569,187,907	2,343,346,613
EQUITY					
Share capital	21.1	75,000,000	300,765,000	75,000,000	300,765,000
Other reserves	21.2	25,490,274	103,923,847	25,490,274	103,923,847

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(for the year ended 31 December 2023)

	Notes	31 December 2023 US$	31 December 2023 KHR'000 (Note 2.4.3)	31 December 2022 US$	31 December 2022 KHR'000 (Note 2.4.3)
				(Unaudited)	
Regulatory reserve	21.3	17,738,393	72,411,679	13,044,620	53,120,272
Retained earnings		38,819,211	158,103,981	38,356,081	156,200,517
Currency translation reserve		-	6,336,075	-	11,325,508
OWNER'S EQUITY		157,047,878	641,540,582	151,890,975	625,335,144
Non-controlling interest	21.4	444,600	1,771,206	510,000	2,040,000
Currency translation reserve		-	44,985	-	59,670
TOTAL EQUITY		157,492,478	643,356,773	152,400,975	627,434,814
TOTAL LIABILITIES AND EQUITY		793,151,143	3,240,022,420	721,588,882	2,970,781,427

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(for the year ended 31 December 2023)

	Notes	2023 US$	2023 KHR'000 (Note 2.4.3)	2022 US$ (Unaudited)	2022 KHR'000 (Note 2.4.3) (Unaudited)
Interest income	22	75,875,904	311,849,965	73,954,309	302,251,261
Interest expense	23	(35,127,322)	(144,373,293)	(27,463,014)	(112,241,338)
Net interest income		40,748,582	167,476,672	46,491,295	190,009,923
Net fees and commission income	24	2,442,579	10,039,000	2,008,806	8,209,990
Other income	25	1,013,402	4,165,082	297,852	1,217,321
Total operating income		44,204,563	181,680,754	48,797,953	199,437,234
Personnel expenses	26	(18,194,383)	(74,778,914)	(18,876,861)	(77,149,731)
Depreciation and amortisation	27	(5,156,979)	(21,195,184)	(4,578,840)	(18,713,719)
Promotion and marketing	28	(1,860,883)	(7,648,229)	(2,307,513)	(9,430,806)
General and administrative expenses	29	(8,510,159)	(34,976,753)	(8,191,823)	(33,479,981)
Total operating expenses		(33,722,404)	(138,599,080)	(33,955,037)	(138,774,237)
Operating income before impairment		10,482,159	43,081,674	14,842,916	60,662,997
Allowance for expected credit losses	30	(3,943,765)	(16,208,874)	(1,059,744)	(4,331,174)
INCOME BEFORE TAX		6,538,394	26,872,800	13,783,172	56,331,823
Income tax expense	20.3	(1,446,891)	(5,946,722)	(3,257,647)	(13,314,003)
NET INCOME FOR THE YEAR		5,091,503	20,926,078	10,525,525	43,017,820
Other comprehensive income					
Currency translation difference		-	(4,989,433)	-	6,394,481
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,091,503	15,936,645	10,525,525	49,412,301
Profit attributable to:					
Owners of the Bank		5,156,903	16,205,439	10,525,525	49,412,301
Non-controlling interest		(65,400)	(268,794)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,091,503	15,936,645	10,525,525	49,412,301

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(for the year ended 31 December 2023)

Attributable to owners of the Bank

	Share capital		Other reserves		Regulated reserve	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
As at 1 January 2023	75,000,000	300,765,000	25,490,274	103,923,847	13,044,620	53,120,272
Transactions recognised directly in equity						
Transfer to regulatory reserve	-	-	-	-	4,693,773	19,291,407
Total comprehensive income for the year						
Net profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive loss –						
Currency translation difference	-	-	-	-	-	-
As at 31 December 2023	75,000,000	300,765,000	25,490,274	103,923,847	17,738,393	72,411,679
As at 1 January 2022 *(Unaudited)*	75,000,000	300,765,000	25,490,274	103,923,847	7,679,453	31,192,834
Transactions recognised directly in equity						
Non-controlling interest *(Unaudited)*	-	-	-	-	-	-
Transfer to regulatory reserve *(Unaudited)*	-	-	-	-	5,365,167	21,927,438
Total comprehensive income for the year						
Net profit for the year *(Unaudited)*	-	-	-	-	-	-
Other comprehensive income –						
Currency translation difference *(Unaudited)*	-	-	-	-	-	-
As at 31 December 2022 *(Unaudited)*	75,000,000	300,765,000	25,490,274	103,923,847	13,044,620	53,120,272

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

Retained earnings		Currency translation reserve	Total		Non-controlling interest		Currency translation reserve	Total	
US$	**KHR'000 (Note 2.4.3)**	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**
38,356,081	156,200,517	11,325,508	151,890,975	625,335,144	510,000	2,040,000	59,670	152,400,975	627,434,814
(4,693,773)	(19,291,407)	-	-	-	-	-	-	-	-
5,156,903	21,194,871	-	5,156,903	21,194,871	(65,400)	(268,794)	-	5,091,503	20,926,077
-	-	(4,989,433)	-	(4,989,433)	-	-	(14,685)	-	(5,004,118)
38,819,211	158,103,981	6,336,075	157,047,878	641,540,582	444,600	1,771,206	44,985	157,492,478	643,356,773
33,195,723	135,110,135	4,931,027	141,365,450	575,922,843	-	-	-	141,365,450	575,922,843
-	-	-	-	-	510,000	2,040,000	-	510,000	2,040,000
(5,365,167)	(21,927,438)	-	-	-	-	-	-	-	-
10,525,525	43,017,820	-	10,525,525	43,017,820	-	-	-	10,525,525	43,017,820
-	-	6,394,481	-	6,394,481	-	-	59,670	-	6,454,151
38,356,081	156,200,517	11,325,508	151,890,975	625,335,144	510,000	2,040,000	59,670	152,400,975	627,434,814

CONSOLIDATED STATEMENT OF CASH FLOWS *(for the year ended 31 December 2023)*

		2023		2022	
	Notes	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
				(Unaudited)	
OPERATING ACTIVITIES					
Income before income tax		6,538,394	26,872,800	13,783,172	56,331,823
Adjustments for:					
Interest income		(75,875,904)	(311,849,965)	(73,954,309)	(302,251,261)
Interest expense		35,127,322	144,373,293	27,463,014	112,241,338
Depreciation and amortisation	27	5,156,979	21,195,184	4,578,840	18,713,719
Allowance for expected credit losses	30	3,943,765	16,208,874	1,059,744	4,331,173
Loss on:					
Write off of property and equipment and intangible assets	12,14	51,496	211,649	19,790	80,882
Early termination of leases	11,18	13,510	55,526	41,723	170,522
Gain on disposal of property and equipment	12	(43,398)	(178,366)	(33,230)	(135,811)
		(25,087,836)	(103,111,005)	(27,041,256)	(110,517,615)
Changes in operating assets and liabilities:					
Placements with other financial institutions		(3,117,619)	(12,813,414)	1,161,192	4,745,792
Statutory deposits		(5,935,944)	(24,396,730)	(6,701,228)	(27,387,919)
Loans and advances to customers		(4,884,843)	(20,076,705)	(64,800,317)	(264,838,895)
Other assets		65,930	270,972	(1,116,470)	(4,563,013)
Deposits from other financial institutions		8,361,393	34,365,325	(16,501,422)	(67,441,312)
Deposits from customers		77,444,224	318,295,761	102,882,390	420,480,328
Other liabilities		(670,276)	(2,754,835)	(115,157)	(470,647)
Net cash generated from operations		46,175,029	189,779,369	(12,232,268)	(49,993,281)
Interest received		75,337,974	309,639,073	72,312,832	295,542,544
Interest paid		(28,342,049)	(116,485,820)	(23,753,070)	(97,078,797)
Income taxes paid	20.1	(1,944,593)	(7,992,277)	(2,789,751)	(11,401,712)
Net cash generated from operating activities		91,226,361	374,940,345	33,537,743	137,068,754

CONSOLIDATED STATEMENT OF CASH FLOWS *(for the year ended 31 December 2023)*

	Notes	2023 US$	2023 KHR'000 (Note 2.4.3)	2022 US$ (Unaudited)	2022 KHR'000 (Note 2.4.3) (Unaudited)
INVESTING ACTIVITIES					
Acquisition of:					
Property and equipment	12	(1,574,003)	(6,469,152)	(4,380,843)	(17,904,505)
Intangible assets	14	(312,717)	(1,285,267)	(578,940)	(2,366,128)
Proceeds from disposal of property and equipment	12	43,398	178,366	33,230	135,811
Net cash used in investing activities		(1,843,322)	(7,576,053)	(4,926,553)	(20,134,822)
FINANCING ACTIVITIES					
Payment of principal portion of lease liabilities	18	(2,336,935)	(9,604,803)	(2,176,003)	(8,893,324)
Proceeds from borrowings	17A	14,728,065	60,532,347	36,225,956	148,055,482
Repayment of borrowings	17A	(38,270,864)	(157,293,251)	(42,127,504)	(172,175,109)
Proceeds from subordinated debts	17B	4,000,000	16,440,000	(503,671)	(2,058,503)
Repayment of subordinated debts	17B	(4,517,320)	(18,566,185)	-	-
Net cash used in financing activities		(26,397,054)	(108,491,892)	(8,581,222)	(35,071,454)
Net increase in cash and cash equivalents		62,985,985	258,872,400	20,029,968	81,862,478
Cash and cash equivalents at 1 January		73,940,164	304,411,655	53,910,196	219,630,139
Currency translation difference		-	(3,940,737)	-	2,919,038
Cash and cash equivalents at 31 December	5	136,926,149	559,343,318	73,940,164	304,411,655

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

SEPARATE STATEMENT OF FINANCIAL POSITION

(as at 31 December 2023)

		31 December 2023		31 December 2022	
	Notes	**US$**	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**
ASSETS					
Cash and cash equivalents	5	136,796,268	558,812,754	72,913,894	300,186,502
Placements with other financial institutions	6	3,515,843	14,362,218	262,397	1,080,288
Statutory deposits	7	48,380,729	197,635,278	42,591,664	175,349,881
Loans and advances to customers	8	582,247,771	2,378,482,145	582,611,307	2,398,610,751
Investment in a subsidiary	9	490,000	2,001,650	490,000	2,017,330
Financial assets at fair value through other comprehensive income		42,500	173,613	42,500	174,973
Assets held for sale	10	1,800,000	7,353,000	-	-
Other assets	11	2,681,441	10,953,686	2,753,675	11,336,880
Property and equipment	12	6,128,215	25,033,758	7,209,764	29,682,598
Right-of-use assets	13	9,846,490	40,222,912	10,370,446	42,695,126
Intangible assets	14	1,519,903	6,208,804	1,833,235	7,547,428
TOTAL ASSETS		793,449,160	3,241,239,818	721,078,882	2,968,681,757
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other financial institutions	15	63,870,907	260,912,655	54,790,080	225,570,759
Deposits from customers	16	537,155,906	2,194,281,876	453,088,610	1,865,365,807
Borrowings	17A	16,748,255	68,416,622	40,675,993	167,463,063
Lease liabilities	18	9,500,667	38,810,225	9,860,478	40,595,588
Other liabilities	19	2,997,253	12,243,777	3,704,681	15,252,172
Income tax payable	20.1	67,809	277,000	1,194,668	4,918,448
Deferred tax liabilities	20.2	1,433,791	5,857,036	781,315	3,216,674
Subordinated debts	17B	4,588,881	18,745,579	5,092,082	20,964,102
TOTAL LIABILITIES		636,363,469	2,599,544,770	569,187,907	2,343,346,613

SEPARATE STATEMENT OF FINANCIAL POSITION

(as at 31 December 2023)

		31 December 2023		31 December 2022	
	Notes	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
EQUITY					
Share capital	21.1	75,000,000	300,765,000	75,000,000	300,765,000
Other reserves	21.2	25,490,274	103,923,847	25,490,274	103,923,847
Regulatory reserve	21.3	17,738,393	72,411,679	13,044,620	53,120,272
Retained earnings		38,857,024	158,259,393	38,356,081	156,200,517
Currency translation reserve		-	6,335,129	-	11,325,508
TOTAL EQUITY		157,085,691	641,695,048	151,890,975	625,335,144
TOTAL LIABILITIES AND EQUITY		793,449,160	3,241,239,818	721,078,882	2,968,681,757

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

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(for the year ended 31 December 2023)

		2023		2022	
	Notes	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
Interest income	22	75,875,904	311,849,965	73,954,309	302,251,261
Interest expense	23	(35,165,193)	(144,528,943)	(27,463,014)	(112,241,338)
Net interest income		40,710,711	167,321,022	46,491,295	190,009,923
Net fees and commission income	24	2,442,699	10,039,493	2,008,806	8,209,990
Other income	25	989,207	4,065,641	297,852	1,217,321
Total operating income		44,142,617	181,426,156	48,797,953	199,437,234
Personnel expenses	26	(18,167,160)	(74,667,028)	(18,876,861)	(77,149,731)
Depreciation and amortisation	27	(5,140,002)	(21,125,408)	(4,578,840)	(18,713,719)
Promotion and marketing	28	(1,838,868)	(7,557,747)	(2,307,513)	(9,430,806)
General and administrative expenses	29	(8,389,306)	(34,480,048)	(8,191,823)	(33,479,981)
Total operating expenses		(33,535,336)	(137,830,231)	(33,955,037)	(138,774,237)
Operating income before impairment		10,607,281	43,595,925	14,842,916	60,662,997
Allowance for expected credit losses	30	(3,943,765)	(16,208,874)	(1,059,744)	(4,331,174)
PROFIT BEFORE INCOME TAX		6,663,516	27,387,051	13,783,172	56,331,823
Income tax expense	20.3	(1,468,800)	(6,036,768)	(3,257,647)	(13,314,003)
NET PROFIT FOR THE YEAR		5,194,716	21,350,283	10,525,525	43,017,820
Other comprehensive income					
Currency translation difference		-	(4,990,379)	-	6,394,481
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,194,716	16,359,904	10,525,525	49,412,301

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

(for the year ended 31 December 2023)

	Share capital		Other reserves		Regulated reserve		Retained earnings		Currency translation reserve	Total	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
As at 1 January 2023	75,000,000	300,765,000	25,490,274	103,923,847	13,044,620	53,120,272	38,356,081	156,200,517	11,325,508	151,890,975	625,335,144
Transactions recognised directly in equity											
Transfer from retained earnings to regulatory reserve	-	-	-	-	4,693,773	19,291,407	(4,693,773)	(19,291,407)	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	5,194,716	21,350,283	-	5,194,716	21,350,283
Other comprehensive loss – Currency translation difference	-	-	-	-	-	-	-	-	(4,990,379)	-	(4,990,379)
As at 31 December 2023	75,000,000	300,765,000	25,490,274	103,923,847	17,738,393	72,411,679	38,857,024	158,259,393	6,335,129	157,085,691	641,695,048
As at 1 January 2022	75,000,000	300,765,000	25,490,274	103,923,847	7,679,453	31,192,834	33,195,723	135,110,135	4,931,027	141,365,450	575,922,843
Transactions recognised directly in equity											
Transfer from retained earnings to regulatory reserve	-	-	-	-	5,365,167	21,927,438	(5,365,167)	(21,927,438)	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	10,525,525	43,017,820	-	10,525,525	43,017,820
Other comprehensive income– Currency translation difference	-	-	-	-	-	-	-	-	6,394,481	-	6,394,481
As at 31 December 2022	75,000,000	300,765,000	25,490,274	103,923,847	13,044,620	53,120,272	38,356,081	156,200,517	11,325,508	151,890,975	625,335,144

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

SEPARATE STATEMENT OF CASH FLOWS *(for the year ended 31 December 2023)*

		2023		2022	
	Notes	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
OPERATING ACTIVITIES					
Income before income tax		6,663,516	27,387,051	13,783,172	56,331,823
Adjustments for:					
Interest income		(75,875,904)	(311,849,965)	(73,954,309)	(302,251,261)
Interest expense		35,165,193	144,528,943	27,463,014	112,241,338
Depreciation and amortisation	27	5,140,002	21,125,408	4,578,840	18,713,719
Allowance for expected credit losses	30	3,943,765	16,208,874	1,059,744	4,331,173
Loss on:					
Write off of property and equipment and intangible assets	12,14	51,496	211,650	19,790	80,882
Early termination of leases	11,18	13,510	55,526	41,723	170,522
Gain on disposal of property and equipment	12	(43,398)	(178,366)	(33,230)	(135,811)
		(24,941,820)	(102,510,879)	(27,041,256)	(110,517,615)
Changes in operating assets and liabilities:					
Placements with other financial institutions		(3,117,619)	(12,813,414)	651,192	2,661,422
Statutory deposits		(5,789,065)	(23,793,057)	(6,701,228)	(27,387,919)
Loans and advances to customers		(4,884,843)	(20,076,705)	(64,800,317)	(264,838,895)
Other assets		72,234	296,882	(1,116,470)	(4,563,013)
Deposits from other financial institutions		8,361,393	34,365,325	(16,501,422)	(67,441,312)
Deposits from customers		78,226,593	321,511,297	102,882,390	420,480,328
Other liabilities		(771,160)	(3,169,467)	(115,157)	(470,647)
Net cash generated from operations		47,155,713	193,809,982	(12,742,268)	(52,077,651)
Interest received		75,337,974	309,639,073	72,312,832	295,542,544
Interest paid		(28,379,920)	(116,641,471)	(23,753,070)	(97,078,797)
Income taxes paid	20.1	(1,943,183)	(7,986,482)	(2,789,751)	(11,401,712)
Net cash generated from operating activities		92,170,584	378,821,102	33,027,743	134,984,384

SEPARATE STATEMENT OF CASH FLOWS *(for the year ended 31 December 2023)*

		2023		2022	
	Notes	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
INVESTING ACTIVITIES					
Acquisition of:					
Property and equipment	12	(1,536,833)	(6,316,384)	(4,380,843)	(17,904,505)
Intangible assets	14	(294,110)	(1,208,792)	(578,940)	(2,366,128)
Proceeds from disposal of property and equipment	12	43,398	178,366	33,230	135,811
Investment in a subsidiary	9	-	-	(490,000)	(2,002,630)
Net cash used in investing activities		(1,787,545)	(7,346,810)	(5,416,553)	(22,137,452)
FINANCING ACTIVITIES					
Payment of principal portion of lease liabilities	18	(2,336,935)	(9,604,803)	(2,176,003)	(8,893,324)
Proceeds from borrowings	17A	14,728,065	60,532,347	36,225,956	148,055,482
Repayment of borrowings	17A	(38,270,864)	(157,293,251)	(42,127,504)	(172,175,109)
Proceeds from subordinated debts	17B	4,000,000	16,440,000	(503,671)	(2,058,503)
Repayment of subordinated debts	17B	(4,517,320)	(18,566,185)	-	-
Net cash used in financing activities		(26,397,054)	(108,491,892)	(8,581,222)	(35,071,454)
Net increase in cash and cash equivalents		63,985,985	262,982,400	19,029,968	77,775,478
Cash and cash equivalents at 1 January		72,940,164	300,294,655	53,910,196	219,630,139
Currency translation difference		-	(3,933,737)	-	2,889,038
Cash and cash equivalents at 31 December	5	136,926,149	559,343,318	72,940,164	300,294,655

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

NOTES TO THE FINANCIAL STATEMENTS *(for the year ended 31 December 2023)*

1. Reporting entity

The Bank

The Bank was incorporated on 26 June 2009 under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia ("NBC"). The Bank received the renewed NBC license for an indefinite period on 4 March 2015.

The principal activities are to engage in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Registration No. Co. 5915/09E issued by the Ministry of Commerce. On 11 February 2016, the Bank obtained Registration No. 00000292 from the Ministry of Commerce.

There is no significant change in the principal activities of the Bank during the financial year.

The registered office of the Bank is located at No. 27DEFG, Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2023, the Bank had 1,755 employees (31 December 2022: 1,966 employees).

The Subsidiary

In 2022, the Bank invested 49% equity interest in Phillip Trustee (Cambodia) Co., Ltd, a newly incorporated company in Cambodia on 25 July 2022 under the Cambodian Law on Commercial Enterprises and obtained a trustee licensed from Trust Regulator ("TR") dated 15 December 2022.

Phillip Trustee's principal activity is to provide the engagement for a comprehensive trust service including holding trust properties for a commercial trust, social trust, personal trust, and other alternative trust administrations in the Kingdom of Cambodia.

2. BASIS OF PREPARATION

The financial statements of the Group and the Bank have been prepared under the historical cost convention, except for financial assets and financial liabilities that have been measured at fair value.

2.1. Statement of compliance

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

Details of the Group's and the Bank's material accounting policies are included in Note 3.

The financial statements were authorised for issue by the Board of Directors on 29 March 2024.

2.2. Basis of consolidation

A subsidiary is an entity controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The subsidiary is consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary acquired or disposed of during the year are included from the date when control commences up to the date when control ceases. At the date of acquisition, the fair values of the subsidiary's net assets are determined and this value is reflected in the Group's consolidated financial statements.

Intra-group balances and transactions, and any unrealised differences arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiary are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Although the Bank holds 49% of the voting rights of Phillip Trustee (Cambodia) Co., Ltd, the Bank has management control and significant influence over the operations of Phillip Trustee (Cambodia) Co., Ltd, and hence considered as a subsidiary of Phillip Bank Plc.

2.3. Fiscal year

The Group's and the Bank's fiscal year start on 1 January and end on 31 December.

2.4. Foreign currency translation

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Group and the Bank transact its business and maintains its accounting records primarily in United States dollar ("US$"), management have determined the US$ to be the Group's and the Bank's functional currency as it reflects the economic substance of the underlying events and circumstances of the Group and the Bank.

2.4.1. Presentation currency

The financial statements are presented in US$, which is the Group's and the Bank's functional and presentation currency.

2.4.2. Transactions and balances

Transactions in currencies other than US$ are translated into US$ at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US$ which are outstanding at the reporting date are translated into US$ at the rate of exchange ruling at that date. Exchange differences arising on translation are recognised in profit or loss.

2.4.3. Translation of US$ in KHR

The financial statements are expressed in United States Dollars ("US$") which is the Group and the Bank's functional currency. The translation of US$ amounts into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIAS21 – the Effects of Changes in Foreign Exchange Rate.

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

The Group and the Bank use the following exchange rates:

		Closing rate	Average rate
Year 2023:	US$1 =	KHR 4,085	KHR 4,110
Year 2022:	US$1 =	KHR 4,117	KHR 4,087

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

3. Material accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group and the Bank have adopted the following new accounting pronouncements starting 1 January 2023.

Changes in Material Accounting Policies

(i) Deferred tax related to assets and liabilities arising from a single transaction

The Group and the Bank have adopted ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CIAS 12)*** from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases. For leases, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earning or other component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group and the Bank previously accounted for deferred tax on leases by applying the “integrally linked” approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group and the Bank have recognised separate deferred tax asset in relation to its lease liabilities and deferred tax liability in relation to its right-of-use assets. There was also no impact on the opening retained earnings as at 1 January 2022 on adoption of the amendments.

(ii) Material accounting policy information

The Group and the Bank also adopted ***Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)*** from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, it impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made update to the information disclosed in Note 3 Material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

3.1. 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 when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

3.2. Placements with other financial institutions

Placements with other financial institutions comprise term deposits which are intended to be held for more than three (3) months. Placements are stated at amortised cost using the effective interest method less impairment for any uncollectable amounts.

3.3. Statutory deposits

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

3.4. Financial assets and financial liabilities

3.4.1. Recognition and initial measurement

The Group and the Bank initially recognise loans and advances on the date on which they are originated. All other financial assets are recognised on the date on which the Group and the Bank become 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 financial assets at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

3.4.2. Classification

Financial assets

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

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 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 investments that is not held for trading, the Group and 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 Group and 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 Group and the Bank make 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 Group's and 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 Group's and 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 solely payments of principal and interest (SPPI), the Group and the Bank consider 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 Group and the Bank consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's and 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 Group and the Bank that are secured by collateral of the borrower limit the Group's and the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Group and the Bank apply judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group and the Bank typically consider 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 Group's and 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 Group and 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 Group and the Bank changes its business model for managing financial assets.

3.4.3. Derecognition

Financial assets

The Group and the Bank derecognise 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 Group and the Bank neither transfer nor retain 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 Group and the Bank derecognise a financial liability when its contractual obligations are discharged, cancelled or expired.

3.4.4. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group and 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 Group and 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 Group and 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.

3.4.5. Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Group and the Bank have enforceable 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.

Income and expenses are presented on a net basis only when permitted under CIFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.4.6. 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 Group and the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group and 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.

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 Group and 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. 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 Group and 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.

3.4.7. Impairment

The Group and the Bank recognise loss allowance for expected credit losses 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.

Expected Credit Loss (ECL) represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach).

The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the ECL that results from all possible default events over the expected life of the financial instrument.

Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there have been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognised.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under Stage 1 are as follows: (i) current or past due up to 14 days for short term financial assets; (ii) current or past due up to 29 days for long term financial assets; or (iii) no significant increase in the probability of default (PD). The Bank recognises a 12-month ECL for Stage 1 financial instruments.

For credit-impaired financial instruments:

- Stage 2 is comprised of all financial instruments which have experienced a SICR as of reporting date compared to initial recognition. A SICR is generally deemed present in accounts with (i) 15 to 29 days past due for short term financial assets; (ii) 30 to 89 days past due for long term financial assets; or (iii) with significant increase in PD. The Bank recognises a lifetime ECL for Stage 2 financial instruments.

- Stage 3 is comprised of all financial assets that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Bank's criteria for Stage 3 accounts are generally aligned with the definition of "default" which is explained in the next paragraph. The Bank recognises a lifetime ECL for Stage 3 financial instruments.

Definition of default

The Group and the Bank consider a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Bank in full, without recourse by the Group and the Bank to actions such as realising security (if any is held); or

- The Group and the Bank consider that a significant increase in credit risk occurs no later than when an asset is more than or equal to 31 days past due for short-term facilities or more than or equal to 90 days past due for long-term facilities.

Credit risk at initial recognition

The Group and the Bank use internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Significant increase in credit risk

The Group and the Bank assess whether credit risk have increased significantly since initial recognition at each reporting date. When determining whether the credit risk of a financial asset have increased significantly since initial recognition and when estimating ECL, the Group and the Bank consider 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 Group's and the Bank's historical experience and informed credit assessment and includes forward-looking information.

The Group and the Bank consider that a significant increase in credit risk occurs no later than when an asset is more than 90 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 have 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 return to being measured as 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. This is 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 expect 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 expect to receive.

ECL parameters and methodologies

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 Group and the Bank estimate 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 Group and the Bank derive 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 Group and the Bank measure 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 Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

Forward-looking information

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

A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, unemployment rate and other economic indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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 Group and the Bank assess 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 have 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 have 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 Group and the Bank determine 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 'other income' in the profit or loss. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and the Bank's procedures for recovery of amounts due.

3.5. Loans and advances to customers

The 'Loans and advances to customers' 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.

3.6. Investment in a subsidiary in the separate financial statements

A subsidiary is an entity controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The subsidiary is consolidated using the acquisition method of accounting.

3.7. Other assets

Other assets are carried at cost less impairment if any.

3.8. Assets held for sale

Assets held for sale are carried at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

3.9. Property and equipment

3.9.1. 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 "general and administrative expense" respectively in profit or loss.

3.9.2. 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.

3.9.3. Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line over the estimated useful lives of each component of an item of property and equipment.

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

The estimated useful lives are as follows:

	Years
Leasehold improvements	5
Office equipment	5
Furniture, fixtures and fittings	5
Computer equipment	3
Motor vehicles	5

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

3.10. Intangible asset

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

Intangible assets are amortised over their estimated useful lives of 5 years using the straight-line method. Costs associated with the development or maintenance of computer software are recognised as expenses when incurred.

3.11. Impairment of non-financial assets

The Group and the Bank assess at each statement of financial position date whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group and the Bank make a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs.

Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount. 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).

An impairment loss is charged to operations in the year in which it arises. An assessment is made at each statement of financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset (or CGU) is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset (or CGU) is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortisation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

3.12. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- The Group and the Bank have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group and the Bank have the right to direct the use of the asset. The Group and the Bank have this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group and the Bank have the right to direct the use of the asset if either:
    - the Group and the Bank have the right to operate the asset; or
    - the Group and the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease and non-lease component, the Group and the Bank allocate the consideration in the contract to each lease component and aggregate of non-lease components on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group and the Bank have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.12.1. Leases in which the Group and the Bank are a lessee

An arrangement conveyed the right to use the asset if one of the following was met:

- The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

- The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

- Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

- Building and office branches 2 – 15 years

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

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

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and the Bank are reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Bank are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank are reasonably certain not to terminate early.

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

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

3.12.2. Short-term leases and leases of low-value assets

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

3.13. Employee benefits

3.13.1. Provision for seniority indemnity

On 21 September 2018, the Ministry of Labor and Vocational Training (“MoLVT”) issued Prakas No. 443 on Seniority Payment. This Prakas is applicable to all enterprises, establishments and those who are covered by the provisions of Article 89 (New) of the Labor Law. For enterprises other than textile, garment and footwear enterprise, the said Prakas requires retroactive seniority payment (prior to the release of the Prakas) equal to fifteen (15) days per year of employees’ wages.

On 22 March 2019, the MoLVT issued guideline number 042/19 to delay the payment of the retroactive seniority payment starting from December 2021, which shall be paid as follows:

- Equal to three days payable every June; and
- Equal to three days payable every December.

The retroactive seniority payment shall not exceed 6 months of an employee's average wage of each retrospective year. Employees are not entitled to the payment if they resign before receiving it.

The estimated amount of seniority payment was recognised under other liabilities (Note 19).

3.13.2. Short-term employee benefits

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

3.13.3. Other long-term employee benefits

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

3.14. Provisions

Provisions are recognised in the statement of financial position when the Group and the Bank have 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.

3.15. Deposits from customers and other banks and financial institutions

Deposits from customers and from other banks and financial institutions are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at amortised cost using effective interest method.

3.16. Borrowings and subordinated debts

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

3.17. Interest income/expense

3.17.1. 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 Group and the Bank estimate 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.

3.17.2. 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.

3.17.3. 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.

3.17.4. Presentation

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

Interest expense presented in the statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

3.18. 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, are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's and 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 Group and the Bank first apply 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.

3.19. 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 Group and the Bank have determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore have accounted for them under *CIAS 37 Provisions, Contingent Liabilities and Contingent Assets.*

3.19.1. Current tax

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

3.19.2. 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 is 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 expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Retained earnings represent accumulated earnings of the Group and the Bank less dividends declared.

3.20. Regulatory reserves

A regulatory reserve is established for the difference between the allowance for ECL as determined in accordance with CIFRS 9 and the regulatory allowance in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisioning for banks and financial institutions. The Group and the Bank compare the regulatory allowance with the allowance calculated in accordance with CIFRS 9, and:

(i) In case the regulatory allowance calculated is lower than the allowance calculated in accordance with CIFRS 9, the Group and the Bank record the allowance calculated in accordance with CIFRS 9; and

(ii) In case the regulatory allowance is higher than the allowance based on CIFRS 9, the Group and the Bank record the allowance calculated based on CIFRS 9 and transfer the difference from the retained earnings account to regulatory reserve in the equity section of the statement of financial position.

The said NBC Prakas on regulatory provisioning requires banks and financial institutions to classify their loan portfolio into five classes and provide general and specific allowance based on the loan classification as follows:

Classification	Number of days past due	Allowance rate
Standard	0 to 14 days (short-term) 0 to 29 days (long-term)	1%
Special mention	15 days to 30 days (short-term) 30 days to 89 days (long-term)	3%
Substandard	31 days to 60 days (short-term) 90 days to 179 days (long-term)	20%
Doubtful	61 days to 90 days (short-term) 180 days to 359 days (long-term)	50%
Loss	From 91 days (short-term) 360 days or more (long-term)	100%

3.21. 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.

3.22. 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.

3.23. 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.

3.24. Standards issued and amended but not yet effective

A number of new standard and amendments to standard are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group and the Bank have not early adopted any of the new or amended standards in preparing these financial statements.

Effective date	New accounting standards or amendment
1 January 2024	Classification of liabilities as current or non-current (Amendment to CIAS 1)
	Non-current liabilities with covenants (Amendment to CIAS 1)
	Supplier finance arrangements (Amendment to CIAS 7 and CIFRS 7)
	Lease liability in sale and leaseback (Amendment to CIFRS 16)
1 January 2025	Lack of exchangeabilities (Amendment to CIAS 21)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

- Note 3.4.2: 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 SPPI on the principal amount outstanding.

- Note 3.4.7: 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 ECL and selection and approval of models used to measure ECL.

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

- Note 3.4.6: determination of the fair value of financial instruments with significant unobservable inputs.

- Note 3.4.7: impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.

- Note 3.4.7: impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

5. CASH AND CASH EQUIVALENTS

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Cash on hand	32,066,828	130,992,992	24,332,771	100,178,018
Cash equivalents with the NBC	56,595,822	231,193,933	35,616,693	146,633,925
Cash equivalents with other banks	48,263,499	197,156,393	13,990,700	57,599,712
Gross cash and cash equivalents	136,926,149	559,343,318	73,940,164	304,411,655
Less: Allowance for ECL	(129,881)	(530,564)	(26,270)	(108,153)
	136,796,268	558,812,754	73,913,894	304,303,502

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Cash on hand	32,066,828	130,992,992	24,332,771	100,178,018
Cash equivalents with the NBC	56,595,822	231,193,933	35,616,693	146,633,925
Cash equivalents with other banks	48,263,499	197,156,393	12,990,700	53,482,712
Gross cash and cash equivalents	136,926,149	559,343,318	72,940,164	300,294,655
Less: Allowance for ECL	(129,881)	(530,564)	(26,270)	(108,153)
	136,796,268	558,812,754	72,913,894	300,186,502

Cash and cash equivalents earn annual interest rates ranging from 0.00% to 5.25% (2022: 0.00% to 1.25%).

6. PLACEMENTS WITH OTHER FINANCIAL INSTITUTIONS

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Term deposits (non-cash equivalents)	3,551,688	14,508,645	265,034	1,091,145
Less: Allowance for ECL	(35,845)	(146,427)	(2,637)	(10,857)
	3,515,843	14,362,218	262,397	1,080,288

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Term deposits (non-cash equivalents)	3,551,688	14,508,645	265,034	1,091,145
Less: Allowance for ECL	(35,845)	(146,427)	(2,637)	(10,857)
	3,515,843	14,362,218	262,397	1,080,288

Placements with other financial institutions represent term deposits with various other banks and a microfinance institution in Cambodia with maturities between six (6) to twelve (12) months. Interest rates from term deposits range from 6.00% to 6.20% per annum in 2023 (2022: 3.50% to 4.10% per annum).

7. STATUTORY DEPOSITS

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Capital guarantee	7,646,879	31,237,501	7,500,000	30,877,500
Reserve requirements	40,880,729	166,997,778	35,091,664	144,472,381
	48,527,608	198,235,279	42,591,664	175,349,881
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Capital guarantee	7,500,000	30,637,500	7,500,000	30,877,500
Reserve requirements	40,880,729	166,997,778	35,091,664	144,472,381
	48,380,729	197,635,278	42,591,664	175,349,881

7.1. Capital guarantee deposit comprise:

(i) Banking operations: Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a capital guarantee of 10% of its registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations and is refundable when the Bank voluntarily ceases to operate the business in Cambodia. This deposit earned interest at 1.33% (2022: 1.19%) per annum.

(ii) Trustee operations: Under Trust Regulator's Prakas No. 003 NSFSA_PK dated 26 January 2022; Trustee is required to maintain a capital guarantee of 15% of its registered capital with the Trust Regulator (1,000,000*15% = US$ 150,000 or equivalent to KHR'000 600,000). This deposit is not available for use in Trustee's day-to-day operations and is refundable when the Trustee voluntarily ceases to operate the business in Cambodia. No interest is earned from the capital guarantee deposit.

7.2. Reserve requirements

On 9 January 2023, the NBC repealed the Prakas No. B7-020-230 on the Maintenance of Reserve Requirements against Banks and Financial Institutions' Deposits and Borrowings and issued new Prakas No. B7-023-005, which requires Banking and Financial Institutions to maintain reserve requirement against deposits and borrowings at daily average balance with the NBC as follows:

- For local currency (Khmer Riel):
  - Reserve requirement shall be maintained at 7%.

- For foreign currencies (other than Khmer Riel):
  - From 1 January 2023 to 31 December 2023, reserve requirement shall be maintained at 9%.
  - From 1 January 2024 onwards, reserve requirement shall be maintained at 12.5%.

On 23 November 2023, the NBC issued the letter No. B7-023-2621 allowing Banking and Financial Institutions to maintain reserve requirement in foreign currency at 7% until 31 December 2024. The reserve requirement on customers' deposits and borrowings bear no interest.

8. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Term loans	565,197,634	2,308,832,335	564,607,458	2,324,488,904
Overdrafts	28,253,971	115,417,472	26,406,851	108,717,006
Gross loans and advances	593,451,605	2,424,249,807	591,014,309	2,433,205,910
Less: Allowance for ECL	(11,203,834)	(45,767,662)	(8,403,002)	(34,595,159)
Loans and advances – net	582,247,771	2,378,482,145	582,611,307	2,398,610,751

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Term loans	565,197,634	2,308,832,335	564,607,458	2,324,488,904
Overdrafts	28,253,971	115,417,472	26,406,851	108,717,006
Gross loans and advances	593,451,605	2,424,249,807	591,014,309	2,433,205,910
Less: Allowance for ECL	(11,203,834)	(45,767,662)	(8,403,002)	(34,595,159)
Loans and advances – net	582,247,771	2,378,482,145	582,611,307	2,398,610,751

The movements of allowance for ECL on loans and advances are as follows:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
At 1 January	8,403,002	34,595,159	7,676,119	31,272,509
Charge to profit and loss (Note 30)	3,806,946	15,646,548	1,057,453	4,321,812
Write-offs	(1,024,645)	(4,211,291)	(316,810)	(1,294,802)
Foreign exchange rate differences	18,531	76,162	(13,760)	(56,238)
Currency translation difference	-	(338,916)	-	351,878
At 31 December	11,203,834	45,767,662	8,403,002	34,595,159

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
At 1 January	8,403,002	34,595,159	7,676,119	31,272,509
Charge to profit and loss (Note 30)	3,806,946	15,646,548	1,057,453	4,321,812
Write-offs	(1,024,645)	(4,211,291)	(316,810)	(1,294,802)
Foreign exchange rate differences	18,531	76,162	(13,760)	(56,238)
Currency translation difference	-	(338,916)	-	351,878
At 31 December	11,203,834	45,767,662	8,403,002	34,595,159

Reconciliation of changes in gross carrying amounts and corresponding allowance for ECL by stage for loans and advances to customers measured at amortised cost is as follows:

2023

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount US$	ECL US$	Gross carrying amount US$	ECL US$	Gross carrying amount US$	ECL US$	Gross carrying amount US$	ECL US$
The Group								
At 1 January	559,512,698	(1,890,241)	7,595,962	(463,396)	23,905,649	(6,049,365)	591,014,309	(8,403,002)
Newly-originated assets that remained in Stage 1 as at 31 December	229,147,620	(1,131,299)	-	-	-	-	229,147,620	(1,131,299)
Newly-originated assets that moved to Stage 2 and Stage 3 as at 31 December	-	-	6,273,492	(542,306)	3,312,447	(613,824)	9,585,939	(1,156,130)
Payments and assets derecognised	(171,594,403)	468,225	(2,852,887)	133,770	(5,379,734)	1,292,972	(179,827,024)	1,894,967
Transfers to stage 1	(23,113,112)	3,417,172	11,935,802	(1,307,741)	11,177,310	(2,109,431)	-	-
Transfers to stage 2	679,962	(10,479)	(4,313,476)	506,858	3,633,514	(496,379)	-	-
Transfers to stage 3	548,560	(7,586)	50,353	(3,191)	(598,913)	10,777	-	-
Net remeasurement due to change in credit risk	(56,871,729)	(3,274,496)	(204,357)	(191,504)	606,847	1,057,630	(56,469,239)	(2,408,370)
At 31 December	538,309,596	(2,428,704)	18,484,889	(1,867,510)	36,657,120	(6,907,620)	593,451,605	(11,203,834)
KHR'000 (Note 2.4.3)	2,198,994,700	(9,921,256)	75,510,772	(7,628,778)	149,744,335	(28,217,628)	2,424,249,807	(45,767,662)
The Bank								
At 1 January	559,512,698	(1,890,241)	7,595,962	(463,396)	23,905,649	(6,049,365)	591,014,309	(8,403,002)
Newly-originated assets that remained in Stage 1 as at 31 December	229,147,620	(1,131,299)	-	-	-	-	229,147,620	(1,131,299)
Newly-originated assets that moved to Stage 2 and Stage 3 as at 31 December	-	-	6,273,492	(542,306)	3,312,447	(613,824)	9,585,939	(1,156,130)
Payments and assets derecognised	(171,594,403)	468,225	(2,852,887)	133,770	(5,379,734)	1,292,972	(179,827,024)	1,894,967
Transfers to stage 1	(23,113,112)	3,417,172	11,935,802	(1,307,741)	11,177,310	(2,109,431)	-	-
Transfers to stage 2	679,962	(10,479)	(4,313,476)	506,858	3,633,514	(496,379)	-	-
Transfers to stage 3	548,560	(7,586)	50,353	(3,191)	(598,913)	10,777	-	-
Net remeasurement due to change in credit risk	(56,871,729)	(3,274,496)	(204,357)	(191,504)	606,847	1,057,630	(56,469,239)	(2,408,370)
At 31 December	538,309,596	(2,428,704)	18,484,889	(1,867,510)	36,657,120	(6,907,620)	593,451,605	(11,203,834)
KHR'000 (Note 2.4.3)	2,198,994,700	(9,921,256)	75,510,772	(7,628,778)	149,744,335	(28,217,628)	2,424,249,807	(45,767,662)

	2022							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount US$	ECL US$	Gross carrying amount US$	ECL US$	Gross carrying amount US$	ECL US$	Gross carrying amount US$	ECL US$
The Group (Unaudited)								
At 1 January	502,371,635	(3,113,908)	9,443,234	(417,374)	13,147,199	(4,144,837)	524,962,068	(7,676,119)
Newly-originated assets that remained in Stage 1 as at 31 December	273,293,703	(740,479)	-	-	-	-	273,293,703	(740,479)
Newly-originated assets that moved to Stage 2 and Stage 3 as at 31 December	-	-	1,698,488	(67,353)	915,021	(53,580)	2,613,509	(120,933)
Payments and assets derecognised	(150,097,708)	1,316,137	(2,502,835)	21,068	(5,130,852)	64,895	(157,731,395)	1,402,100
Transfers to stage 1	(15,415,214)	2,521,587	4,739,377	(292,214)	10,675,837	(2,229,373)	-	-
Transfers to stage 2	2,317,614	(34,413)	(3,838,017)	218,139	1,520,403	(183,726)	-	-
Transfers to stage 3	515,216	(3,480)	309,426	(25,471)	(824,642)	28,951	-	-
Net remeasurement due to change in credit risk	(53,472,548)	(1,835,685)	(2,253,711)	99,809	3,602,683	468,305	(52,123,576)	(1,267,571)
At 31 December	559,512,698	(1,890,241)	7,595,962	(463,396)	23,905,649	(6,049,365)	591,014,309	(8,403,002)
KHR'000 (Note 2.4.3)	2,303,513,778	(7,782,122)	31,272,576	(1,907,801)	98,419,557	(24,905,236)	2,433,205,910	(34,595,159)
The Bank								
At 1 January	502,371,635	(3,113,908)	9,443,234	(417,374)	13,147,199	(4,144,837)	524,962,068	(7,676,119)
Newly-originated assets that remained in Stage 1 as at 31 December	273,293,703	(740,479)	-	-	-	-	273,293,703	(740,479)
Newly-originated assets that moved to Stage 2 and Stage 3 as at 31 December	-	-	1,698,488	(67,353)	915,021	(53,580)	2,613,509	(120,933)
Payments and assets derecognised	(150,097,708)	1,316,137	(2,502,835)	21,068	(5,130,852)	64,895	(157,731,395)	1,402,100
Transfers to stage 1	(15,415,214)	2,521,587	4,739,377	(292,214)	10,675,837	(2,229,373)	-	-
Transfers to stage 2	2,317,614	(34,413)	(3,838,017)	218,139	1,520,403	(183,726)	-	-
Transfers to stage 3	515,216	(3,480)	309,426	(25,471)	(824,642)	28,951	-	-
Net remeasurement due to change in credit risk	(53,472,548)	(1,835,685)	(2,253,711)	99,809	3,602,683	468,305	(52,123,576)	(1,267,571)
At 31 December	559,512,698	(1,890,241)	7,595,962	(463,396)	23,905,649	(6,049,365)	591,014,309	(8,403,002)
KHR'000 (Note 2.4.3)	2,303,513,778	(7,782,122)	31,272,576	(1,907,801)	98,419,557	(24,905,236)	2,433,205,910	(34,595,159)

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

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Micro, small and medium enterprise loans	347,581,404	1,419,870,036	351,725,978	1,448,055,852
Commercial	202,988,975	829,209,963	200,905,995	827,129,981
Consumer loans	42,325,033	172,897,760	38,382,336	158,020,077
Other	556,193	2,272,048	-	-
	593,451,605	2,424,249,807	591,014,309	2,433,205,910
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Micro, small and medium enterprise loans	347,581,404	1,419,870,036	351,725,978	1,448,055,852
Commercial	202,988,975	829,209,963	200,905,995	827,129,981
Consumer loans	42,325,033	172,897,760	38,382,336	158,020,077
Other	556,193	2,272,048	-	-
	593,451,605	2,424,249,807	591,014,309	2,433,205,910

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

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Within 1 month	7,037,853	28,749,630	5,906,959	24,318,950
> 1 to 3 months	9,257,308	37,816,103	11,365,723	46,792,682
> 3 to 6 months	8,352,008	34,117,953	9,560,194	39,359,319
> 6 to 12 months	22,826,062	93,244,463	19,167,928	78,914,360
> 1 to 5 years	194,001,442	792,495,891	219,670,395	904,383,016
Over 5 years	351,976,932	1,437,825,767	325,343,110	1,339,437,583
	593,451,605	2,424,249,807	591,014,309	2,433,205,910

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Within 1 month	7,037,853	28,749,630	5,906,959	24,318,950
> 1 to 3 months	9,257,308	37,816,103	11,365,723	46,792,682
> 3 to 6 months	8,352,008	34,117,953	9,560,194	39,359,319
> 6 to 12 months	22,826,062	93,244,463	19,167,928	78,914,360
> 1 to 5 years	194,001,442	792,495,891	219,670,395	904,383,016
Over 5 years	351,976,932	1,437,825,767	325,343,110	1,339,437,583
	593,451,605	2,424,249,807	591,014,309	2,433,205,910

For additional analysis of gross amount of loans and advances to customers, refer to Note 33.

9. INVESTMENT IN A SUBSIDIARY

This investment represents 49% equity interest in Phillip Trustee (Cambodia) Co., Ltd, a newly incorporated company in Cambodia on 25 July 2022 under the Cambodian Law on Commercial Enterprises and a trustee licensed under the regulations of the Trust Regulator ("TR") dated 15 December 2022.

Although the Bank only owns a 49% ownership interest in the Subsidiary, the Bank has the sole power to nominate, appoint and remove the board of directors of the Subsidiary which has the power to direct its relevant activities. Therefore, the Board of Directors concluded that the Bank has the practical ability to direct the relevant activities of the Subsidiary unilaterally, hence, the Bank has control over the subsidiary.

10. ASSETS HELD FOR SALE

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Assets held for sale	1,800,000	7,353,000	-	-

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Assets held for sale	1,800,000	7,353,000	-	-

Assets held for sale represents the immoveable property that are not held for operational purpose but the Group and the Bank intends to sell within the maximum allowable period of twelve month. The estimated fair value is US$2,135,379

11. OTHER ASSETS

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Prepayments	2,154,233	8,800,042	1,286,625	5,297,035
Others	533,512	2,179,396	1,467,050	6,039,845
	2,687,745	10,979,438	2,753,675	11,336,880
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Prepayments	2,160,790	8,826,827	1,286,625	5,297,035
Others	520,651	2,126,859	1,467,050	6,039,845
	2,681,441	10,953,686	2,753,675	11,336,880

12. PROPERTY AND EQUIPMENT

	2023							
	Leasehold improvements	Office equipment	Furniture fixtures and fittings	Computer equipment	Motor vehicles	Construction in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000 (Note 2.4.3)
The Group								
Cost								
At 1 January	4,555,853	6,852,758	1,654,340	4,212,235	1,629,844	847,716	19,752,746	81,322,055
Additions	103,987	205,772	38,746	452,110	20,250	753,138	1,574,003	6,469,152
Transfers	693,176	755,608	90,299	46,391	-	(1,585,474)	-	-
Write-offs	(103,224)	(350,170)	(240,970)	(905,673)	(196)	-	(1,600,233)	(6,576,958)
Disposals	-	(13,433)	(4,485)	-	(141,258)	-	(159,176)	(654,213)
Currency translation difference	-	-	-	-	-	-	-	(627,452)
At 31 December	5,249,792	7,450,535	1,537,930	3,805,063	1,508,640	15,380	19,567,340	79,932,584
Accumulated depreciation								
At 1 January	2,278,638	4,473,709	1,376,022	3,089,542	1,325,071	-	12,542,982	51,639,457
Depreciation (Note 27)	839,544	864,791	96,023	693,135	82,128	-	2,575,621	10,585,803
Write-offs	(68,191)	(348,707)	(229,191)	(903,823)	(196)	-	(1,550,108)	(6,370,944)
Disposals	-	(13,433)	(4,485)	-	(141,258)	-	(159,176)	(654,213)
Currency translation difference	-	-	-	-	-	-	-	(423,035)
At 31 December	3,049,991	4,976,360	1,238,369	2,878,854	1,265,745	-	13,409,319	54,777,068
Carrying amounts	2,199,801	2,474,175	299,561	926,209	242,895	15,380	6,158,021	25,155,516

In 2023, the cost of fully depreciated items of property and equipment still in use amounted to US$7,461,063 (2022: US$9,012,283 or KHR'000 37,103,569).

2022

	Leasehold improvements	Office equipment	Furniture fixtures and fittings	Computer equipment	Motor vehicles	Construction in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000 (Note 2.4.3)
The Group *(Unaudited)*								
Cost								
At 1 January	3,372,907	5,455,877	1,625,090	3,545,490	1,548,229	392,403	15,939,996	64,939,544
Additions	419,809	749,924	73,924	869,745	194,190	2,073,251	4,380,843	17,904,505
Transfers	780,110	732,979	104,849	-	-	(1,617,938)	-	-
Write-offs	(16,973)	(85,522)	(149,523)	(203,000)	-	-	(455,018)	(1,859,659)
Disposals	-	(500)	-	-	(112,575)	-	(113,075)	(462,138)
Currency translation difference	-	-	-	-	-	-	-	799,803
At 31 December	4,555,853	6,852,758	1,654,340	4,212,235	1,629,844	847,716	19,752,746	81,322,055
Accumulated depreciation								
At 1 January	1,669,302	3,928,282	1,436,239	2,648,387	1,373,286	-	11,055,496	45,040,091
Depreciation (Note 27)	615,709	630,035	84,360	641,325	64,360	-	2,035,789	8,320,270
Write-offs	(6,373)	(84,108)	(144,577)	(200,170)	-	-	(435,228)	(1,778,777)
Disposals	-	(500)	-	-	(112,575)	-	(113,075)	(462,138)
Currency translation difference	-	-	-	-	-	-	-	520,011
At 31 December	2,278,638	4,473,709	1,376,022	3,089,542	1,325,071	-	12,542,982	51,639,457
Carrying amounts	2,277,215	2,379,049	278,318	1,122,693	304,773	847,716	7,209,764	29,682,598

2023

	Leasehold improvements	Office equipment	Furniture fixtures and fittings	Computer equipment	Motor vehicles	Construction in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000 (Note 2.4.3)
The Bank								
Cost								
At 1 January	4,555,853	6,852,758	1,654,340	4,212,235	1,629,844	847,716	19,752,746	81,322,055
Additions	77,176	205,772	28,727	451,770	20,250	753,138	1,536,833	6,316,384
Transfers	693,176	755,608	90,299	46,391	-	(1,585,474)	-	-
Write-offs	(103,224)	(350,170)	(240,970)	(905,673)	(196)	-	(1,600,233)	(6,576,958)
Disposals	-	(13,433)	(4,485)	-	(141,258)	-	(159,176)	(654,213)
Currency translation difference	-	-	-	-	-	-	-	(626,524)
At 31 December	5,222,981	7,450,535	1,527,911	3,804,723	1,508,640	15,380	19,530,170	79,780,744

2023

	Leasehold improvements US$	Office equipment US$	Furniture fixtures and fittings US$	Computer equipment US$	Motor vehicles US$	Construction in progress US$	Total US$	Total KHR'000 (Note 2.4.3)
Accumulated depreciation								
At 1 January	2,278,638	4,473,709	1,376,022	3,089,542	1,325,071	-	12,542,982	51,639,457
Depreciation (Note 27)	834,182	864,791	94,049	693,107	82,128	-	2,568,257	10,555,536
Write-offs	(68,191)	(348,707)	(229,191)	(903,823)	(196)	-	(1,550,108)	(6,370,944)
Disposals	-	(13,433)	(4,485)	-	(141,258)	-	(159,176)	(654,213)
Currency translation difference	-	-	-	-	-	-	-	(422,850)
At 31 December	3,044,629	4,976,360	1,236,395	2,878,826	1,265,745	-	13,401,955	54,746,986
Carrying amounts	2,178,352	2,474,175	291,516	925,897	242,895	15,380	6,128,215	25,033,758

In 2023, the cost of fully depreciated items of property and equipment still in use amounted to US$7,461,063 (2022: US$9,012,283 or KHR'000 37,103,569).

2022

	Leasehold improvements US$	Office equipment US$	Furniture fixtures and fittings US$	Computer equipment US$	Motor vehicles US$	Construction in progress US$	Total US$	Total KHR'000 (Note 2.4.3)
The Bank								
Cost								
At 1 January	3,372,907	5,455,877	1,625,090	3,545,490	1,548,229	392,403	15,939,996	64,939,544
Additions	419,809	749,924	73,924	869,745	194,190	2,073,251	4,380,843	17,904,505
Transfers	780,110	732,979	104,849	-	-	(1,617,938)	-	-
Write-offs	(16,973)	(85,522)	(149,523)	(203,000)	-	-	(455,018)	(1,859,659)
Disposals	-	(500)	-	-	(112,575)	-	(113,075)	(462,138)
Currency translation difference	-	-	-	-	-	-	-	799,803
At 31 December	4,555,853	6,852,758	1,654,340	4,212,235	1,629,844	847,716	19,752,746	81,322,055
Accumulated depreciation								
At 1 January	1,669,302	3,928,282	1,436,239	2,648,387	1,373,286	-	11,055,496	45,040,091
Depreciation (Note 27)	615,709	630,035	84,360	641,325	64,360	-	2,035,789	8,320,270
Write-offs	(6,373)	(84,108)	(144,577)	(200,170)	-	-	(435,228)	(1,778,777)
Disposals	-	(500)	-	-	(112,575)	-	(113,075)	(462,138)
Currency translation difference	-	-	-	-	-	-	-	520,011
At 31 December	2,278,638	4,473,709	1,376,022	3,089,542	1,325,071	-	12,542,982	51,639,457
Carrying amounts	2,277,215	2,379,049	278,318	1,122,693	304,773	847,716	7,209,764	29,682,598

13. RIGHT-OF-USE ASSETS

The Group and the Bank lease various assets including ATM spaces, motor vehicles, generators and office spaces for periods ranging from two (2) to fifteen (15) years, renewable upon mutual agreement of both parties.

The Group and the Bank apply the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and low-value assets recognition exemption to its leases of machines and equipment that are considered of low value. The Group and the Bank recognised the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Information about leases for which the Group and the Bank are a lessee is presented below.

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Cost				
At 1 January	16,752,384	68,969,565	14,916,292	60,768,974
Additions	1,513,756	6,221,537	4,022,323	16,439,234
Terminations	(688,943)	(2,831,556)	(2,186,231)	(8,935,126)
Currency translation difference	-	(556,696)	-	696,483
At 31 December	17,577,197	71,802,850	16,752,384	68,969,565
Accumulated depreciation				
At 1 January	6,381,938	26,274,439	6,322,886	25,759,438
Depreciation (Note 27)	1,965,674	8,078,920	1,948,620	7,964,010
Terminations	(616,905)	(2,535,480)	(1,889,568)	(7,722,664)
Currency translation difference	-	(237,941)	-	273,655
At 31 December	7,730,707	31,579,938	6,381,938	26,274,439
Carrying amounts	9,846,490	40,222,912	10,370,446	42,695,126

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Cost				
At 1 January	16,752,384	68,969,565	14,916,292	60,768,974
Additions	1,513,756	6,221,537	4,022,323	16,439,234
Terminations	(688,943)	(2,831,556)	(2,186,231)	(8,935,126)
Currency translation difference	-	(556,696)	-	696,483
At 31 December	17,577,197	71,802,850	16,752,384	68,969,565
Accumulated depreciation				
At 1 January	6,381,938	26,274,439	6,322,886	25,759,438
Depreciation (Note 27)	1,965,674	8,078,920	1,948,620	7,964,010
Terminations	(616,905)	(2,535,480)	(1,889,568)	(7,722,664)
Currency translation difference	-	(237,941)	-	273,655
At 31 December	7,730,707	31,579,938	6,381,938	26,274,439
Carrying amounts	9,846,490	40,222,912	10,370,446	42,695,126

The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Depreciation of right-of-use assets (Note 27)	1,965,674	8,078,920	1,948,620	7,964,010
Interest on lease liabilities (Notes 18 and 23)	595,956	2,449,379	617,421	2,523,400
Rental expense of low-value assets (Note 29)	379,025	1,557,793	304,779	1,245,632
	2,940,655	12,086,092	2,870,820	11,733,042

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Depreciation of right-of-use assets (Note 27)	1,965,674	8,078,920	1,948,620	7,964,010
Interest on lease liabilities (Notes 18 and 23)	595,956	2,449,379	617,421	2,523,400
Rental expense of low-value assets (Note 29)	379,025	1,557,793	304,779	1,245,632
	2,940,655	12,086,092	2,870,820	11,733,042

14. INTANGIBLE ASSETS

	2023				
	Computer software	Others	Work in progress	Total	
	US$	US$	US$	US$	KHR'000 (Note 2.4.3)
The Group					
Cost					
At 1 January	3,424,520	72,900	212,286	3,709,706	15,272,860
Addition	102,700	18,607	191,410	312,717	1,285,267
Transfer	95,534	-	(95,534)	-	-
Write off	(119,509)	-	-	(119,509)	(491,182)
Currency translation difference	-	-	-	-	(123,541)
At 31 December	3,503,245	91,507	308,162	3,902,914	15,943,404
Less: Accumulated amortisation					
At 1 January	1,875,522	949	-	1,876,471	7,725,431
Amortisation for the year	604,932	10,752	-	615,684	2,530,461
Write off	(118,138)	-	-	(118,138)	(485,547)
Currency translation difference	-	-	-	-	(72,486)
At 31 December	2,362,316	11,701	-	2,374,017	9,697,859
Carrying amount					
At 31 December	1,140,929	79,806	308,162	1,528,897	6,245,545

2022

	Computer software US$	Others US$	Work in progress US$	Total US$	Total KHR'000 (Note 2.4.3)
The Group *(Unaudited)*					
Cost					
At 1 January	2,625,264	-	510,730	3,135,994	12,776,040
Addition	276,661	72,900	229,379	578,940	2,366,128
Transfer	527,823	-	(527,823)	-	-
Write off	(5,228)	-	-	(5,228)	(21,367)
Currency translation difference	-	-	-	-	152,059
At 31 December	3,424,520	72,900	212,286	3,709,706	15,272,860
Less: Accumulated amortisation					
At 1 January	1,287,268	-	-	1,287,268	5,244,330
Amortisation for the year	593,482	949	-	594,431	2,429,439
Write off	(5,228)	-	-	(5,228)	(21,367)
Currency translation difference	-	-	-	-	73,030
At 31 December	1,875,522	949	-	1,876,471	7,725,432
Carrying amount					
At 31 December	1,548,998	71,951	212,286	1,833,235	7,547,428

2023

	Computer software US$	Others US$	Work in progress US$	Total US$	Total KHR'000 (Note 2.4.3)
The Bank					
Cost					
At 1 January	3,424,520	72,900	212,286	3,709,706	15,272,860
Addition	102,700	-	191,410	294,110	1,208,792
Transfer	95,534	-	(95,534)	-	-
Write off	(119,509)	-	-	(119,509)	(491,182)
Currency translation difference	-	-	-	-	(123,076)
At 31 December	3,503,245	72,900	308,162	3,884,307	15,867,394

2023

	Computer software US$	Others US$	Work in progress US$	Total US$	Total KHR'000 (Note 2.4.3)
Less: Accumulated amortisation					
At 1 January	1,875,522	949	-	1,876,471	7,725,431
Amortisation for the year	604,932	1,139	-	606,071	2,490,952
Write off	(118,138)	-	-	(118,138)	(485,547)
Currency translation difference	-	-	-	-	(72,246)
At 31 December	2,362,316	2,088	-	2,364,404	9,658,590
Carrying amount					
At 31 December	1,140,929	70,812	308,162	1,519,903	6,208,804

2022

	Computer software US$	Others US$	Work in progress US$	Total US$	Total KHR'000 (Note 2.4.3)
The Bank					
Cost					
At 1 January	2,625,264	-	510,730	3,135,994	12,776,040
Addition	276,661	72,900	229,379	578,940	2,366,128
Transfer	527,823	-	(527,823)	-	-
Write off	(5,228)	-	-	(5,228)	(21,367)
Currency translation difference	-	-	-	-	152,059
At 31 December	3,424,520	72,900	212,286	3,709,706	15,272,860
Less: Accumulated amortisation					
At 1 January	1,287,268	-	-	1,287,268	5,244,330
Amortisation for the year	593,482	949	-	594,431	2,429,439
Write off	(5,228)	-	-	(5,228)	(21,367)
Currency translation difference	-	-	-	-	73,030
At 31 December	1,875,522	949	-	1,876,471	7,725,432
Carrying amount					
At 31 December	1,548,998	71,951	212,286	1,833,235	7,547,428

15. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Time deposits	55,064,986	224,940,468	43,135,960	177,590,747
Current accounts	8,802,882	35,959,773	11,577,717	47,665,461
Saving accounts	3,039	12,414	76,403	314,551
	63,870,907	260,912,655	54,790,080	225,570,759
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Time deposits	55,064,986	224,940,468	43,135,960	177,590,747
Current accounts	8,802,882	35,959,773	11,577,717	47,665,461
Saving accounts	3,039	12,414	76,403	314,551
	63,870,907	260,912,655	54,790,080	225,570,759

Deposits from other financial institutions are analysed as follows:

(a) By maturity:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Within 1 month	9,509,415	38,845,960	13,713,062	56,456,676
> 1 to 3 months	4,636,702	18,940,928	3,477,513	14,316,921
> 3 to 6 months	16,483,344	67,334,460	10,432,165	42,949,223
> 6 to 12 months	23,773,428	97,114,453	14,253,792	58,682,862
> 1 to 5 years	9,468,018	38,676,854	12,913,548	53,165,077
Over 5 years	-	-	-	-
	63,870,907	260,912,655	54,790,080	225,570,759

	31 December 2023		31 December 2022	
	US$	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**
The Bank				
Within 1 month	9,509,415	38,845,960	13,713,062	56,456,676
> 1 to 3 months	4,636,702	18,940,928	3,477,513	14,316,921
> 3 to 6 months	16,483,344	67,334,460	10,432,165	42,949,223
> 6 to 12 months	23,773,428	97,114,453	14,253,792	58,682,862
> 1 to 5 years	9,468,018	38,676,854	12,913,548	53,165,077
Over 5 years	-	-	-	-
	63,870,907	260,912,655	54,790,080	225,570,759

(b) By interest rate (per annum):

Annual interest rate for deposits from other financial institutions are as follows:

	31 December 2023	31 December 2022
Time deposit	2.50%-8.35%	2.50% - 7.50%
Current accounts	0.00%-3.00%	0.00% - 3.00%
Saving accounts	0.50%	0.50%

16. DEPOSITS FROM CUSTOMERS

	31 December 2023		31 December 2022	
	US$	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**
			(Unaudited)	
The Group				
Time deposits	440,957,069	1,801,309,628	366,949,678	1,510,731,824
Demand deposits	31,917,815	130,384,274	31,021,533	127,715,651
Saving accounts	63,443,993	259,168,711	55,080,627	226,766,942
Wallet accounts	54,660	223,286	36,772	151,390
	536,373,537	2,191,085,899	453,088,610	1,865,365,807

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Time deposits	441,489,069	1,803,482,847	366,949,678	1,510,731,824
Demand deposits	32,168,184	131,407,032	31,021,533	127,715,651
Saving accounts	63,443,993	259,168,711	55,080,627	226,766,942
Wallet accounts	54,660	223,286	36,772	151,390
	537,155,906	2,194,281,876	453,088,610	1,865,365,807

(a) By maturity:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Within 1 month	127,703,654	521,669,428	123,844,819	509,869,121
> 1 to 3 months	97,370,217	397,757,336	110,899,345	456,572,603
> 3 to 6 months	101,821,684	415,941,579	79,745,935	328,314,014
> 6 to 12 months	171,845,073	701,987,123	110,028,446	452,987,112
> 1 to 5 years	36,980,859	151,066,809	27,958,183	115,103,839
Over 5 years	652,050	2,663,624	611,882	2,519,118
	536,373,537	2,191,085,899	453,088,610	1,865,365,807

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Within 1 month	128,486,023	524,865,405	123,844,819	509,869,121
> 1 to 3 months	97,370,217	397,757,336	110,899,345	456,572,603
> 3 to 6 months	101,821,684	415,941,579	79,745,935	328,314,014
> 6 to 12 months	171,845,073	701,987,123	110,028,446	452,987,112
> 1 to 5 years	36,980,859	151,066,809	27,958,183	115,103,839
Over 5 years	652,050	2,663,624	611,882	2,519,118
	537,155,906	2,194,281,876	453,088,610	1,865,365,807

(b) By interest rate (per annum):

Annual interest rate for deposits from customers are as follows:

	31 December 2023	31 December 2022
Time deposits	0.00%-9.65%	0.00% - 12.00%
Demand deposits	0.00%-5.00%	0.00% - 3.50%
Saving accounts	0.00%-5.00%	0.00% - 5.00%
Wallet accounts	0.00%	0.00%

17. BORROWINGS/SUBORDINATED DEBTS

(A) Borrowings

	31 December 2023		31 December 2022	
	US$	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**
			(Unaudited)	
The Group				
Related parties	-	-	16,761,240	69,006,025
Non-related parties	16,748,255	68,416,622	23,914,753	98,457,038
	16,748,255	68,416,622	40,675,993	167,463,063
	US$	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**
The Bank				
Related parties	-	-	16,761,240	69,006,025
Non-related parties	16,748,255	68,416,622	23,914,753	98,457,038
	16,748,255	68,416,622	40,675,993	167,463,063

Borrowings are analysed as follows:

(a) By maturity:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Within 1 month	557,038	2,275,500	12,372,510	50,937,624
> 1 to 3 months	-	-	1,557,917	6,413,944
> 3 to 6 months	33,915	138,543	7,560,332	31,125,887
> 6 to 12 months	121,887	497,908	7,932,339	32,657,440
> 1 to 5 years	15,773,844	64,436,153	10,744,123	44,233,554
Over 5 years	261,571	1,068,518	508,772	2,094,614
	16,748,255	68,416,622	40,675,993	167,463,063

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Within 1 month	557,038	2,275,500	12,372,510	50,937,624
> 1 to 3 months	-	-	1,557,917	6,413,944
> 3 to 6 months	33,915	138,543	7,560,332	31,125,887
> 6 to 12 months	121,887	497,908	7,932,339	32,657,440
> 1 to 5 years	15,773,844	64,436,153	10,744,123	44,233,554
Over 5 years	261,571	1,068,518	508,772	2,094,614
	16,748,255	68,416,622	40,675,993	167,463,063

(b) By interest rate (per annum):

Annual interest rate for borrowings are as follows:

	31 December 2023	31 December 2022
Interest rate per annum	2.00%-10.47%	2.00% - 10.47%

(c) Borrowings movement:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
At 1 January	40,675,993	167,463,063	46,450,118	212,084,121
Additions	14,728,065	60,532,347	36,225,956	148,055,482
Payments	(38,270,864)	(157,293,251)	(42,127,504)	(172,175,109)
Interest expense (Note 23)	1,790,444	7,358,725	2,609,678	10,665,754
Interest payment	(2,175,383)	(8,940,824)	(2,482,255)	(10,144,976)
Currency translation difference	-	(703,438)	-	(21,022,209)
At 31 December	16,748,255	68,416,622	40,675,993	167,463,063

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
At 1 January	40,675,993	167,463,063	46,450,118	212,084,121
Additions	14,728,065	60,532,347	36,225,956	148,055,482
Payments	(38,270,864)	(157,293,251)	(42,127,504)	(172,175,109)
Interest expense (Note 23)	1,790,444	7,358,725	2,609,678	10,665,754
Interest payment	(2,175,383)	(8,940,824)	(2,482,255)	(10,144,976)
Currency translation difference	-	(703,438)	-	(21,022,209)
At 31 December	16,748,255	68,416,622	40,675,993	167,463,063

(B) Subordinated debts

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Related parties	4,056,222	16,569,667	4,030,667	16,594,256
Non-related parties	532,659	2,175,912	1,061,415	4,369,846
	4,588,881	18,745,579	5,092,082	20,964,102

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Related parties	4,056,222	16,569,667	4,030,667	16,594,256
Non-related parties	532,659	2,175,912	1,061,415	4,369,846
	4,588,881	18,745,579	5,092,082	20,964,102

This represents a long-term unsecured borrowing from Phillip MFIs Pte Ltd. and Japan Asean Women Empowerment Fund SA, SICAV-SIF with the principal outstanding as at 31 December 2023 of US$4,000,000 and US$500,000 (2022: US$4,000,000 and US$1,000,000) respectively. The maturity is until 31 March 2028 and 4 October 2024 with interest ranging from 5.5%-9% (2022: 5.5%-9%) per annum.

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 on 25 May 2023 and 31 January 2019 respectively. Subordinated debts are analysed as follows:

Subordinated debts movement:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
At 1 January	5,092,082	20,964,102	5,607,840	22,846,340
Additions	4,000,000	16,440,000	-	-
Payments	(4,517,320)	(18,566,185)	(503,671)	(2,058,503)
Interest expense (Note 23)	278,306	1,143,838	247,542	1,011,704
Interest payment	(264,187)	(1,085,809)	(259,629)	(1,061,104)
Currency translation difference	-	(150,367)	-	225,665
At 31 December	4,588,881	18,745,579	5,092,082	20,964,102

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
At 1 January	5,092,082	20,964,102	5,607,840	22,846,340
Additions	4,000,000	16,440,000	-	-
Payments	(4,517,320)	(18,566,185)	(503,671)	(2,058,503)
Interest expense (Note 23)	278,306	1,143,838	247,542	1,011,704
Interest payment	(264,187)	(1,085,809)	(259,629)	(1,061,104)
Currency translation difference	-	(150,367)	-	225,665
At 31 December	4,588,881	18,745,579	5,092,082	20,964,102

18. LEASE LIABILITIES

Movements of lease liabilities are as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
At 1 January	9,860,478	40,595,588	8,088,018	32,950,585
Additions	1,439,696	5,917,151	3,585,982	14,655,908
Terminations	(58,528)	(240,550)	(254,940)	(1,041,940)
Accretion of interest (Note 23)	595,956	2,449,379	617,421	2,523,400
Payments	(2,336,935)	(9,604,803)	(2,176,003)	(8,893,324)
Currency translation difference	-	(306,540)	-	400,959
At 31 December	9,500,667	38,810,225	9,860,478	40,595,588
	US$	**KHR'000 (Note 2.4.3)**	**US$**	**KHR'000 (Note 2.4.3)**
The Bank				
At 1 January	9,860,478	40,595,588	8,088,018	32,950,585
Additions	1,439,696	5,917,151	3,585,982	14,655,908
Terminations	(58,528)	(240,550)	(254,940)	(1,041,940)
Accretion of interest (Note 23)	595,956	2,449,379	617,421	2,523,400
Payments	(2,336,935)	(9,604,803)	(2,176,003)	(8,893,324)
Currency translation difference	-	(306,540)	-	400,959
At 31 December	9,500,667	38,810,225	9,860,478	40,595,588

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Maturity analysis – contractual undiscounted cash flows				
Within one year	2,207,523	9,017,731	2,288,838	9,423,146
One to five years	7,647,237	31,238,963	7,699,857	31,700,311
More than five years	1,705,666	6,967,646	2,132,504	8,779,519
Total undiscounted lease liabilities	11,560,426	47,224,340	12,121,199	49,902,976
Present value of lease liabilities				
Within one year	1,662,627	6,791,832	1,719,522	7,079,272
Beyond one year	7,838,040	32,018,393	8,140,956	33,516,316
	9,500,667	38,810,225	9,860,478	40,595,588

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Maturity analysis – contractual undiscounted cash flows				
Within one year	2,207,523	9,017,731	2,288,838	9,423,146
One to five years	7,647,237	31,238,963	7,699,857	31,700,311
More than five years	1,705,666	6,967,646	2,132,504	8,779,519
Total undiscounted lease liabilities	11,560,426	47,224,340	12,121,199	49,902,976
Present value of lease liabilities				
Within one year	1,662,627	6,791,832	1,719,522	7,079,272
Beyond one year	7,838,040	32,018,393	8,140,956	33,516,316
	9,500,667	38,810,225	9,860,478	40,595,588

Amount recognised in the statement of cash flows comprises:

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Payment of principal portion of lease liabilities	1,740,979	7,155,424	1,558,582	6,369,925
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Payment of principal portion of lease liabilities	1,740,979	7,155,424	1,558,582	6,369,925

19. OTHER LIABILITIES

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Accruals and other payables	2,590,378	10,581,693	3,002,555	12,361,519
Banker's cheques	49,000	200,165	80,000	329,360
Other taxes payables (*)	347,269	1,418,594	279,886	1,152,291
Derivative held for risk management (**)	111,490	455,437	155,503	640,206
	3,098,137	12,655,889	3,517,944	14,483,376
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Accruals and other payables	2,491,472	10,177,661	3,002,555	12,361,519
Banker's cheques	49,000	200,165	80,000	329,360
Other taxes payables (*)	345,291	1,410,514	279,886	1,152,291
Derivative held for risk management (**)	111,490	455,437	155,503	640,206
	2,997,253	12,243,777	3,517,944	14,483,376

(*) Other taxes payables consist of withholding taxes, fringe benefit tax and value added tax reverse charge.

(**) On 15 February 2023 and 9 May 2023, the Group and the Bank entered into Foreign Currency Swap agreements with J Trust Royal Bank Plc. amounting to KHR8,378,350,000 (equivalent to US$2,000,000), and KHR16,941,312,000 (equivalent to US$4,000,000) effective from 15 February 2023 to 15 February 2024. And 9 May 2023 to 9 May 2024 respectively. (Note 31.1).

20. INCOME TAX

20.1. Income tax payable

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
At 1 January	1,194,668	4,918,448	2,002,306	8,157,395
Current income tax expense	818,095	3,362,370	1,982,113	8,100,896
Income tax paid	(1,944,593)	(7,992,277)	(2,789,751)	(11,401,712)
Currency translation difference	-	(10,067)	-	61,869
At 31 December	68,170	278,474	1,194,668	4,918,448

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
At 1 January	1,194,668	4,918,448	2,002,306	8,157,395
Current income tax expense	816,324	3,355,092	1,982,113	8,100,896
Income tax paid	(1,943,183)	(7,986,482)	(2,789,751)	(11,401,712)
Currency translation difference	-	(10,058)	-	61,869
At 31 December	67,809	277,000	1,194,668	4,918,448

20.2. Deferred tax assets/(liabilities)

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Deferred tax assets	3,338,471	13,637,654	3,304,774	13,605,755
Deferred tax liabilities	(4,748,582)	(19,397,958)	(4,086,089)	(16,822,429)
Net deferred tax liabilities	(1,410,111)	(5,760,304)	(781,315)	(3,216,674)
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Deferred tax assets	3,313,608	13,536,089	3,304,774	13,605,755
Deferred tax liabilities	(4,747,399)	(19,393,125)	(4,086,089)	(16,822,429)
Net deferred tax liabilities	(1,433,791)	(5,857,036)	(781,315)	(3,216,674)

Components of the Group's and the Bank's net deferred tax assets are as follows:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Deferred tax asset on:				
Lease liabilities	1,901,190	7,766,361	1,972,096	8,119,119
Unamortised loan fees	1,050,021	4,289,336	1,071,183	4,410,060
Accumulated depreciation and amortisation	306,101	1,250,423	150,635	620,164
Provision for employee benefits	35,822	146,333	37,347	153,758
Allowance for ECL on cash equivalents and placements with other financial institutions	34,223	139,801	5,781	23,800
Unrealised foreign exchange losses and others	1,114	4,550	67,732	278,854
Other	10,000	40,850	-	-
	3,338,471	13,637,654	3,304,774	13,605,755

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
Deferred tax liability on:				
Right-of-use assets	(1,666,008)	(6,805,643)	(1,768,537)	(7,281,067)
Unrealised foreign exchange losses and others	(156)	(637)	-	-
Allowance for ECL on loans and advances	(3,035,116)	(12,398,449)	(2,274,671)	(9,364,821)
Unamortised fee on borrowings	(47,302)	(193,229)	(42,881)	(176,541)
	(4,748,582)	(19,397,958)	(4,086,089)	(16,822,429)
Net deferred tax liabilities	(1,410,111)	(5,760,304)	(781,315)	(3,216,674)

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Deferred tax asset on:				
Lease liabilities	1,900,133	7,762,043	1,972,096	8,119,119
Unamortised loan fees	1,029,141	4,204,041	1,071,183	4,410,060
Accumulated depreciation and amortisation	304,253	1,242,874	150,635	620,164
Provision for employee benefits	35,822	146,333	37,347	153,758
Allowance for ECL on cash equivalents and placements with other financial institutions	33,145	135,397	5,781	23,800
Unrealised foreign exchange losses and others	1,114	4,551	67,732	278,854
Other	10,000	40,850	-	-
	3,313,608	13,536,089	3,304,774	13,605,755
Deferred tax liability on:				
Right-of-use assets	(1,664,981)	(6,801,447)	(1,768,537)	(7,281,067)
Allowance for ECL on loans and advances	(3,035,116)	(12,398,449)	(2,274,671)	(9,364,821)
Unamortised fee on borrowings	(47,302)	(193,229)	(42,881)	(176,541)
	(4,747,399)	(19,393,125)	(4,086,089)	(16,822,429)
Net deferred tax liabilities	(1,433,791)	(5,857,036)	(781,315)	(3,216,674)

Movements of net deferred tax assets are as follows:

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
At 1 January	(781,315)	(3,216,674)	494,219	2,013,448
Recognised in profit or loss	(628,796)	(2,584,352)	(1,275,534)	(5,213,107)
Currency translation difference	-	40,722	-	(17,015)
At 31 December	(1,410,111)	(5,760,304)	(781,315)	(3,216,674)
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
At 1 January	(781,315)	(3,216,674)	494,219	2,013,448
Recognised in profit or loss	(652,476)	(2,681,676)	(1,275,534)	(5,213,107)
Currency translation difference	-	41,314	-	(17,015)
At 31 December	(1,433,791)	(5,857,036)	(781,315)	(3,216,674)

20.3. Income tax expense

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Current	818,095	3,362,370	1,982,113	8,100,896
Deferred	628,796	2,584,352	1,275,534	5,213,107
	1,446,891	5,946,722	3,257,647	13,314,003
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Current	816,324	3,355,092	1,982,113	8,100,896
Deferred	652,476	2,681,676	1,275,534	5,213,107
	1,468,800	6,036,768	3,257,647	13,314,003

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

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Profit before income tax	6,538,394	26,872,800	13,783,172	56,331,823
Income tax rate of 20%	1,307,679	5,374,561	2,756,634	11,266,363
Effect of non-deductible expenses	139,212	572,161	130,379	532,859
Others	-	-	370,634	1,514,781
	1,446,891	5,946,722	3,257,647	13,314,003
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Profit before income tax	6,663,516	27,387,051	13,783,172	56,331,823
Income tax rate of 20%	1,332,703	5,477,409	2,756,634	11,266,363
Effect of non-deductible expenses	136,097	559,359	130,379	532,859
Others	-	-	370,634	1,514,781
	1,468,800	6,036,768	3,257,647	13,314,003

21. EQUITY

21.1. Share capital

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Phillip MFIS PTE. LTD.	75,000,000	300,765,000	75,000,000	300,765,000
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Phillip MFIS PTE. LTD.	75,000,000	300,765,000	75,000,000	300,765,000

All shares are issued and fully paid with par value of US$1 per share.

21.2. Other reserves

Other reserves represent Kredit MFI's share capital, other reserves and reserve capital amounting to US$18,395,200, US$6,470,362, and US$624,712, respectively, transferred to the Bank as per merger arrangement. Other reserves are classified under capital tier I as approved by the NBC on 17 June 2020.

21.3. Regulatory reserve

Regulatory reserve represents the variance in loan provisioning between CIFRSs and regulatory provisioning in accordance with the NBC's requirement.

	Cash and cash equivalents and placements with other banks	Loan and advances to customers and banks	Off – balance sheet commitment	Total	
				US$	KHR'000 (Note 2.4.3)
The Group					
31 December 2023					
Allowance per NBC	516,216	28,462,288	129,449	29,107,953	118,905,988
Less: Allowance per CIFRS 9	165,726	11,203,834	-	11,369,560	46,444,653
Currency translation difference	-	-	-	-	49,656
Regulatory reserves (A)	350,490	17,258,454	129,449	17,738,393	72,411,679
31 December 2022 *(Unaudited)*					
Allowance per NBC	132,520	21,217,347	126,662	21,476,529	87,731,621
Less: Allowance per CIFRS 9	28,907	8,403,002	-	8,431,909	34,444,348
Currency translation difference	-	-	-	-	167,001
Regulatory reserves (B)	103,613	12,814,345	126,662	13,044,620	53,120,272

	Cash and cash equivalents and placements with other banks	Loan and advances to customers and banks	Off – balance sheet commitment	Total	
				US$	KHR'000 (Note 2.4.3)
The Bank					
31 December 2023					
Allowance per NBC	516,216	28,462,288	129,449	29,107,953	118,905,988
Less: Allowance per CIFRS 9	165,726	11,203,834	-	11,369,560	46,444,653
Currency translation difference	-	-	-	-	49,656
Regulatory reserves (A)	350,490	17,258,454	129,449	17,738,393	72,411,679
31 December 2022					
Allowance per NBC	132,520	21,217,347	126,662	21,476,529	87,731,621
Less: Allowance per CIFRS 9	28,907	8,403,002	-	8,431,909	34,444,348
Currency translation difference	-	-	-	-	167,001
Regulatory reserves (B)	103,613	12,814,345	126,662	13,044,620	53,120,272

21.4. Non-controlling interest

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
At 1 January	510,000	2,099,670	-	-
Capital contribution	-	-	510,000	2,040,000
Loss attribute to the NCI during the year/ period	(65,400)	(268,794)	-	-
Currency translation difference	-	(14,685)	-	59,670
At 31 December	444,600	1,816,191	510,000	2,099,670

22. INTEREST INCOME

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Loans and advances	74,924,415	307,939,345	73,589,763	300,761,361
Placements with other financial institutions	605,064	2,486,813	230,617	942,532
Cash and cash equivalents	241,554	992,787	56,855	232,366
Refundable deposit	10,328	42,448	49,523	202,401
Capital guarantee deposit with the NBC	94,543	388,572	27,551	112,601
	75,875,904	311,849,965	73,954,309	302,251,261

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Loans and advances	74,924,415	307,939,345	73,589,763	300,761,361
Placements with other financial institutions	605,064	2,486,813	230,617	942,532
Cash and cash equivalents	241,554	992,787	56,855	232,366
Refundable deposit	10,328	42,448	49,523	202,401
Capital guarantee deposit with the NBC	94,543	388,572	27,551	112,601
	75,875,904	311,849,965	73,954,309	302,251,261

23. INTEREST EXPENSE

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Fixed deposits	30,165,237	123,979,124	21,678,919	88,601,742
Borrowings and subordinated debts (Note 17)	2,068,750	8,502,563	2,857,220	11,677,458
Saving accounts	1,519,284	6,244,257	1,540,058	6,294,217
Current deposits	778,095	3,197,970	769,396	3,144,521
Lease liabilities (Note 18)	595,956	2,449,379	617,421	2,523,400
	35,127,322	144,373,293	27,463,014	112,241,338

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Fixed deposits	30,199,279	124,119,036	21,678,919	88,601,742
Borrowings and subordinated debts (Note 17)	2,068,750	8,502,563	2,857,220	11,677,458
Saving accounts	1,519,284	6,244,257	1,540,058	6,294,217
Current deposits	781,924	3,213,708	769,396	3,144,521
Lease liabilities (Note 18)	595,956	2,449,379	617,421	2,523,400
	35,165,193	144,528,943	27,463,014	112,241,338

24. NET FEES AND COMMISSION INCOME

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Fees and commission income				
Commitment fees	333,067	1,368,905	364,980	1,491,673
Other fees	2,452,563	10,080,034	1,962,656	8,021,375
	2,785,630	11,448,939	2,327,636	9,513,048
Fees and commission expense	(343,051)	(1,409,939)	(318,830)	(1,303,058)
	2,442,579	10,039,000	2,008,806	8,209,990

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Fees and commission income				
Commitment fees	333,067	1,368,905	364,980	1,491,673
Other fees	2,452,563	10,080,034	1,962,656	8,021,375
	2,785,630	11,448,939	2,327,636	9,513,048
Fees and commission expense	(342,931)	(1,409,446)	(318,830)	(1,303,058)
	2,442,699	10,039,493	2,008,806	8,209,990

25. OTHER INCOME

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Recovery of loans previously written-off	261,900	1,076,409	240,702	983,749
Foreign exchange gain/(loss)	385,861	1,585,889	(186,360)	(761,653)
Gain on sale of property and equipment (Note 12)	43,398	178,366	33,230	135,811
Others	322,243	1,324,418	210,280	859,414
	1,013,402	4,165,082	297,852	1,217,321
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Recovery of loans previously written-off	261,900	1,076,409	240,702	983,749
Foreign exchange gain/(loss)	385,486	1,584,347	(186,360)	(761,653)
Gain on sale of property and equipment (Note 12)	43,398	178,366	33,230	135,811
Others	298,423	1,226,519	210,280	859,414
	989,207	4,065,641	297,852	1,217,321

Others include income from grants and other miscellaneous income.

26. PERSONNEL EXPENSES

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Salaries and wages	14,336,897	58,924,647	13,894,922	56,788,546
Seniority payment	1,182,834	4,861,448	1,103,958	4,511,876
Other benefits	2,674,652	10,992,819	3,877,981	15,849,309
	18,194,383	74,778,914	18,876,861	77,149,731

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Salaries and wages	14,312,410	58,824,005	13,894,922	56,788,546
Seniority payment	1,181,417	4,855,624	1,103,958	4,511,876
Other benefits	2,673,333	10,987,399	3,877,981	15,849,309
	18,167,160	74,667,028	18,876,861	77,149,731

Other benefits include bonus and incentive compensation and employee training costs.

27. DEPRECIATION AND AMORTISATION

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Property and equipment (Note 12)	2,575,621	10,585,803	2,035,789	8,320,270
Right-of-use assets (Note 13)	1,965,674	8,078,920	1,948,620	7,964,010
Intangible assets (Note 14)	615,684	2,530,461	594,431	2,429,439
	5,156,979	21,195,184	4,578,840	18,713,719

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Property and equipment (Note 12)	2,568,257	10,555,536	2,035,789	8,320,270
Right-of-use assets (Note 13)	1,965,674	8,078,920	1,948,620	7,964,010
Intangible assets (Note 14)	606,071	2,490,952	594,431	2,429,439
	5,140,002	21,125,408	4,578,840	18,713,719

28. PROMOTION AND MARKETING

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Marketing	1,712,266	7,037,413	2,091,110	8,546,367
Others	148,617	610,816	216,403	884,439
	1,860,883	7,648,229	2,307,513	9,430,806
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Marketing	1,693,187	6,958,999	2,091,110	8,546,367
Others	145,681	598,748	216,403	884,439
	1,838,868	7,557,747	2,307,513	9,430,806

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Legal and professional fees (*)	2,251,767	9,254,762	2,175,168	8,889,912
Insurance	995,390	4,091,053	1,010,184	4,128,622
License fees	954,294	3,922,148	761,170	3,110,902
Security expense	627,390	2,578,573	645,631	2,638,694
Duties and taxes	578,991	2,379,653	588,567	2,405,473
Utilities	582,918	2,395,793	532,586	2,176,679
Stationeries and printing	353,178	1,451,562	483,853	1,977,507
Travelling and accommodation	325,984	1,339,794	385,960	1,577,419
Repairs and maintenance	339,500	1,395,345	333,553	1,363,231
Rental expense of low-value assets (Note 13)	379,025	1,557,793	304,779	1,245,632
Communication	378,323	1,554,908	285,481	1,166,761
Directors' fees and meeting allowances	79,654	327,378	41,105	167,996
Loss on write off of property and equipment (Note 12)	51,496	211,649	19,790	80,882
Others (**)	612,249	2,516,342	623,996	2,550,271
	8,510,159	34,976,753	8,191,823	33,479,981

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Legal and professional fees (*)	2,193,630	9,015,819	2,175,168	8,889,912
Insurance	994,468	4,087,263	1,010,184	4,128,622
License fees	954,294	3,922,148	761,170	3,110,902
Security expense	627,390	2,578,573	645,631	2,638,694
Duties and taxes	575,584	2,365,650	588,567	2,405,473
Utilities	582,918	2,395,793	532,586	2,176,679
Stationeries and printing	352,505	1,448,796	483,853	1,977,507
Travelling and accommodation	319,846	1,314,567	385,960	1,577,419
Repairs and maintenance	339,500	1,395,345	333,553	1,363,231
Rental expense of low-value assets (Note 13)	379,025	1,557,793	304,779	1,245,632
Communication	378,323	1,554,908	285,481	1,166,761
Directors' fees and meeting allowances	52,869	217,292	41,105	167,996
Loss on write off of property and equipment (Note 12)	51,496	211,649	19,790	80,882
Others (**)	587,458	2,414,452	623,996	2,550,271
	8,389,306	34,480,048	8,191,823	33,479,981

(*) Professional fees for the Group and the Bank includes audit fee payable amounting to US$63,250 inclusive VAT for fiscal year ended 31 December 2023 (31 December 2022: US$66,000 inclusive of VAT).

(**) Others include non-capitalisable purchases of property and equipment and intangible assets, entertainment expense, donations, dues and membership fees and other operating expenses.

30. ALLOWANCE FOR EXPECTED CREDIT LOSSES

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Cash and cash equivalents	103,611	425,841	10,424	42,603
Placements with other banks	33,208	136,485	(8,133)	(33,239)
Loans and advances to customers	3,806,946	15,646,548	1,057,453	4,321,810
	3,943,765	16,208,874	1,059,744	4,331,174

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Cash and cash equivalents	103,611	425,841	10,424	42,603
Placements with other banks	33,208	136,485	(8,133)	(33,239)
Loans and advances to customers	3,806,946	15,646,548	1,057,453	4,321,810
	3,943,765	16,208,874	1,059,744	4,331,174

31. COMMITMENTS AND CONTINGENCIES

31.1. Operations

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

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Loan commitments or guarantees received from:				
Undrawn credit facilities	43,000,000	175,655,000	43,000,000	177,031,000
Payment guarantees	327,723	1,338,748	412,061	1,696,455
	43,327,723	176,993,748	43,412,061	178,727,455
Loan commitments in favor of:				
Unused portion of overdrafts	1,972,276	8,056,747	5,601,347	23,060,746
Undrawn credit facilities	4,110,322	16,790,665	2,658,746	10,946,057
Bank guarantees	3,668,104	14,984,205	3,724,566	15,334,038
	9,750,702	39,831,617	11,984,659	49,340,841
Foreign exchange commitment:				
Foreign exchange swap receivable (Note 19)	(6,000,000)	(24,510,000)	(12,500,000)	(51,462,500)
Foreign exchange swap payable (Note 19)	6,198,204	25,319,663	12,553,444	51,682,529

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Loan commitments or guarantees received from:				
Undrawn credit facilities	43,000,000	175,655,000	43,000,000	177,031,000
Payment guarantees	327,723	1,338,748	412,061	1,696,455
	43,327,723	176,993,748	43,412,061	178,727,455
Loan commitments in favor of:				
Unused portion of overdrafts	1,972,276	8,056,747	5,601,347	23,060,746
Undrawn credit facilities	4,110,322	16,790,665	2,658,746	10,946,057
Bank guarantees	3,668,104	14,984,205	3,724,566	15,334,038
	9,750,702	39,831,617	11,984,659	49,340,841
Foreign exchange commitment:				
Foreign exchange swap receivable (Note 19)	(6,000,000)	(24,510,000)	(12,500,000)	(51,462,500)
Foreign exchange swap payable (Note 19)	6,198,204	25,319,663	12,553,444	51,682,529

31.2 . Taxation contingencies

Ongoing tax reassessments

A. KREDIT Microfinance Institution Plc.

On 4 July 2023, the General Department of Taxation ("GDT") issued a Notice of Tax Reassessment ("NTR") on the comprehensive tax audit for the fiscal year from 1 January 2018 to 31 December 2018, imposing additional tax reassessment of KHR15,344,496,996 (approximate to US$3,756,303).

On 11 July 2023, the GDT issued NTR on the comprehensive tax audit for the fiscal year from 1 January 2019 to 31 December 2020, imposing additional tax reassessment of KHR3,351,564,196 (approximate to US$820,456).

On 11 August 2023, the Bank lodged an administrative protest letter to the GDT protesting to the reassessed taxes with providing explanations and supporting documents to the GDT. However, there is no response from the GDT yet as of the date of these financial statements.

B. Phillip Bank Plc.

On 22 February 2023, the GDT issued two NTRs on the comprehensive tax audit for the fiscal years from 1 January 2017 to 31 December 2018 and from 1 January 2019 to 31 December 2019, imposing additional tax reassessment of KHR2,339,606,793 (approximate to US$572,731) and KHR843,317,758 (approximate to US$206,443) respectively.

On 7 April 2023, the Bank lodged the first administrative protest letter to the GDT protesting to the reassessed taxes. As a result, the Bank received the 2nd NTR from the GDT dated 20 November 2023 revising the additional tax reassessment to KHR2,036,794,747 (approximate to US$498,603) and KHR725,832,307 (approximate to US$177,682) respectively. On 4 January 2024, the Bank lodged the 2nd protest letter to the GDT after consultation with their tax advisor.

As of to date, there has not been any official response from the GDT and management have considered that the tax reassessment exposure is incorrect and should not give rise to any significant loss to the Bank in the future, and therefore has not recorded this expense in the financial statements. As at the date of these financial statements, the outcome of ultimate tax liabilities relevant to the above NTRs is uncertain.

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

32. RELATED PARTY TRANSACTIONS AND BALANCES

32.1. Identification of related parties

The Group and the Bank entered into a number of transactions with related parties in the normal course of business.

Relationship	Related party
Shareholder	Phillip MFIS PTE. LTD.
Related company	Entity under the same parent company
Key management personnel	All directors of the Group and the Bank who make critical decisions in relation to the strategic direction of the Group and Bank and senior management staff (including their close family members)

The volumes of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

32.2. Transactions with related parties

	2023		2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Related parties				
Interest expense	2,331,350	9,581,849	1,844,241	7,537,414
Borrowing repayment	31,156,360	128,052,640	26,057,231	106,495,903
Key management personnel				
Salaries and benefits	1,933,718	7,947,581	995,344	4,067,971

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Related parties				
Interest expense	2,331,350	9,581,849	1,844,241	7,537,414
Borrowing repayment	31,156,360	128,052,640	26,057,231	106,495,903
Key management personnel				
Salaries and benefits	1,907,173	7,838,481	995,344	4,067,971

32.3. Balances with related parties

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Related parties				
Deposits	35,996,725	147,046,622	17,086,943	70,346,944
Accrued interest payable on deposits	830,343	3,391,951	326,444	1,343,970
Borrowings	4,000,000	16,340,000	20,557,810	84,636,504
Accrued interest payable on borrowing	56,222	229,667	234,096	963,773

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
Key management personnel				
Loans	2,989,007	12,210,094	2,341,225	9,638,823
Deposits from customers	5,726,519	23,392,830	4,041,833	16,640,228

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Related parties				
Deposits	35,996,725	147,046,622	17,086,943	70,346,944
Accrued interest payable on deposits	830,343	3,391,951	326,444	1,343,970
Borrowings	4,000,000	16,340,000	20,557,810	84,636,504
Accrued interest payable on borrowing	56,222	229,667	234,096	963,773
Key management personnel				
Loans	2,974,541	12,151,000	2,341,225	9,638,823
Deposits from customers	5,720,661	23,368,900	4,041,833	16,640,228

33. FINANCIAL RISK MANAGEMENT

33.1. Introduction and overview

The Group and the Bank have exposure to the following risks from financial instruments:

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

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

Risk management functional and governance structure

The Group's and the Bank's Board of Directors have overall responsibility for the establishment and oversight of the Group's and the Bank's risk management framework. The Board of Directors has established the Risk Management Committee (RMC), which is responsible for approving and monitoring Bank's risk management policies.

The Group's and the Bank's risk management policies are established to identify and analyse the risks faced by the Group and the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Bank's activities. The Group and the Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

33.2. Credit risk

'Credit risk' is the risk of financial loss to the Group and the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and the Bank's placement with Banks, loans and advances to customers, other financial assets, credit commitments and financial guarantee contracts. For risk management reporting purposes, the Group and 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

Extension of credit is governed by credit programmes that set out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation and procedures under which a credit product will be offered and measured. The Group and the Bank have established the Credit Risk Policy which is designed to govern the Bank's risk undertaking activities, including the following.

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require assessment by credit risk management and submit for approval based on updated credit DOA as appropriate.

- Reviewing and assessing credit risk: the Group and the Bank assess all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investments securities).

- Developing and maintaining the Group's and the Bank's risk gradings to categorise exposures according to the degree of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by the Group and the Bank.

- Developing and maintaining the Group's and the Bank's processes for measuring ECL: This includes processes for:

  - initial approval, regular validation and back-testing of the models used;
  - determining and monitoring significant increase in credit risk; and
  - incorporation of forward-looking information.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to the Group and the Bank, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

Each business unit is required to implement the Group and Bank's credit policies and procedures, with credit approval authorities delegated from the Group's and the Bank's Risk Management Committee. Each business unit have a Head of Credit or Chief Credit Officer who reports on all credit-related matters to Credit Committee and the Group's and the Bank's Risk Management Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of business units and credit processes are undertaken by Internal Audit.

(ii) Concentration of risk

Credit risk is managed by the Group's and the Bank's Credit Committee with overall oversight by the Group's and Bank's Risk Management Committee.

The following table presents the Group's and the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

Type of credit exposure

	Maximum credit exposure	Maximum credit exposure	Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US$	KHR'000 (Note 2.4.3)	%	%	%
The Group					
31 December 2023					
On-balance sheet items					
Cash and cash equivalents (excluding cash on hand)	104,859,321	428,350,326	0%	0%	100%
Placements with other financial institutions	3,551,688	14,508,645	0%	0%	100%
Loans and advances to customers - gross	593,451,605	2,424,249,807	97.20%	0.70%	2.10%
Financial assets at fair value through other comprehensive income	42,500	173,613	0%	0%	100%
Other assets	533,512	2,179,396	0%	0%	100%
Total	702,438,626	2,869,461,787			

	Maximum credit exposure	Maximum credit exposure	Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US$	KHR'000 (Note 2.4.3)	%	%	%
Off-balance sheet items					
Commitments received from credit facilities	43,000,000	175,655,000	0%	0%	100%
Loan guarantees	327,723	1,338,748	0%	0%	100%
Commitments in favor of loans and advances	9,750,702	39,831,617	58.54%	19.52%	21.94%
Foreign exchange commitment	198,204	809,663	0%	0%	100%
	53,276,629	217,635,028			
31 December 2022 *(Unaudited)*					
On-balance sheet items					
Cash and cash equivalents (excluding cash on hand)	49,607,393	204,233,637	0%	0%	100%
Placements with other financial institutions	265,034	1,091,145	0%	0%	100%
Loans and advances to customers - gross	591,014,309	2,433,205,910	97.10%	0.42%	2.48%
Financial assets at fair value through other comprehensive income	42,500	174,973	0%	0%	100%
Other assets	1,467,050	6,039,845	0%	0%	100%
Total	642,396,286	2,644,745,510			
Off-balance sheet items					
Commitments received from credit facilities	43,000,000	177,031,000	0%	0%	100%
Loan guarantees	412,061	1,696,455	0%	0%	100%
Commitments in favor of loans and advances	11,984,659	49,340,841	49.45%	15.59%	34.96%
Foreign exchange commitment	53,444	220,029	0%	0%	100%
	55,450,164	228,288,325			
The Bank					
31 December 2023					
On-balance sheet items					
Cash and cash equivalents (excluding cash on hand)	104,859,321	428,350,326	0%	0%	100%
Placements with other financial institutions	3,551,688	14,508,645	0%	0%	100%
Loans and advances to customers - gross	593,451,605	2,424,249,807	97.20%	0.70%	2.10%
Investment in a Subsidiary	490,000	2,001,650	0%	0%	100%
Financial assets at fair value through other comprehensive income	42,500	173,613	0%	0%	100%
Other assets	520,651	2,126,859	0%	0%	100%
Total	702,915,765	2,871,410,900			
Off-balance sheet items					
Commitments received from credit facilities	43,000,000	175,655,000	0%	0%	100%
Loan guarantees	327,723	1,338,748	0%	0%	100%
Commitments in favor of loans and advances	9,750,702	39,831,617	58.54%	19.52%	21.94%
Foreign exchange commitment	198,204	809,663	0%	0%	100%
	53,276,629	217,635,028			

	Maximum credit exposure	Maximum credit exposure	Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US$	KHR'000 (Note 2.4.3)	%	%	%
31 December 2022					
On-balance sheet items					
Cash and cash equivalents (excluding cash on hand)	48,607,393	200,116,637	0%	0%	100%
Placements with other financial institutions	265,034	1,091,145	0%	0%	100%
Loans and advances to customers - gross	591,014,309	2,433,205,910	97.10%	0.42%	2.48%
Investment in a Subsidiary	490,000	2,017,330	0%	0%	100%
Financial assets at fair value through other comprehensive income	42,500	174,973	0%	0%	100%
Other assets	1,467,050	6,039,845	0%	0%	100%
Total	641,886,286	2,642,645,840			
Off-balance sheet items					
Commitments received from credit facilities	43,000,000	177,031,000	0.00%	0.00%	100.00%
Loan guarantees	412,061	1,696,455	0.00%	0.00%	100.00%
Commitments in favor of loans and advances	11,984,659	49,340,841	49.45%	15.59%	34.96%
Foreign exchange commitment	53,444	220,029	0.00%	0.00%	100.00%
	55,450,164	228,288,325			

(iii) Collateral

Whilst the Group's and 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, placements with other financial institutions, investments in equity instrument 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. The table below summarises the Bank's security coverage of its financial assets:

	Collateral/credit enhancement			
	Properties	Fixed deposits	Unsecured credit exposure	Total
	US$	US$	US$	US$
The Group				
31 December 2023				
Cash and cash equivalents (excluding cash on hand)	-	-	104,859,321	104,859,321
Placements with other financial institutions	-	-	3,551,688	3,551,688
Loans and advances to customers - gross	576,586,089	4,248,967	12,616,549	593,451,605
Financial assets at fair value through other comprehensive income	-	-	42,500	42,500
Other assets	-	-	533,512	533,512
	576,586,089	4,248,967	121,603,570	702,438,626
KHR'000 (Note 2.4.3)	2,355,354,174	17,357,030	496,750,583	2,869,461,787
31 December 2022 (Unaudited)				
Cash and cash equivalents (excluding cash on hand)	-	-	49,607,393	49,607,393
Placements with other financial institutions	-	-	265,034	265,034
Loans and advances to customers - gross	573,877,715	2,467,429	14,669,165	591,014,309
Financial assets at fair value through other comprehensive income	-	-	42,500	42,500
Other assets	-	-	1,467,050	1,467,050
	573,877,715	2,467,429	66,051,142	642,396,286
KHR'000 (Note 2.4.3)	2,362,654,553	10,158,405	271,932,552	2,644,745,509

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

	Collateral/credit enhancement			
	Properties	Fixed deposits	Unsecured credit exposure	Total
	US$	US$	US$	US$
The Bank				
31 December 2023				
Cash and cash equivalents (excluding cash on hand)	-	-	104,859,321	104,859,321
Placements with other financial institutions	-	-	3,551,688	3,551,688
Loans and advances to customers - gross	576,586,089	4,248,967	12,616,549	593,451,605
Investment in a subsidiary	-	-	490,000	490,000

	Collateral/credit enhancement			
	Properties	Fixed deposits	Unsecured credit exposure	Total
	US$	US$	US$	US$
Financial assets at fair value through other comprehensive income	-	-	42,500	42,500
Other assets	-	-	520,651	520,651
	576,586,089	4,248,967	122,080,709	702,915,765
KHR'000 (Note 2.4.3)	2,355,354,174	17,357,030	498,699,696	2,871,410,900
31 December 2022				
Cash and cash equivalents (excluding cash on hand)	-	-	48,607,393	48,607,393
Placements with other financial institutions	-	-	265,034	265,034
Loans and advances to customers - gross	573,877,715	2,467,429	14,669,165	591,014,309
Investment in a subsidiary	-	-	490,000	490,000
Financial assets at fair value through other comprehensive income	-	-	42,500	42,500
Other assets	-	-	1,467,050	1,467,050
	573,877,715	2,467,429	65,541,142	641,886,286
KHR'000 (Note 2.4.3)	2,362,654,553	10,158,405	269,832,882	2,642,645,839

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

Pursuant to the NBC guideline Prakas B7-017-344, the Bank have 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 weaknesses 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 Group and the Bank.

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 have 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 weaknesses 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

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 as 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 Group and 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* *Under-performing*	*Stage 3* *Non-performing*
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
Basis of calculation of profit revenue	On gross carrying amount	On gross carrying amount	On net carrying amount

The Group and 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 Group and the Bank will assess credit risk of each account as compared to the risk level at origination date.

Below is a table showing a summary of credit risk status and period for ECL calculation by stages:

Long-term facilities (more than one year)

Stage	**Credit risk status**	**Grade**	**Days Past Due (“DPD”)**	**Default indicator**
1	No significant increase in credit risk	Normal	0 - 29	Performing
2	Credit risk increased significantly	Special mention	30 - 89	Under-performing
3	Credit impaired assets	Substandard	90 - 179	Non-performing
		Doubtful	180 - 359	
		Loss	360 and above	

Short-term facilities (one year or less)

Stage	Credit risk status	Grade	Days Past Due ("DPD")	Default indicator
1	No significant increase in credit risk	Normal	0 - 14	Performing
2	Credit risk increased significantly	Special mention	15 - 30	Under-performing
3	Credit impaired assets	Substandard	31 - 60	Non-performing
		Doubtful	61 - 90	
		Loss	91 and above	

The Group and the Bank are using DPD information and NBC's classification for staging criteria. The Group and the Bank also incorporated credit scoring or forward-looking elements if 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 are classified under stage 2.

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

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

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$
The Group				
Loans and advances to customers at amortised cost				
Normal	538,309,596	-	-	538,309,596
Special mention	-	18,484,889	-	18,484,889
Substandard	-	-	7,799,601	7,799,601
Doubtful	-	-	12,211,843	12,211,843
Loss	-	-	16,645,676	16,645,676
	538,309,596	18,484,889	36,657,120	593,451,605
Allowance for ECL	(2,428,704)	(1,867,510)	(6,907,620)	(11,203,834)

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$
Net carrying amount	535,880,892	16,617,379	29,749,500	582,247,771
KHR'000 (Note 2.4.3)	2,189,073,444	67,881,993	121,526,708	2,378,482,145

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$
The Group (Unaudited)				
Loans and advances to customers at amortised cost				
Normal	559,512,698	-	-	559,512,698
Special mention	-	7,595,962	-	7,595,962
Substandard	-	-	4,608,097	4,608,097
Doubtful	-	-	9,217,333	9,217,333
Loss	-	-	10,080,219	10,080,219
	559,512,698	7,595,962	23,905,649	591,014,309
Allowance for ECL	(1,890,241)	(463,396)	(6,049,365)	(8,403,002)
Net carrying amount	557,622,457	7,132,566	17,856,284	582,611,307
KHR'000 (Note 2.4.3)	2,295,731,656	29,364,775	73,514,321	2,398,610,752

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$
The Bank				
Loans and advances to customers at amortised cost				
Normal	538,309,596	-	-	538,309,596
Special mention	-	18,484,889	-	18,484,889
Substandard	-	-	7,799,601	7,799,601
Doubtful	-	-	12,211,843	12,211,843
Loss	-	-	16,645,676	16,645,676
	538,309,596	18,484,889	36,657,120	593,451,605
Allowance for ECL	(2,428,704)	(1,867,510)	(6,907,620)	(11,203,834)

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$
Net carrying amount	535,880,892	16,617,379	29,749,500	582,247,771
KHR'000 (Note 2.4.3)	2,189,073,444	67,881,993	121,526,708	2,378,482,145

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	US$	US$	US$	US$
The Bank				
Loans and advances to customers at amortised cost				
Normal	559,512,698	-	-	559,512,698
Special mention	-	7,595,962	-	7,595,962
Substandard	-	-	4,608,097	4,608,097
Doubtful	-	-	9,217,333	9,217,333
Loss	-	-	10,080,219	10,080,219
	559,512,698	7,595,962	23,905,649	591,014,309
Allowance for ECL	(1,890,241)	(463,396)	(6,049,365)	(8,403,002)
Net carrying amount	557,622,457	7,132,566	17,856,284	582,611,307
KHR'000 (Note 2.4.3)	2,295,731,656	29,364,775	73,514,321	2,398,610,752

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both the assessment of whether the credit risk of an instrument have 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 Group and the Bank operates, supranational organisations such as the World Bank, International Monetary Fund, and selected private-sector and academic forecasters. The Group and the Bank have 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, have estimated relationships between macro-economic variables and credit risk and credit losses.

33.3. 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 Group's and 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 investments, 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.

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

31 December 2023

	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$	Interest rate
The Group									
Financial assets									
Cash and cash equivalents	17,637,007	19,117,959	-	-	-	-	100,171,183	136,926,149	0.00%-5.25%
Placements with other financial institutions	-	-	3,551,688	-	-	-	-	3,551,688	6.00%-6.20%
Loans and advances to customers	7,037,853	9,257,308	8,352,008	22,826,062	194,001,442	351,976,932	-	593,451,605	4.75%-18.00%
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	42,500	42,500	-
Other assets	-	-	-	-	-	-	533,512	533,512	-
Total financial assets	24,674,860	28,375,267	11,903,696	22,826,062	194,001,442	351,976,932	100,747,195	734,505,454	
Financial liabilities									
Deposits from other financial institutions	5,454,468	4,636,702	16,483,344	23,773,428	9,468,018	-	4,054,947	63,870,907	0.00%-8.35%
Deposits from customers	117,696,156	97,370,196	101,821,684	171,845,073	36,976,715	651,806	10,011,907	536,373,537	0.00%-9.65%
Borrowings	557,038	-	33,915	121,887	15,773,844	261,571	-	16,748,255	2.00%-10.47%

31 December 2023

	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$	Interest rate
Lease liabilities	141,274	290,897	429,050	801,406	5,281,929	2,556,111	-	9,500,667	5.04%-6.04%
Other liabilities	-	-	26,710	21,122	95,750	35,526	2,571,760	2,750,868	-
Subordinated debts	-	-	-	532,659	4,056,222	-	-	4,588,881	5.5%-9%
Total financial liabilities	123,848,936	102,297,795	118,794,703	197,095,575	71,652,478	3,505,014	16,638,614	633,833,115	
Interest sensitivity gap	(99,174,076)	(73,922,528)	(106,891,007)	(174,269,513)	122,348,964	348,471,918	84,108,581	100,672,339	
KHR'000 (Note 2.4.3)	(405,126,100)	(301,973,527)	(436,649,764)	(711,890,961)	499,795,518	1,423,507,785	343,583,553	411,246,504	

31 December 2022

	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$	Interest rate
The Group (Unaudited)									
Financial assets									
Cash and cash equivalents	552,424	-	-	-	-	-	73,387,740	73,940,164	0.00%-1.25%
Placements with other financial institutions	-	265,034	-	-	-	-	-	265,034	3.50%-4.10%
Loans and advances to customers	5,906,959	11,365,723	9,560,194	19,167,928	219,670,395	325,343,110	-	591,014,309	4.75%-18.00%
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	42,500	42,500	-
Other assets	-	-	-	-	-	-	1,467,050	1,467,050	-
Total financial assets	6,459,383	11,630,757	9,560,194	19,167,928	219,670,395	325,343,110	74,897,290	666,729,057	
Financial liabilities									
Deposits from other financial institutions	9,398,430	3,477,513	10,432,165	14,253,792	12,913,548	-	4,314,632	54,790,080	0.00%-7.50%
Deposits from customers	114,999,897	110,899,346	79,745,935	110,028,446	27,954,019	611,413	8,849,554	453,088,610	0.00%-12.00%
Borrowings	12,372,510	1,557,916	7,560,332	7,932,339	10,744,124	508,772	-	40,675,993	2.00%-10.47%
Lease liabilities	143,973	291,680	429,832	854,036	5,114,348	3,026,609	-	9,860,478	4.90%-7.14%
Other liabilities	-	-	30,053	23,354	98,644	34,686	3,238,058	3,424,795	-
Subordinated debts	-	4,030,667	-	-	1,061,415	-	-	5,092,082	5.5%-9%
Total financial liabilities	136,914,810	120,257,122	98,198,317	133,091,967	57,886,098	4,181,480	16,402,244	566,932,038	
Interest sensitivity gap	(130,455,427)	(108,626,365)	(88,638,123)	(113,924,039)	161,784,297	321,161,630	58,495,046	99,797,019	
KHR'000 (Note 2.4.3)	(537,084,992)	(447,214,743)	(364,923,151)	(469,025,270)	666,065,951	1,322,222,430	240,824,103	410,864,328	

31 December 2023

	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$	Interest rate
The Bank									
Financial assets									
Cash and cash equivalents	17,637,007	19,117,959.00	-	-	-	-	100,171,183	136,926,149	0.00%-5.25%
Placements with other financial institutions	-	-	3,551,688	-	-	-	-	3,551,688	6.00%-6.20%
Loans and advances to customers	7,037,853	9,257,308	8,352,008	22,826,062	194,001,442	351,976,932	-	593,451,605	4.75%-18.00%
Investment in a subsidiary	-	-	-	-	-	-	490,000	490,000	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	42,500	42,500	-
Other assets	-	-	-	-	-	-	520,651	520,651	-
Total financial assets	24,674,860	28,375,267	11,903,696	22,826,062	194,001,442	351,976,932	101,224,334	734,982,593	
Financial liabilities									
Deposits from other financial institutions	5,454,468	4,636,702	16,483,344	23,773,428	9,468,018	-	4,054,947	63,870,907	0.00%-8.35%
Deposits from customers	118,478,524	97,370,196	101,821,684	171,845,073	36,976,715	651,806	10,011,908	537,155,906	0.00%-9.65%
Borrowings	557,038	-	33,915	121,887	15,773,844	261,571	-	16,748,255	2.00%-10.47%
Lease liabilities	141,274	290,897	429,050	801,406	5,281,929	2,556,111	-	9,500,667	5.04%-6.04%
Other liabilities	-	-	26,710	21,122	95,750	35,526	2,472,854	2,651,962	-
Subordinated debts	-	-	-	532,659	4,056,222	-	-	4,588,881	5.5%-9%
Total financial liabilities	124,631,304	102,297,795	118,794,703	197,095,575	71,652,478	3,505,014	16,539,709	634,516,578	
Interest sensitivity gap	(99,956,444)	(73,922,528)	(106,891,007)	(174,269,513)	122,348,964	348,471,918	84,684,625	100,466,015	
KHR'000 (Note 2.4.3)	(408,322,074)	(301,973,527)	(436,649,764)	(711,890,961)	499,795,518	1,423,507,785	345,936,693	410,403,670	

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	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$	Interest rate
The Bank									
Financial assets									
Cash and cash equivalents	552,424	-	-	-	-	-	72,387,740	72,940,164	0.00%-1.25%
Placements with other financial institutions	-	265,034	-	-	-	-	-	265,034	3.50%-4.10%
Loans and advances to customers	5,906,959	11,365,723	9,560,194	19,167,928	219,670,395	325,343,110	-	591,014,309	4.75%-18.00%
Investment in a subsidiary	-	-	-	-	-	-	490,000	490,000	-

	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$	Interest rate
	31 December 2022								
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	42,500	42,500	-
Other assets	-	-	-	-	-	-	1,467,050	1,467,050	-
Total financial assets	6,459,383	11,630,757	9,560,194	19,167,928	219,670,395	325,343,110	74,387,290	666,219,057	
Financial liabilities									
Deposits from other financial institutions	9,398,430	3,477,513	10,432,165	14,253,792	12,913,548	-	4,314,632	54,790,080	0.00%-7.50%
Deposits from customers	114,999,897	110,899,346	79,745,935	110,028,446	27,954,019	611,413	8,849,554	453,088,610	0.00%-12.00%
Borrowings	12,372,510	1,557,916	7,560,332	7,932,339	10,744,124	508,772	-	40,675,993	2.00%-10.47%
Lease liabilities	143,973	291,680	429,832	854,036	5,114,348	3,026,609	-	9,860,478	4.90%-7.14%
Other liabilities	-	-	30,053	23,354	98,644	34,686	3,238,058	3,424,795	-
Subordinated debts	-	4,030,667	-	-	1,061,415	-	-	5,092,082	5.5%-9%
Total financial liabilities	136,914,810	120,257,122	98,198,317	133,091,967	57,886,098	4,181,480	16,402,244	566,932,038	
Interest sensitivity gap	(130,455,427)	(108,626,365)	(88,638,123)	(113,924,039)	161,784,297	321,161,630	57,985,046	99,287,019	
KHR'000 (Note 2.4.3)	(537,084,992)	(447,214,743)	(364,923,151)	(469,025,270)	666,065,951	1,322,222,430	238,724,431	408,764,656	

(ii) Foreign currency exchange risk

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

Concentration of currency risk

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

	KHR	US$	Others	Total
	31 December 2023			
The Group				
Financial assets				
Cash and cash equivalents	17,949,898	118,845,225	131,026	136,926,149
Placements with other financial institutions	-	3,551,688	-	3,551,688
Loans and advances to customers	59,468,976	533,976,275	6,354	593,451,605
Financial assets at fair value through other comprehensive income	-	42,500	-	42,500

	31 December 2023			
	KHR	US$	Others	Total
Other assets	2,329	528,945	2,238	533,512
	77,421,203	656,944,633	139,618	734,505,454
Financial liabilities				
Deposits from other financial institutions	2,970,139	60,900,768	-	63,870,907
Deposits from customers	53,451,917	482,918,657	2,963	536,373,537
Borrowings	-	16,592,454	155,801	16,748,255
Lease liabilities	-	9,500,667	-	9,500,667
Other liabilities	1,298,473	1,452,395	-	2,750,868
Subordinated debts	-	4,588,881	-	4,588,881
	57,720,529	575,953,822	158,764	633,833,115
Net asset position	19,700,674	80,990,811	(19,146)	100,672,339
KHR'000 (Note 2.4.3)	80,477,253	330,847,463	(78,211)	411,246,504

	31 December 2022			
	KHR	US$	Others	Total
The Group (Unaudited)				
Financial assets				
Cash and cash equivalents	12,322,221	61,240,291	377,652	73,940,164
Placements with other financial institutions	-	-	265,034	265,034
Loans and advances to customers	63,132,888	527,873,260	8,161	591,014,309
Financial assets at fair value through other comprehensive income	-	42,500	-	42,500
Other assets	1,121,702	338,706	6,642	1,467,050
	76,576,811	589,494,757	657,489	666,729,057
Financial liabilities				
Deposits from other financial institutions	6,166,631	48,623,449	-	54,790,080
Deposits from customers	37,744,964	415,151,529	192,117	453,088,610
Borrowings	973,582	39,286,482	415,929	40,675,993
Lease liabilities	-	9,860,478	-	9,860,478
Other liabilities	156,422	3,268,373	-	3,424,795
Subordinated debts	-	5,092,082	-	5,092,082
	45,041,599	521,282,393	608,046	566,932,038
Net asset position	31,535,212	68,212,364	49,443	99,287,019
KHR'000 (Note 2.4.3)	129,830,466	280,830,304	203,557	410,864,327

	31 December 2023			
	KHR	US$	Others	Total
The Bank				
Financial assets				
Cash and cash equivalents	17,949,898	118,845,225	131,026	136,926,149
Placements with other financial institutions	-	3,551,688	-	3,551,688
Loans and advances to customers	59,468,976	533,976,275	6,354	593,451,605
Investment in a subsidiary	-	490,000	-	490,000
Financial assets at fair value through other comprehensive income	-	42,500	-	42,500
Other assets	2,329	516,084	2,238	520,651
	77,421,203	657,421,772	139,618	734,982,593
Financial liabilities				
Deposits from other financial institutions	2,970,139	60,900,768	-	63,870,907
Deposits from customers	53,451,917	483,701,026	2,963	537,155,906
Borrowings	-	16,592,454	155,801	16,748,255
Lease liabilities	-	9,500,667	-	9,500,667
Other liabilities	1,297,788	1,354,174	-	2,651,962
Subordinated debts	-	4,588,881	-	4,588,881
	57,719,844	576,637,970	158,764	634,516,578
Net asset position	19,701,359	80,783,802	(19,146)	100,466,015
KHR'000 (Note 2.4.3)	80,480,052	330,001,831	(78,211)	410,403,670

	31 December 2022			
	KHR	US$	Others	Total
The Bank				
Financial assets				
Cash and cash equivalents	12,322,221	60,240,291	377,652	72,940,164
Placements with other financial institutions	-	-	265,034	265,034
Loans and advances to customers	63,132,888	527,873,260	8,161	591,014,309
Investment in a subsidiary	-	490,000	-	490,000
Financial assets at fair value through other comprehensive income	-	42,500	-	42,500
Other assets	1,121,702	338,706	6,642	1,467,050
	76,576,811	588,984,757	657,489	666,219,057

	31 December 2022			
	KHR	US$	Others	Total
Financial liabilities				
Deposits from other financial institutions	6,166,631	48,623,449	-	54,790,080
Deposits from customers	37,744,964	415,151,529	192,117	453,088,610
Borrowings	973,582	39,286,482	415,929	40,675,993
Lease liabilities	-	9,860,478	-	9,860,478
Other liabilities	156,422	3,268,373	-	3,424,795
Subordinated debts	-	5,092,082	-	5,092,082
	45,041,599	521,282,393	608,046	566,932,038
Net asset position	31,535,212	67,702,364	49,443	99,287,019
KHR'000 (Note 2.4.3)	129,830,466	278,730,634	203,557	408,764,656

Sensitivity analysis

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and 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 2023		31 December 2022	
	- 1% Depreciation US$	+ 1% Appreciation US$	- 1% Depreciation US$	+ 1% Appreciation US$
			(Unaudited)	
The Group				
KHR	(197,007)	197,007	(315,352)	315,352
Other	191	(191)	(494)	494
	(196,816)	196,816	(315,846)	315,846
KHR'000 *(Note 2.4.3)*	(803,993)	803,993	(1,300,338)	1,300,338

	31 December 2023		31 December 2022	
	- 1% Depreciation US$	+ 1% Appreciation US$	- 1% Depreciation US$	+ 1% Appreciation US$
The Bank				
KHR	(197,014)	197,014	(315,352)	(315,352)
Other	191	(191)	(494)	(494)
	(196,823)	196,823	(315,846)	(315,846)
KHR'000 *(Note 2.4.3)*	(804,022)	804,022	(1,300,338)	(1,300,338)

33.4. Liquidity risk

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

(i) Liquidity risk management process

The Group's and the Bank's management monitor balance sheet liquidity and manages the concentration and profile of debt maturities through the gap analysis. Periodic reporting on the movement in loans and customers' deposits are monitored and liquidity requirements are adjusted to ensure sufficient liquid assets to meet financial commitments and obligation.

Monitoring and reporting take the form of the reviewing of the daily cash position and projections for the next day, week and month, as these are key years for liquidity management. Management monitors the movement of the main depositors and lenders and projections of their withdrawals.

(ii) Funding approach

The Group's and the Bank's main sources of liquidity arise from the shareholders' paid-up capital, borrowings from social lenders and finance institutions, deposits from other financial institutions and deposits from customers. The sources of liquidity are reviewed regularly through management's review of the maturity of term deposits and key depositors.

(iii) Non-derivative cash flows

The table on the following page presents the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group and the Bank manage the inherent liquidity risk based on the expected undiscounted cash flows.

The table below summarises the Group's and 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 other financial institutions and deposits from customers are not all expected to be withdrawn immediately.

Although the result from the table showed negative liquidity gap, based on experience, the management of the Group and the Bank believe that customers will not withdraw their deposits according to the maturity. Some of the deposits keep rolling from one cycle to another, therefore, management believes that underlying liquidity risk is manageable.

31 December 2023

	Carrying amount US$	Gross nominal inflows (outflow) US$	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	No maturity US$
The Group									
Financial assets									
Cash and cash equivalents	136,926,149	136,926,149	136,926,149	-	-	-	-	-	-
Placements with other financial institutions	3,551,688	3,608,712	-	-	3,608,712	-	-	-	-
Loans and advances to customers	593,451,605	873,488,467	7,039,723	9,274,954	8,444,619	23,314,588	245,841,661	579,572,922	-
Financial assets at fair value through other comprehensive income	42,500	42,500	-	-	-	-	-	-	42,500
Other assets	533,512	533,512	533,512	-	-	-	-	-	-
Total financial assets	734,505,454	1,014,599,340	144,499,384	9,274,954	12,053,331	23,314,588	245,841,661	579,572,922	42,500
Financial liabilities									
Deposits from other financial institutions	63,870,907	68,435,516	9,637,325	5,025,035	16,899,711	25,663,882	11,209,563	-	-
Deposits from customers	536,373,537	555,655,944	127,991,349	99,061,324	104,618,458	181,909,705	41,423,058	652,050	-
Borrowings	16,748,255	20,162,488	959,026	-	66,653	178,672	18,685,034	273,103	-
Lease liabilities	9,500,667	11,560,426	196,295	386,767	567,211	1,057,250	7,647,237	1,705,666	-

31 December 2023

	Carrying amount US$	Gross nominal inflows (outflow) US$	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	No maturity US$
Other liabilities	2,750,868	2,750,868	1,894,959	658,347	26,710	21,122	95,750	35,526	18,454
Subordinated debts	4,588,881	6,518,214	-	-	-	1,401,714	5,116,500	-	-
Total financial liabilities	633,833,115	665,083,456	140,678,954	105,131,473	122,178,743	210,232,345	84,177,142	2,666,345	18,454
Maturity gap	100,672,339	349,515,884	3,820,430	(95,856,519)	(110,125,412)	(186,917,757)	161,664,519	576,906,577	24,046
KHR'000 (Note 2.4.3)	411,246,505	1,427,772,386	15,606,457	(391,573,880)	(449,862,308)	(763,559,037)	660,399,560	2,356,663,367	98,227

31 December 2022

	Carrying amount US$	Gross nominal inflows (outflow) US$	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	No maturity US$
The Group (Unaudited)									
Financial assets									
Cash and cash equivalents	73,940,164	73,940,164	73,940,164	-	-	-	-	-	-
Placements with other financial institutions	265,034	265,034	-	265,034	-	-	-	-	-
Loans and advances to customers	591,014,309	845,535,518	5,909,757	11,385,684	9,640,763	19,703,458	279,610,142	519,285,714	-
Financial assets at fair value through other comprehensive income	42,500	42,500	-	-	-	-	-	-	42,500
Other assets	1,467,050	1,467,050	1,467,050	-	-	-	-	-	-
Total financial assets	666,729,057	921,250,266	81,316,971	11,650,718	9,640,763	19,703,458	279,610,142	519,285,714	42,500
Financial liabilities									
Deposits from other financial institutions	54,790,080	58,512,869	13,654,120	3,616,107	10,593,329	15,234,239	15,415,074	-	-
Deposits from customers	453,088,610	466,607,146	124,290,958	112,224,118	82,932,679	115,320,091	31,227,418	611,882	-
Borrowings	40,675,993	48,266,330	12,757,050	1,576,042	8,008,785	13,122,550	12,243,045	558,858	-
Lease liabilities	9,860,478	12,121,199	195,615	392,663	575,546	1,125,014	7,699,857	2,132,504	-
Other liabilities	3,424,795	3,424,795	1,910,625	1,247,960	30,053	23,354	98,644	34,686	79,473
Subordinated debts	5,092,082	6,792,535	-	5,321,444	-	-	1,471,091	-	-
Total financial liabilities	566,932,038	595,724,874	152,808,368	124,378,334	102,140,392	144,825,248	68,155,129	3,337,930	79,473
Maturity gap	99,797,019	325,525,392	(71,491,397)	(112,727,616)	(92,499,629)	(125,121,790)	211,455,013	515,947,784	(36,973)
KHR'000 (Note 2.4.3)	410,864,327	1,340,188,039	(294,330,081)	(464,099,595)	(380,820,974)	(515,126,408)	870,560,288	2,124,157,027	(152,218)

31 December 2023

	Carrying amount US$	Gross nominal inflows (outflow) US$	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	No maturity US$
The Bank									
Financial assets									
Cash and cash equivalents	136,926,149	136,926,149	136,926,149	-	-	-	-	-	-
Placements with other financial institutions	3,551,688	3,608,712	-	-	3,608,712	-	-	-	-
Loans and advances to customers	593,451,605	873,488,467	7,039,723	9,274,954	8,444,619	23,314,588	245,841,661	579,572,922	-
Investment in a subsidiary	490,000	490,000	-	-	-	-	-	-	490,000
Financial assets at fair value through other comprehensive income	42,500	42,500	-	-	-	-	-	-	42,500
Other assets	520,651	520,651	520,651	-	-	-	-	-	-
Total financial assets	734,982,593	1,015,076,479	144,486,523	9,274,954	12,053,331	23,314,588	245,841,661	579,572,922	532,500
Financial liabilities									
Deposits from other financial institutions	63,870,907	68,435,516	9,637,325	5,025,035	16,899,711	25,663,882	11,209,563	-	-
Deposits from customers	537,155,906	556,441,314	128,776,719	99,061,324	104,618,458	181,909,705	41,423,058	652,050	-
Borrowings	16,748,255	20,162,488	959,026	-	66,653	178,672	18,685,034	273,103	-
Lease liabilities	9,500,667	11,560,426	196,295	386,767	567,211	1,057,250	7,647,237	1,705,666	-
Other liabilities	2,651,962	2,651,962	1,796,053	658,347	26,710	21,122	95,750	35,526	18,454
Subordinated debts	4,588,881	6,518,214	-	-	-	1,401,714	5,116,500	-	-
Total financial liabilities	634,516,578	665,769,920	141,365,418	105,131,473	122,178,743	210,232,345	84,177,142	2,666,345	18,454
Maturity gap	100,466,015	349,306,559	3,121,105	(95,856,519)	(110,125,412)	(186,917,757)	161,664,519	576,906,577	514,046
KHR'000 (Note 2.4.3)	410,403,671	1,426,917,294	12,749,714	(391,573,880)	(449,862,308)	(763,559,037)	660,399,560	2,356,663,367	2,099,878

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	Carrying amount US$	Gross nominal inflows (outflow) US$	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	No maturity US$
The Bank									
Financial assets									
Cash and cash equivalents	72,940,164	72,940,164	72,940,164	-	-	-	-	-	-
Placements with other financial institutions	265,034	265,034	-	265,034	-	-	-	-	-
Loans and advances to customers	591,014,309	845,535,518	5,909,757	11,385,684	9,640,763	19,703,458	279,610,142	519,285,714	-

	31 December 2022								
	Carrying amount US$	Gross nominal inflows (outflow) US$	Up to 1 month US$	> 1-3 months US$	> 3-6 months US$	> 6-12 months US$	> 1 to 5 years US$	Over 5 years US$	No maturity US$
Investment in a subsidiary	490,000	490,000	-	-	-	-	-	-	490,000
Financial assets at fair value through other comprehensive income	42,500	42,500	-	-	-	-	-	-	42,500
Other assets	1,467,050	1,467,050	1,467,050	-	-	-	-	-	-
Total financial assets	666,219,057	920,740,266	80,316,971	11,650,718	9,640,763	19,703,458	279,610,142	519,285,714	532,500
Financial liabilities									
Deposits from other financial institutions	54,790,080	58,512,869	13,654,120	3,616,107	10,593,329	15,234,239	15,415,074	-	-
Deposits from customers	453,088,610	466,607,146	124,290,958	112,224,118	82,932,679	115,320,091	31,227,418	611,882	-
Borrowings	40,675,993	48,266,330	12,757,050	1,576,042	8,008,785	13,122,550	12,243,045	558,858	-
Lease liabilities	9,860,478	12,121,199	195,615	392,663	575,546	1,125,014	7,699,857	2,132,504	-
Other liabilities	3,424,795	3,424,795	1,910,625	1,247,960	30,053	23,354	98,644	34,686	79,473
Subordinated debts	5,092,082	6,792,535	-	5,321,444	-	-	1,471,091	-	-
Total financial liabilities	566,932,038	595,724,874	152,808,368	124,378,334	102,140,392	144,825,248	68,155,129	3,337,930	79,473
Maturity gap	99,287,019	325,015,392	(72,491,397)	(112,727,616)	(92,499,629)	(125,121,790)	211,455,013	515,947,784	453,027
KHR'000 (Note 2.4.3)	408,764,657	1,338,088,369	(298,447,081)	(464,099,595)	(380,820,974)	(515,126,408)	870,560,288	2,124,157,028	1,865,112

33.5. Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The operational risk losses is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management and Risk Management Committee of the Group and the Bank.

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

33.6. Capital management

(i) Regulatory capital

The Group's and the Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the balance sheet, are:

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

The NBC requires all licensed commercial banks to (i) fulfil the minimum capital requirements, and (ii) comply with solvency, liquidity and other requirements.

(ii) Capital allocation

On 9 January 2023, the NBC issued a circular on the implementation of Prakas on Capital Buffer in Banking and Financial Institutions, which the institution shall rebuild the capital conservation buffer ratio by 1.25% and 2.5% by 30 June 2023 and 31 December 2023, respectively. For the countercyclical capital buffer, the institution shall keep at level of 0%.

On 23 November 2023, the NBC issued new Letter No. B7-023-2621 allowing Banking and Financial Institutions to continues rebuild the capital conservation buffer ratio by 1.25% until 31 December 2024.

The table below summarises the composition of regulatory capital:

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
The Group				
Tier I capital				
Share capital	75,000,000	306,375,000	75,000,000	308,775,000
Other reserves	25,490,274	104,127,769	25,490,274	104,943,458
Audited net profit	5,194,716	21,220,415	10,525,525	43,333,586
Opening retained earnings (*)	26,421,247	107,930,794	27,753,950	114,263,012

	31 December 2023		31 December 2022	
	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
			(Unaudited)	
Less: Loans to related parties	(2,989,007)	(12,210,094)	(2,341,225)	(9,638,823)
Less: Intangible asset	(1,528,897)	(6,245,545)	(1,833,235)	(7,547,428)
	127,588,333	521,198,339	134,595,289	554,128,805
Tier II complementary capital				
Subordinated debts	4,500,000	18,382,500	5,000,000	20,585,000
General provision	5,986,802	24,456,088	5,672,308	23,352,894
Less: Equity participation in banking or financial institutions	(490,000)	(2,001,650)	(490,000)	(2,017,330)
Less: Other items	(38,400)	(156,864)	(47,400)	(195,146)
	9,958,402	40,680,074	10,134,908	41,725,418
Total Capital Tier I + Tier II	137,546,735	561,878,413	144,730,197	595,854,223

	US$	KHR'000 (Note 2.4.3)	US$	KHR'000 (Note 2.4.3)
The Bank				
Tier I capital				
Share capital	75,000,000	306,375,000	75,000,000	308,775,000
Other reserves	25,490,274	104,127,769	25,490,274	104,943,458
Audited net profit	5,194,716	21,220,415	10,525,525	43,333,586
Opening retained earnings (*)	26,421,247	107,930,794	27,753,950	114,263,012
Less: Loans to related parties	(2,974,541)	(12,151,000)	(2,341,225)	(9,638,823)
Less: Intangible asset	(1,519,903)	(6,208,804)	(1,833,235)	(7,547,428)
	127,611,793	521,294,174	134,595,289	554,128,805
Tier II complementary capital				
Subordinated debts	4,500,000	18,382,500	5,000,000	20,585,000
General provision	5,986,802	24,456,088	5,672,308	23,352,894
Less: Equity participation in banking or financial institutions	(490,000)	(2,001,650)	(490,000)	(2,017,330)
Less: Other items	(38,400)	(156,864)	(47,400)	(195,146)
	9,958,402	40,680,074	10,134,908	41,725,418
Total Capital Tier I + Tier II	137,570,195	561,974,248	144,730,197	595,854,223

(*) Opening retained earnings are limited at 20% of Tier 1 capital before deduction of loans to related parties and intangible assets.

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise of financial assets and financial liabilities. 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. The information presented herein represents the estimates of fair values as at the statements of financial position date.

(a) Financial instruments measured at fair value

(i) Determination of fair value and fair value hierarchy

The following table presents the Group and the Bank's financial assets measured and recognised at fair value at 31 December 2023 and 31 December 2022 on a recurring basis:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
The Group				
As at 31 December 2023				
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	42,500	42,500
Total financial assets	-	-	42,500	42,500
KHR'000 (Note 2.4.3)	-	-	173,613	173,613
The Group (Unaudited)				
As at 31 December 2022				
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	42,500	42,500
Total financial assets	-	-	42,500	42,500
KHR'000 (Note 2.4.3)	-	-	174,973	174,973

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
The Bank				
As at 31 December 2023				
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	42,500	42,500
Total financial assets	-	-	42,500	42,500
KHR'000 (Note 2.4.3)	-	-	173,613	173,613
As at 31 December 2022				
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	42,500	42,500
Total financial assets	-	-	42,500	42,500
KHR'000 (Note 2.4.3)	-	-	174,973	174,973

The Group and the Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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.

(ii) Valuation techniques

The Group and the Bank's financial asset at FVOCI is investment in unlisted equity securities where the fair values have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

(b) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

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

(i) Cash and cash equivalents, statutory deposits, other assets and other liabilities

The carrying amounts approximate the fair values due to the short-term nature of these accounts.

(ii) Loans and advances to customers,

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers are approximate to their carrying value as reporting date.

(iii) Investment in a subsidiary and financial assets at fair value through other comprehensive income

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.

(iv) Deposits from other financial institutions and customers

The fair value of deposits from banks, other financial institutions and customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

(v) Lease liabilities

The estimated fair value of lease liabilities with maturities of less than one year approximate the carrying values. For other lease liabilities with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

(vi) Other financial assets and other financial liabilities

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

(vii) Borrowings

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount.

35. COMPARATIVE FIGURE

Certain comparative figures in the statement of consolidated and separate financial statements have been reclassified to conform with the current year's presentation to provide more relevant information to its nature.

A comparative of amounts previously reported and reclassified was as follows:

Consolidated and separate statement of financial position

	Impact of reclassification as of 31 December 2022			
	As previously reported	Adjustments	As reclassified	
	US$	US$	US$	KHR'000 (Note 2.4.3)
Borrowings	45,768,075	(5,092,082)	40,675,993	167,463,063
Subordinated debts	-	5,092,082	5,092,082	20,964,102

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