



CAMBODIAN PUBLIC BANK

**2021
ANNUAL
REPORT**



**CONQUERING CHALLENGES WITH
STRONG
FUNDAMENTALS**

CORPORATE MISSION

To Sustain the Position of Being the Most Efficient, Profitable and Respected Premier Financial Institution in Cambodia.



Efficient . Profitable . Respected

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Sri Dr. Teh Hong Piow

Non-Independent Non-Executive Chairman

Dato' Mohammed Najeeb bin Abdullah

Independent Non-Executive Deputy Chairman

Dato' Chang Kat Kiam

Non-Independent Non-Executive Director

Mr. Quah Poh Keat

Non-Independent Non-Executive Director

Dr. Ghanty Sam Abdoullah

Independent Non-Executive Director

Mr. Ong Ming Teck

Executive Director

JOINT COMPANY SECRETARIES

Cik Wan Marhanim Binti Wan Muhammad

Mr. Ngor Lyko

AUDITORS

Ernst & Young (Cambodia) Ltd.

3rd Floor, SSN Centre

No. 66, Norodom Boulevard

Sangkat Chhey Chumneas

Khan Daun Penh

12206 Phnom Penh

Kingdom of Cambodia

HEAD OFFICE

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No. 23, Kramuon Sar Avenue (Street No. 114)

Sangkat Phsar Thmey 2

Khan Daun Penh

Phnom Penh

Kingdom of Cambodia

Telephone : (855) 23 222 880 / 222 881 / 222 882

Fax : (855) 23 222 887

SWIFT : CPBLKHPP

E-mail : hoe@campubank.com.kh

WEBSITE

Website : www.campubank.com.kh

BRANCH NETWORK

BRANCHES IN PHNOM PENH

Phnom Penh Main

Ground & 1st Floor, Campu Bank Building
No. 23, Kramuon Sar Avenue (Street No. 114)
Sangkat Phsar Thmey 2
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Kingdom of Cambodia
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Boeng Trabek

No. 432, Preah Monivong Boulevard
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Khan Chamkar Mon, Phnom Penh
Kingdom of Cambodia
Telephone : (855) 23 989 310 / 989 311 / 989 312 / 989 313
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Boeng Tumpun

Street No. 371, Tnaot Chrum Village
Sangkat Boeng Tumpun
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Kingdom of Cambodia
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Fax : (855) 23 901 144
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Chhbar Ampov

No. 16, National Road No. 1
Sangkat Chhbar Ampov Ti Muoy
Khan Chhbar Ampov, Phnom Penh
Kingdom of Cambodia
Telephone : (855) 23 997 976 / 997 977 / 997 978
Fax : (855) 23 997 975
E-mail : campucba@campubank.com.kh

Chroy Changvar

No. F01 & F02, National Road No. 6A
Sangkat Chroy Changvar
Khan Russey Keo, Phnom Penh
Kingdom of Cambodia
Telephone : (855) 23 432 301 / 432 302 / 432 303 / 432 304
Fax : (855) 23 432 305
E-mail : campuccv@campubank.com.kh

Mao Tse Toung

No. 217 ABCD, Mao Tse Toung Boulevard
Sangkat Tuol Svay Prey Ti Muoy
Khan Boeng Keng Kang, Phnom Penh
Kingdom of Cambodia
Telephone : (855) 23 987 293 / 987 294 / 987 295 / 987 297
Fax : (855) 23 987 296
E-mail : campumtt@campubank.com.kh

BRANCH NETWORK

Olympic

No. 267, Preah Sihanouk Boulevard
Sangkat Veal Vong
Khan 7 Makara, Phnom Penh
Kingdom of Cambodia
Telephone : (855) 23 222 860 / 222 861 / 222 862
Fax : (855) 23 222 863
E-mail : campuolympic@campubank.com.kh

Olympic Market

No. 370 Eo, Street No. 193
Sangkat Olympic
Khan Boeng Keng Kang, Phnom Penh
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Telephone : (855) 23 988 560 / 988 561 / 988 562
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Phnom Penh Special Economic Zone

No. A2, National Road No. 4
Phnom Penh Special Economic Zone
Sangkat Kantok
Khan Kamboul, Phnom Penh
Kingdom of Cambodia
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Phsar Doeumkor

No. 281, Mao Tse Toung Boulevard
Sangkat Phsar Doeumkor
Khan Toul Kork, Phnom Penh
Kingdom of Cambodia
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Phsar Kandal

No. 129, 131 & 133, Street No. 144,
Sangkat Phsar Kandal 2
Khan Daun Penh, Phnom Penh
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Preah Monivong

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Sangkat Boeng Keng Kang Ti Pir
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BRANCH NETWORK

Preah Sihanouk Boulevard

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Sangkat Phnom Penh Thmei
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Toul Kork

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Group 52, Sangkat Boengkak 1
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BRANCH NETWORK

Tuol Tumpung

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BRANCHES IN PROVINCE

Battambang

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20 Ousaphea Village
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Bavet

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Sangkat Bavet
Krong Bavet
Svay Rieng Province
Kingdom of Cambodia
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Fax : (855) 44 946 103
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Kampong Cham

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Kampong Speu Provincial

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BRANCH NETWORK

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Street Sopheak Mongkol, Sangkat No. 2
Krong Preah Sihanouk
Preah Sihanouk Province
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Telephone : (855) 34 934 130 / 934 131 / 934 132
Fax : (855) 34 934 133
E-mail : campupsk@campubank.com.kh

Paoy Paet

National Road No. 5, Phum Ou Chrov
Sangkat Paoy Paet
Krong Paoy Paet
Banteay Meanchey Province
Kingdom of Cambodia
Telephone : (855) 54 967 356 / 967 357 / 967 358
Fax : (855) 54 967 359
E-mail : campuppt@campubank.com.kh

BRANCH NETWORK

Siem Reap

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Sangkat Svay Dangkum
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Cheung Lang Village
Sangkat Suong
Krong Suong
Tboung Khmum Province
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Fax : (855) 42 218 384
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Takhmao

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Krong Takhmao
Kandal Province
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Telephone : (855) 24 985 001 / 985 002 / 985 003
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E-mail : camputakhmao@campubank.com.kh

CORPORATE PROFILE

About Us

Cambodian Public Bank (“The Bank” or “Campu Bank”) was incorporated in Cambodia on 20 February 1992 and commenced its business on 25 May 1992. The parent company of the Bank is Public Bank Berhad, a bank licensed and incorporated in Malaysia. Public Bank is a top-tier bank and well-reputed for its prudent management, superior customer service, uncompromising service delivery standards, strong corporate governance and corporate culture.

The Bank is principally engaged in all aspects of banking business and provision of related financial services. Campu Bank continues to grow in strength year after year. The branch network has been expanded to 31 branches.

Corporate Philosophy

Campu Bank Cares

For its customers

- ▶ By providing the most courteous and efficient service in every aspect of its business
- ▶ By being innovative in the development of new banking products and services

For its employees

- ▶ By promoting the well-being of its staff through attractive remuneration and fringe benefits
- ▶ By promoting good staff morale through proper staff training and development, and provision of opportunities for career advancement

For the community it serves

- ▶ By assuming its role as a socially responsible corporate citizen in a tangible manner
- ▶ By adhering closely to national policies and objectives thereby contributing towards the progress of the nation

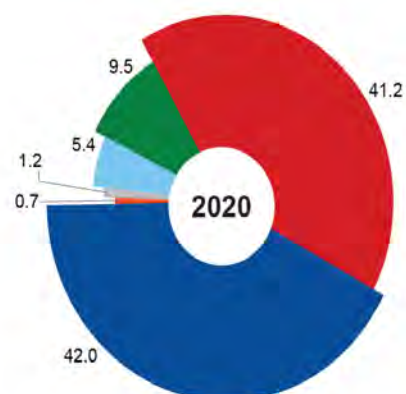
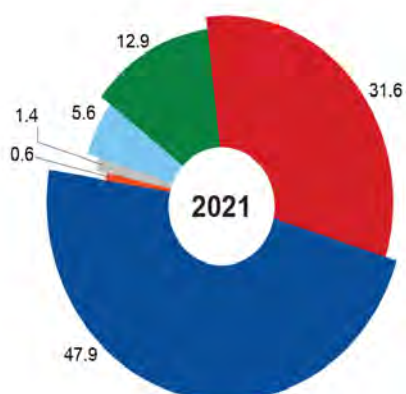
... with Integrity.

FINANCIAL HIGHLIGHTS

	YEAR ENDED 31 DECEMBER	
	2021	2020
OPERATING RESULTS (USD'000)		
Profit before tax expense	57,090	60,379
Profit after tax expense	45,608	47,596
KEY BALANCE SHEET DATA (USD'000)		
Total assets	2,437,150	2,705,878
Net loans and advances	1,168,291	1,137,556
Total liabilities	1,760,610	2,074,947
Deposits from customers	1,714,736	1,907,199
Paid-up capital	90,000	90,000
Shareholder's equity	676,540	630,932
Commitments and contingencies	373,583	383,630
FINANCIAL RATIOS (%)		
Non-performing loans to total loans and advances	0.58	0.63
Net return on assets	1.87	1.76
Net return on equity	6.74	7.54
Interest margin to gross income	64.85	64.63
Non-interest expenses to gross income	25.97	22.55
Liquidity coverage ratio (LCR)	171.12	197.68
Solvency ratio	19.94	19.81
Gross Loan/Deposit ratio	68.38	58.58
PRODUCTIVITY RATIOS (USD'000)		
Gross loans per employee	1,248	1,203
Deposits from customers per employee	1,815	2,001
Profit before tax per employee	60.41	63.36
Number of staff	945	953

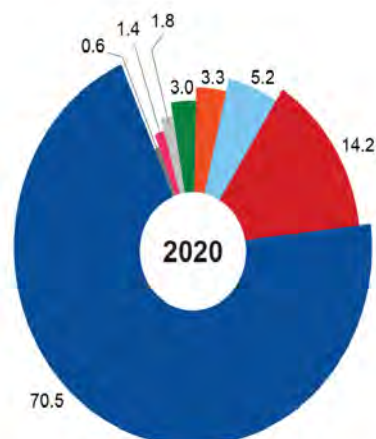
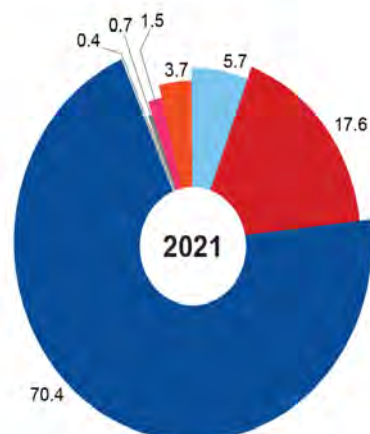
SIMPLIFIED BALANCE SHEET

Assets



	2021 %	2020 %
Loans & Advances - net	47.9	42.0
Deposits and Placement with Banks	31.6	41.2
Statutory Deposits	5.6	5.4
Property and Equipments	0.6	0.7
Cash and Bank Balance	12.9	9.5
Other Assets	1.4	1.2
Total	100.0	100.0

Liabilities & Shareholder's Equity

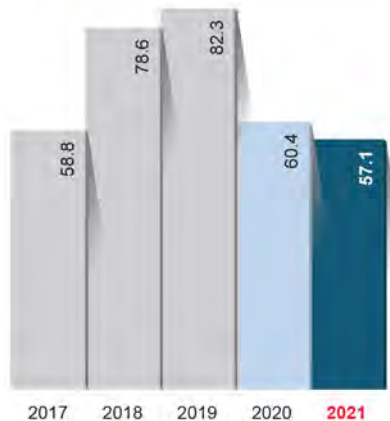


	2021 %	2020 %
Deposits from Customers	70.4	70.5
Retained Earning	17.6	14.2
Non-Distributable Reserve	5.7	5.2
Share Capital	3.7	3.3
Borrowings from the NBC	-	3.0
Deposits by Banks	0.4	1.8
Other Liabilities	1.5	1.4
Regulatory reserve	0.7	0.6
Other reserve	-	-
Total	100.0	100.0

SUMMARY OF FIVE-YEAR GROWTH

Profit Before Tax

USD' Million



Shareholder's Equity

USD' Million



Total Assets

USD' Million



Loans & Advances - net

USD' Million



Deposits from Customers

USD' Million



BOARD OF DIRECTORS



Tan Sri Dato' Sri Dr. Teh Hong Piow
Non-Independent Non-Executive
Chairman



Dato' Mohammed Najeeb bin Abdullah
Independent Non-Executive
Deputy Chairman



Dato' Chang Kat Kiam
Non-Independent Non-Executive
Director



Mr. Quah Poh Keat
Non-Independent Non-Executive
Director



Dr. Ghanty Sam Abdoullah
Independent Non-Executive Director



Mr. Ong Ming Teck
Executive Director

BOARD OF DIRECTORS' PROFILE AS AT 30 JUNE 2022



Tan Sri Dato' Sri Dr. Teh Hong Piow **Non-Independent Non-Executive Chairman**

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 92, male, began his banking career in 1950 and has 72 years' experience in the banking and finance industry. He founded Public Bank in 1965 at the age of 35. He was appointed as a Director of Public Bank on 30 December 1965 and had been the Chief Executive Officer of Public Bank since its commencement of business operations in August 1966. He was re-designated as Chairman of Public Bank and Chairman of Public Bank Group with effect from 1 July 2002. He retired as Chairman of Public Bank on 31 December 2018. He was conferred the position of Chairman Emeritus and Adviser of Public Bank with effect from 1 January 2019.

BOARD OF DIRECTORS' PROFILE AS AT 30 JUNE 2022

Tan Sri Teh had won both Malaysian and international acclaim for his outstanding achievements as a banker and the Chief Executive Officer of a leading financial services group. Awards and accolades that he had received include:

- Asia's Commercial Banker of the Year 1991
- The ASEAN Businessman of the Year 1994
- Malaysia's Business Achiever of the Year 1997
- Malaysia's CEO of the Year 1998
- Best CEO in Malaysia 2004
- The Most PR Savvy CEO 2004
- The Asian Banker Leadership Achievement Award 2005 for Malaysia
- Award for Outstanding Contribution to the Development of Financial Services in Asia 2006
- Lifetime Achievement Award 2006
- Award for Lifetime Achievement in Corporate Excellence, Dedication and Industry 2006
- Asia's Banker of High Distinction Award 2006
- The BrandLaureate Brand Personality Award 2007
- ASEAN Most Astute Banker Award 2007
- Lifetime Entrepreneurship Achievement Award 2007
- The Pila Recognition Award 2007
- Asian Banker Par Excellence Award 2008
- Best CEO in Malaysia 2009
- Asia's Banking Grandmaster 2010
- Asian Corporate Director Recognition Award 2010 for Malaysia
- Value Creator: Malaysia's Outstanding CEO 2010
- The BrandLaureate - Tun Dr. Mahathir Mohamad Man of the Year 2010 - 2011
- Best CEO (Investor Relations) 2011 for Malaysia
- Asian Corporate Director Recognition Award 2011 for Malaysia
- The BrandLaureate Premier Brand Icon Leadership Award 2011
- Best CEO (Investor Relations) 2012 for Malaysia
- Asian Corporate Director Recognition Award 2012 for Malaysia
- Best CEO (Investor Relations) 2013 for Malaysia
- Asian Corporate Director Recognition Award 2013 for Malaysia
- BrandLaureate Banker of the Year Award 2012-2013
- Best CEO (Investor Relations) 2014 for Malaysia
- Asian Corporate Director Recognition Award 2014 for Malaysia
- Banker Extraordinaire 2015
- Global Chinese Entrepreneur Lifetime Achievement Award 2015
- BrandLaureate "Icon of Icons - The King of Banking"
- Asia's Best CEO (Investor Relations) 2015 for Malaysia
- William "Bill" Seidman Lifetime Achievement in Financial Service Industry Award 2015
- Asian Corporate Director Recognition Award 2015 for Malaysia
- Asia's Best CEO (Investor Relations) 2016 for Malaysia
- Asian Corporate Director Recognition Award 2016 for Malaysia
- Asia's Best CEO (Investor Relations) 2017 for Malaysia

BOARD OF DIRECTORS' PROFILE AS AT 30 JUNE 2022

- Asian Corporate Director Recognition Award 2017 for Malaysia
- The Greatest Malaysian Banker of All Time
- Asia's Best CEO (Investor Relations) 2018 for Malaysia
- The BrandLaureate Hall of Fame - Lifetime Achievement Award 2018 - Man of the Year
- Grand Prix D'Excellence Brand Leadership Award in Banking
- The Best of Best In Brand Leadership Award 2018 - Overall Championship
- Asian Corporate Director Recognition Award 2018 for Malaysia
- Asian Corporate Director Recognition Award 2019 for Malaysia
- The BrandLaureate Hall of Fame Lifetime Achievement Award as the Greatest Banking Icon of the Decade
- Asian Corporate Director Recognition Award 2021

Tan Sri Teh was awarded the Medal "For the Course of Vietnamese Banking" by the State Bank of Vietnam in 2002 for his contributions to the Vietnamese banking industry over the past years. Tan Sri Teh was conferred the Recognition Award 2007 by the National Bank of Cambodia in appreciation of his excellence achievement and significant contribution to the banking industry in Cambodia.

Tan Sri Teh was conferred the Royal Order of Monisaraphon, Commander by The Royal Government of The Kingdom of Cambodia in 2016, in recognition of his outstanding leadership and immense social economic contributions towards the progress and development of Cambodia over the last 24 years. He is the first Malaysian banker ever to receive the Royal Order.

Tan Sri Teh was awarded the "Medal for the Development of Vietnam Banking Industry" in 2017 by the State Bank of Vietnam in recognition for his manifold contribution to the construction and development of Vietnam's banking industry. Tan Sri Teh is the first foreign banker in Vietnam to be awarded this medal.

Tan Sri Teh had received the "Outstanding Contribution in Promoting "Excellence at Work" and in Strengthening Trade Union in 2019" award from the Vietnam Banking Trade Union in recognition of Tan Sri Teh's extraordinary contribution towards establishing and sustaining a strong corporate culture and promoting the well-being of all employees of Public Bank Vietnam Ltd.

In recognition of his contributions to society and the economy, he was conferred the Doctor of Laws (Honorary) from University of Malaya, Malaysia in 1989.

Tan Sri Teh was conferred The Honorary Doctor of The University by The Board of Directors and The Academic Senate of Sunway University on 28 January 2019, in recognition of his distinction as one of the leading bankers of Malaysia, having founded and overseen the evolution of Public Bank into a modern and integrated financial institution, and for his outstanding contribution to the growth of the financial services industry of Malaysia.

Tan Sri Teh was conferred the inaugural Honorary Fellowship of The Institute of Corporate Directors Malaysia (ICDM) by ICDM in December 2021 in recognition of his exemplary leadership in upholding excellence in governance and high ethical standards, outstanding achievements, contribution and impact in the financial services sector.

BOARD OF DIRECTORS' PROFILE AS AT 30 JUNE 2022

He had served in various capacities in public service bodies in Malaysia; he was a member of the Malaysian Business Council from 1991 to 1993; a member of the National Trust Fund from 1988 to 2001; a founder member of the Advisory Business Council since 2003; and is a member of the IPRM Accreditation Privy Council.

He is an Emeritus Fellow of the Malaysian Institute of Management and is a Fellow of the Asian Institute of Chartered Bankers; the Chartered Institute of Bankers, United Kingdom; the Institute of Administrative Management, United Kingdom; and the Governance Institute of Australia.

His directorships in other public companies within the Public Bank Group are as Chairman of Public Mutual Bhd, Public Financial Holdings Ltd (a public company listed on the Stock Exchange of Hong Kong), Public Bank (Hong Kong) Ltd, LPI Capital Bhd, Public Bank Vietnam Limited and several other subsidiaries of Public Bank, and as Director of Public Investment Bank Bhd and Public Islamic Bank Bhd. His directorship in other public companies is as Chairman of LPI Capital Bhd (a public company listed on the Main Market of Bursa Malaysia Securities Bhd).

Dato' Mohammed Najeeb bin Abdullah **Independent Non-Executive Deputy Chairman**

Dato' Mohammed Najeeb bin Abdullah, aged 68, was appointed as a Director of Cambodian Public Bank Plc. on 9 June 2015 and was re-designated as an Independent Non-Executive Deputy Chairman of Cambodian Public Bank Plc. on 5 June 2018.

Dato' Mohammed Najeeb holds a Master's Degree in Business Administration (Accounting and Finance) from Charles Darwin University, Australia. He also holds a Diploma in Marketing from Chartered Institute of Marketing, United Kingdom.

Dato' Mohamed Najeeb has a total of 43 years' experience in the Malaysian banking industry. Prior to joining Public Bank Berhad in 1983, Dato' Mohammed Najeeb was working with another major Malaysian bank for 9 years. Whilst in the Public Bank Group, he had held several senior management positions including Head of Islamic Banking Division of Public Bank from 1998 and the General Manager of Public Islamic Bank from 2008 to 2010.

Dato' Mohammed Najeeb resigned from Public Islamic Bank when he was appointed as a Senator at the Parliament of Malaysia in April 2010 where he served until his term of office ended in 2013.

His directorships in other companies within the Public Bank Group are as Chairman of PB Trustee Services Berhad and as Director of Campu Lonpac Insurance Plc., Public Bank Vietnam Limited and Public Mutual Berhad.

BOARD OF DIRECTORS' PROFILE AS AT 30 JUNE 2022

Dato' Chang Kat Kiam **Non-Independent Non-Executive Director**

Dato' Chang Kat Kiam, aged 68, holds a Master's degree in Business Administration from the University of Hull, United Kingdom and a Fellow, Chartered Bank, of the Asian Institute of Chartered Banker and was appointed as a Non-Independent Non-Executive Director of Cambodian Public Bank Plc. on 11 August 2009.

He has been with Public Bank since 1975 and is experienced in all aspects of banking having managed branches and banking business portfolio in Head Office. Dato' Chang was appointed as the Chief Operating Officer of Public Bank in 2006 and re-designated as Senior Chief Operating Officer in October 2013. He was appointed to his present position as Deputy Chief Executive Officer of Public Bank in January 2016.

His directorships in other public companies within the Public Bank Group are as Chairman of Public Nominees (Tempatan) Sdn Bhd and Public Nominees (Asing) Sdn Bhd, and as Director of Public Financial Holdings Ltd, Public Bank (Hong Kong) Ltd, Public Finance Ltd, Campu Lonpac Insurance Plc, Campu Securities Plc, CPB Properties Co., Ltd, Public Bank Vietnam Limited and AIA Public Takaful Berhad.

Mr. Quah Poh Keat **Non-Independent Non-Executive Director**

Mr. Quah Poh Keat, aged 69, male, was appointed as a Non-Independent Non-Executive Director of Cambodian Public Bank Plc. on 11 August 2009.

He was an Independent Non-Executive Director of Public Bank, the parent company from July 2008 until his appointment on 1 October 2013 as Deputy Chief Executive Officer II. Mr Quah was re-designated as Deputy Chief Executive Officer of Public Bank on 28 November 2013. He retired as Deputy Chief Executive Officer of Public Bank on 31 December 2015.

He is a Fellow of the Malaysian Institute of Taxation and the Association of Chartered Certified Accountants; and a Member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

He was a partner of KPMG, Malaysia since October 1982 and appointed Senior Partner (also known as Managing Partner in other practices) in October 2000 until 30 September 2007.

He retired from the firm on 31 December 2007. He is experienced in auditing, tax and insolvency practices and had worked in Malaysia and United Kingdom; his experiences include restructuring, demergers and privatisation.

BOARD OF DIRECTORS' PROFILE AS AT 30 JUNE 2022

His directorships in other public companies in the Public Bank Group are as Chairman of PB Venture Capital Sdn Bhd and Public Holdings Sdn Bhd, and as Director of Public Mutual Bhd, Public Consolidated Holdings Sdn Bhd, Public Financial Holdings Ltd, Public Finance Ltd, Campu Lonpac Insurance Plc, Campu Securities Plc, and other subsidiaries of Public Bank Bhd. His directorships in other public companies listed on the Main Market of Bursa Malaysia Securities Berhad include Kuala Lumpur Kepong Berhad, Paramount Corporation Berhad, Malayan Flour Mills Berhad and On-Going Holdings Sdn Bhd.

Dr. Ghanty Sam Abdoullah **Independent Non-Executive Director**

Dr. Ghanty Sam Abdoullah, aged 81, was appointed as an Independent Non-Executive Director of Cambodian Public Bank Plc. on 27 June 2014.

Dr. Ghanty Sam Abdoullah has 18 years' experience in the banking and finance industry.

Dr. Ghanty Sam Abdoullah holds a PhD. in Business Administration (International Business and Finance) from the University of Wisconsin-Madison (USA). He also holds a Master's degree in Business Administration in Finance, Investment and Banking, and also a Master's degree in Science, International Business and Finance from the University of Wisconsin-Madison (USA). He is a member of Kampuchea Certified Public Accountants and Auditors.

Mr. Ong Ming Teck **Executive Director**

Mr. Ong Ming Teck, aged 59, male, was appointed as an Executive Director of Cambodian Public Bank on 26 April 2021.

Mr. Ong Ming Teck holds a Bachelor of Business (Business Administration), AMIM, DBFS and CCP. He has a total of 39 years service with the Public Bank Group. He held several key positions in Public Bank prior to his appointment as Deputy General Manager of Cambodian Public Bank on 10 July 2008. He was appointed as Chief Executive Officer with effect from 11 January 2021.

His directorship in other public companies in the Public Bank Group are as Director of Campu Securities Plc. and CPB Properties Co., Ltd.

CHAIRMAN'S STATEMENT



The year 2021 was another year filled with challenges and uncertainties with the advent of the pandemic marked with mild recovery due to the impact of the Covid-19 pandemic.

However, the global economy has rapidly adapted and is moving towards recovery aided by digital innovation that has changed people's daily lives in many ways.

Cambodia's economy in 2021 registered a positive real Gross Domestic Product growth of 3.0% as compared to negative 3.1% in 2020.

FINANCIAL PERFORMANCE

Owing to the challenging business environment, Campu Bank recorded a decline in profit before tax by 5.4% to USD57.09 million in 2021.

CHAIRMAN'S STATEMENT

BUSINESS PERFORMANCE

Campu Bank's gross loans, advances and financing increased by 2.87% to USD1,179.48 million as at the end of 2021 in tandem with gradual economic recovery towards the second half of 2021.

The Bank's financing activities were spread across different industries and economic sectors with primary concentration on wholesale and retail (21.64%), construction (15.65%), housing (10.15%), services (10.05%), consumer items (14.00%), real estate (9.91%) and manufacturing (4.59%).

Campu Bank achieved a loan portfolio in Khmer Riel of KHR711.83 billion or equivalent to USD174.7 million as at 31 December 2021 or 14.81% against the total loans portfolio which is above the minimum target of 10% set by the National Bank of Cambodia for all commercial banks by end of 2019.

In terms of deposit-taking business, Campu Bank continued to face on-going intense competition in the deposit market. Campu Bank's customer deposits decreased by USD192.46 million or 10.09% to USD1,714.74 million as at 31 December 2021 due to prevailing weak economic activities.

BUSINESS STRATEGY

For its customers, Campu Bank is continuously in pursuit of digital transformation and delivering best-in-class services and endeavour to provide greater service value, attentive to customer's feedback and strives to respond quickly to their needs. Campu Bank constantly improves its product features and service delivery to cater to the diverse needs of customers, and drives greater innovation to provide more convenience and higher efficiency for their banking needs. The ability to anticipate the evolving needs of customers and meet their needs beyond their expectation has continued to shape Campu Bank's high level of service standard today.

SUPPORT FOR CLIENTS AND CUSTOMERS IMPACTED

One key activity that Campu Bank has remained focused on and committed to, is ensuring that customers affected by the pandemic receive the assistance required to tide through the pandemic. Working closely with the National Bank of Cambodia (NBC), the Bank had provided loan moratorium and various repayment assistance since the beginning of the pandemic in 2020, while ensuring access to financing for the businesses continues, including promoting the various Government and NBC financing schemes.

The initiative taken by the NBC to support the banking industry was very timely and sound, as it would translate into much needed assistance to all sectors of the Cambodian economy especially the Small and Medium Size Enterprises (SMEs) and individuals who are financially affected by the COVID-19 pandemic.

CHAIRMAN'S STATEMENT

With the escalating Covid-19 pandemic on a global scale, the Bank is very concerned about its impact on the nation and hopes this assistance will provide relief to its customers. Campu Bank will continue to be pro-active in providing loan moratorium to help all its customers in their cash-flow situation and alleviate their financial difficulties in this difficult and very challenging time.

Adapting to the needs arising from the COVID-19 pandemic, Campu Bank together with its strategic bancassurance partner AIA (Cambodia) Life Insurance Plc. offered extra coverage of COVID-19 related needs without additional charges. Depending on the offer period, some of the extra coverages included diagnosis, hospitalization income as well as complications and death arising from vaccination.

BRANCH NETWORK

In 2021, Campu Bank has a branch network of 31 branches. Campu Bank's commitment to provide efficient service and banking convenience to the customers had seen Campu Bank installing additional 5 Cash Recycling Machines (CRMs) in 2021, bringing the total ATM and CRM network to 79.

FOCUS AND COMMITMENT

Despite the difficult operating conditions, Campu Bank adapts an agile and forward looking strategy in its growth journey.

Whilst evolving with the times, one fundamental remains - Campu Bank continues to uphold the highest integrity in discharging its responsibility as the custodian of public funds. Campu Bank has been prudently managing its balance sheet and asset quality throughout this unprecedented period and will continue with its prudent risk management.

OUR APPRECIATION

With the support and trust by all its customers, Cambodian Public Bank was able to withstand and navigate through an exceptionally challenging year. We are also thankful to the Management and all employees for their unwavering support and dedication. Our sincerest gratitude goes to National Bank of Cambodia and the relevant authorities for their extraordinary efforts in steering the nation's economy towards recovery and guiding the banking industry in navigating the present health crisis.

Tan Sri Dato' Sri Dr. Teh Hong Piow
Non-Independent Non-Executive Chairman

CORPORATE GOVERNANCE OVERVIEW

KEY RESPONSIBILITIES OF THE BOARD

The key responsibilities of the Board include but are not limited to the following:

- Formulates Campu Bank's business plans and action plans on an annual basis in order to set the focus of Campu Bank's business in accordance with the prevailing economic and market environment.
- Approves Campu Bank's annual budget and reviews the action plans implemented by the Management to achieve business targets.
- Establishes strategies and significant policies relating to Campu Bank's business Operations.
- Reviews and monitors the Management's performance in implementing the strategies, business plans and targets, and policies as approved by the Board.
- Regular oversight of Campu Bank's business operations and performance by review of management reports on the progress of business operations.
- Reviews and approves Campu Bank's financial statements.
- Prescribes the minimum standards and establishes policies on the management of credit risks and other key areas of Campu Bank's operations.
- Ensures that the infrastructure, internal controls and risk management processes are well in place to assess and manage business risks inter-alia operational, credit, market and liquidity risks, and ensures that they are implemented consistently.
- Carries out various functions and responsibilities laid down by National Bank of Cambodia (NBC) in the guidelines and directives that are issued by NBC from time to time.

Specialised Committees

The Board has set up the following Board Committees as required by the Prakas on Governance in Banks and Financial Institutions:

- Audit Committee
- Risk Committee
- Remuneration and Nomination Committee

Audit Committee, Risk Committee and Remuneration and Nomination Committee comprise Dato' Mohammed Najeeb bin Abdullah, Dr. Ghanty Sam Abdoullah and Mr. Quah Poh Keat.

CORPORATE GOVERNANCE OVERVIEW

Board Meetings and Supply of Information

Board meetings are held at least 4 times a year. Reports on the progress of Campu Bank's business operations prepared by the Bank's management team are tabled for review by members of the Board. At these Board meetings, the members of the Board also evaluate business propositions and corporate proposals that require the Board's approval owing to statutory requirements or because of significant financial impact on the Bank.

The agenda for every Board meeting, together with comprehensive management reports, proposal papers and supporting documents, are furnished to all the Directors for their perusal well in advance of the Board meeting date, so that the Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision-making by the Directors.

Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting.

The Directors are regularly updated and advised by the Secretary of the Board on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors, including policy guidelines issued by NBC that concern Campu Bank. Every member of the Board has ready and unrestricted access to the advice and services of the Secretary, and the Directors have the liberty to seek external professional advice if so required by them.

INTERNAL CONTROLS

Responsibility

The Board of the Bank is responsible for the adequacy and effectiveness of the Bank's system of internal controls. The Board ensures that the system is managed the Bank's key areas of risk within an acceptable risk profile to increase the likelihood that the Bank's policies and business objectives will be achieved. The Board continually reviews the system to ensure that this system of internal controls provides a reasonable but not absolute assurance against any material misstatement of management and financial information and records or against any financial losses or fraud.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Bank and this process is included enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board.

CORPORATE GOVERNANCE OVERVIEW

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Bank's assets.

Key Internal Control Processes

The key processes that have been established in reviewing the adequacy and effectiveness of the system of internal controls include the following:

- (i) The Board Executive Committee was established by the Board to manage the business of the Bank and to ensure that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved by the Board. The Board Executive Committee implements strategies approved by the Board and addresses issues arising from changes in both the external business environment and internal operating conditions. Management committees are established to assume the functions as stated above.
- (ii) The Audit Committee (AC) of the Bank reviews internal control issues identified by the Internal Audit Department (IAD), the external auditors, regulatory authorities and management and evaluates the adequacy and effectiveness of the risk management and system of internal controls. The minutes of AC meetings are tabled to the Board of the Bank on a quarterly basis.
- (iii) The Risk Committee (RC) was established by the Board to assist the Board to oversee the overall management of the principal areas of risk of the Bank and to review internal control issues identified by Risk Management Department (RMD).
- (iv) IAD carries out periodic audits to assess the adequacy, effectiveness and adherence to the system of internal controls and highlights significant findings in respect of any inadequacies or non-adherence. Audits are carried out on all auditable activities of the Bank's Head Office departments, local and outstation branches, as well as subsidiaries, which do not have their own Internal Audit function, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these auditable areas. The annual audit plan is reviewed and approved by the Bank's AC. The audit findings are submitted to the Bank's AC for review at its periodic meetings.
- (v) The Compliance & AML Department (CAD) checks for compliance with applicable laws/regulations and internal policies and procedures, and highlights significant findings in respect of any non-compliance to the Bank's RC for review at its periodic meetings.

CORPORATE GOVERNANCE OVERVIEW

- (vi) Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Bank's core areas of business operations. These committees include the Bank's Credit Committee and Public Bank Group's Human Resource Committee, Business Continuity Management Committee and IT Steering Committee.
- (vii) The Bank's annual business plan and annual budget are reviewed and approved by the Board. The Bank's performance is assessed against the approved budgets and explanations are provided for significant variances on a quarterly basis to the Board.
- (viii) There are guidelines within the Bank for hiring and termination of staff, formal training programmes for staff and annual or semi-annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities.
- (ix) The Board receives and reviews reports from management on a regular basis. These reports include the accounts and financial information reports, the reports on monitoring of compliance with banking laws and NBC's guidelines on lending, capital adequacy and other regulatory requirements, periodic progress reports on business operations which are tabled to the Board at its quarterly meetings.
- (x) There are policy guidelines and authority limits imposed on management within the Bank in respect of the day-to-day banking and financing operations, extension of credits, investments, acquisitions and disposals of assets.
- (xi) Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines and directives issued by the Bank which are updated from time to time.

RISK MANAGEMENT

Introduction

The Board has overall responsibility for the Bank's risk management. The Bank will continue to place emphasis on strengthening of the Bank's risk management, infrastructure and capabilities within its integrated enterprise wide risk management framework, not only for regulatory compliance but with a view to improving operational and financial performance and optimizing capital efficiency.

Risk Committee (RC)

Campu Bank has set up its RC to assist the Board in discharging the Board's roles and responsibilities in managing risks including ensuring the risk infrastructures and controls are in place for effective risk management oversight.

CORPORATE GOVERNANCE OVERVIEW

Assets and Liabilities Management Committee (ALCO)

Campu Bank has set up an Assets and Liabilities Management Committee to develop the framework and set the objectives for the assets and liabilities management functions.

The Committee also develops adequate processes, procedures and internal control measures in managing market, liquidity and funding risk.

Operational Risk Management Working Group (ORMWG)

Campu Bank has set up an Operational Risk Management Working Group (ORMWG) to assist the RC with its operational risk management oversight. The ORMWG was set up to provide a platform for detailed/granular deliberations of operational risk exposures and issues specific to the business and support units of Campu Bank and to escalate significant operational risk issues and control strategies to the RC to facilitate its assessment of the bank-wide operational risk exposures including the assessment of the effectiveness of the controls put in place to manage the operational risk identified. The ORMWG would also look into the implementation of Campu Bank's operational risk management policy and other operational risk related policies as well as management of operational risk exposures and specific operational issues at the business/support level.

Emerging Risk Management Working Group (ERMWG)

Campu Bank has set up an Emerging Risk Management Working Group to enforce the discipline to continuously identify key emerging risks which may stem from the developments in local and global economic conditions as well as weaknesses in internal processes and/or practices brought about by changes in processes/ practices. The ERMWG also ensures appropriate risk response and action plans are taken to mitigate the emerging risks. All significant identified emerging risks and the actions taken/to be taken are escalated to the Management, relevant Working Groups/Committees, RC and Board of Directors.

ETHICS, INTEGRITY AND TRUST

Campu Bank corporate culture of ethics and integrity is set from the top, embraced by all employees and manifested in all Campu Bank's business dealings. Campu Bank is committed to build a workforce that is primed to comply with the fast-changing regulatory environment whilst maintaining the highest standards of ethical behaviours in all Campu Bank's business activities.

A comprehensive set of policies have been established and reviewed from time to time to set the ethical and integrity standards required of all staff. Such codes and policies include Code of Ethics, Anti-Fraud Policy and Whistleblowing Policy and Procedures, Social Media Policy, Information Security Policy and Anti-Money Laundering and Countering Financing of Terrorism and Targeted Financial Sanction Policy.

CORPORATE GOVERNANCE OVERVIEW

Code of Ethics

Campu Bank's Code of Ethics is consistent with the Professional Code for the Financial Services Industry issued by the Financial Services Professional Board and the National Bank of Cambodia to ensure that the corporate culture of professionalism and responsible conduct are embedded in all business operation and processes. Campu Bank's Code of Ethics articulates the following five (5) fundamental principles and behavioural standards expected of all employees:

i) Competence

To develop and maintain the relevant knowledge, skills and behaviour to ensure that activities are conducted professionally and proficiently.

ii) Integrity

To be honest and open in all business dealings or relationships. Behaving in an accountable and trustworthy manner.

iii) Fairness

To be responsible and take actions that are fair and transparent towards all stakeholders.

iv) Confidentiality

To protect the confidentiality and sensitivity of information, including customer's relationship with the Bank.

v) Objectivity

To not allow bias, conflict of interest or undue influence of others to override business and professional judgement.

Anti-Fraud Policy

Campu Bank adopts a zero-tolerance approach towards any form of fraud. In line with Campu Bank's commitment to act professionally and with integrity in all business activities, the Anti-Fraud Policy is established with the following objectives:

- Ensure Campu Bank's business is conducted in accordance with the law.
- Nurture an environment of honesty and integrity.
- Promote awareness of Campu Bank's stand on improper, illegal and dishonest acts and the consequences of such acts.
- Create employee awareness of their roles, rights and responsibilities in relation to improper, illegal and dishonest acts.

CORPORATE GOVERNANCE OVERVIEW

Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”)

Campu Bank is committed to conducting its business in accordance with the highest ethical standards and in full compliance with all applicable laws and regulations in all locations and jurisdictions in which Campu Bank operates.

The ABAC Policy is put in place with the following objectives:

- Build and foster a business environment which is free of bribes and corruption, enhancing integrity, transparency and accountability.
- Inculcate in all members of the Board of Directors and staff the corporate values and commitment of the Bank against corruption in all its forms, including bribery.
- Define what constitutes bribery and corruption and other prohibited practices.

Any breach of the ABAC Policy will result in disciplinary proceeding including but not limited to staff dismissal and the right to terminate any relationships with third parties.

The Operational Risk Management Working Group (ORWMG) is responsible to oversee the implementation of anti-bribery and anti-corruption programme and to promote culture of integrity as part of the continuous management of bribery and corruption risks.

Whistleblowing Policy and Procedure (“WBP”)

Campu Bank’s Whistleblowing Policy and Procedures mobilise its employees and third parties to communicate their suspicions of malpractice, impropriety, non-compliance or improper conduct by its employees in the course of their work in a responsible and transparent manner without the fear of reprisals or any detrimental action.

The Policy aims to create an environment where employees, vendors, service providers, customers and other stakeholders are able to raise concerns on misconduct, irregularities or malpractices, without fear or harassment and / or victimisation and with an assurance that their concerns will be taken seriously.

The objectives of the WBP are:

- To provide an avenue or channel(s) for employees and third parties (e.g. interns, consultants, contractors, vendors, suppliers, customers) to disclose any alleged illegal, unethical, questionable practices or improper conduct within the Bank.
- To set out the protection accorded to the whistleblowers who disclose such allegations in good faith.

CORPORATE GOVERNANCE OVERVIEW

Social Media Policy

The rapid adoption of technological advances has revolutionised the way we communicate. Social media interactions become increasingly important in our daily lives as well as in business engagements. With the exponential growth and application in social media, the Social Media Policy is established to mitigate the risks and ramifications brought on by unguided or irresponsible usage of social media platforms.

Campu Bank's Social Media Policy provides the guidelines, behavioural conducts and decorum, clearly articulating Campu Bank's expectations which every employees must observe while engaging in social media activities both in their personal or professional capacity.

Campu Bank's Social Media Policy is developed with the following objectives:

- To set out the guidelines on the responsible and ethical usage of social media by all employees of the Bank.
- To set out the possible consequences of policy violation by employees.

Information Security Policy

Information security lays a solid foundation in preserving the availability, integrity and confidentiality of information for all business operations and mitigate the risk of growing information security threats. As a responsible and committed financial institution, it is incumbent of Campu Bank and its employees to manage information in a secure and confidential manner. In this regards, the Information Security Policy is implemented with the following objectives:

- Protect the Bank's information from possible threats whether internal or external, deliberate or accidental.
- Enable secure information sharing.
- Ensure all employees are aware of their roles and responsibilities in managing and protecting the confidentiality and integrity of the information they handle.
- Protect the Bank from legal liability due to inappropriate use of its information.
- Comply with applicable laws and regulations.

Anti-Money Laundering/Countering Financing of Terrorism and Targeted Financial Sanctions Policy ("AML/CFT and TFS")

Campu Bank is vigilant of the ever-changing mode and platform of money laundering and the financial crimes threatening the integrity and stability of the financial industry. Beyond the moral imperative to combat money laundering and financing of terrorism, Campu Bank has instituted a comprehensive AML/CFT and TFS framework encompassing both the legal and regulatory requirements. Robust infrastructure and system of internal controls are in place to detect and prevent the risk of Campu Bank's business from being misused as a conduit for money laundering and financing of terrorism and to deter illicit funds from flowing into the financial system.

CORPORATE GOVERNANCE OVERVIEW

Campu Bank's AML/CFT and TFS Policy is established with the following objectives:

- Set out the expectation of AML/CFT and TFS requirements for the entities within Campu Bank.
- Establish a framework to ensure that all employees understand and comply with the AML/CFT and TFS requirements to combat against money laundering or terrorism financing risk.

Embedding Ethics, Integrity and Trust in Campu Bank Corporate Culture

A mutually respectful work environment which upholds honesty and ethical values is fundamental to the success of any establishment. In line with this commitment, Campu Bank has emplaced a comprehensive framework aimed to inculcate and strengthen ethical behaviour and conduct among its employees. The framework covers the following:

- Incorporation of applicable guidelines and policies in the offer letter and service undertaking to be read, understood and acknowledged by all employees upon their appointment.
- Emphasis of the guidelines and policies during the induction programme for new employees.
- Reminders via employee circulars.
- Comprehensive training on the standards of ethical conduct expected of employees in Campu Bank with emphasis on:
 - Enhancing employees' knowledge on regulatory requirements.
 - Enabling employees to understand and internalise the ethical standards set by the Bank
 - Equipping employees with knowledge and skills to handle ethical dilemmas with integrity
 - Equipping employees with knowledge and skills to detect early warning signs of fraud and malpractices.
 - Enabling employees to comply with Campu Bank's Code of Ethics and Conduct.
- Extensive supervisory control and procedures in Campu Bank's daily operations to ensure scrupulous dealings which are integral to the Bank's corporate culture.
- Conducting stringent and vigorous pre-employment screening on potential incumbents in order to prevent or minimise infiltration of undesirable elements into the staff force.
- Conducting checks and monitoring on employee compliance with relevant guidelines or policies by the internal audit or compliance team on a regular basis.
- Implementing a performance management system incorporating the achievement of expected ethical standards and compliance in the performance evaluation criteria.
- Adopting strategic risk governance on employee remuneration through malus reversal or downward revaluation of rewards in the event of fraud and misconduct.

Prudential Framework against Unethical Practices

Ethical culture and conduct in any business are important to sustain the trust of customers. Campu Bank does not tolerate any form of unethical behaviour and takes a serious view on any violations of Campu Bank's Code of Conduct or any applicable laws, regulations or policies. Strict enforcement with appropriate disciplinary actions are meted out on staff who have contravened the Bank's policies, rules and regulations. All breaches to Campu Bank's Code of Ethics and Conduct are reported to the Board of Directors on a timely basis for the Board to exercise proactive oversight on business integrity issues.

BUSINESS OPERATIONS

Financial Perspective

Despite operating in a challenging business environment in 2021, Campu Bank's business and profit performance remained stable.

Campu Bank achieved a net profit before tax of USD57.09 million as at 31 December 2021.

Gross loans and advances increased USD32.90 million or 2.87% to USD1,179.48 million as at 31 December 2021 whilst deposits from customers decreased by USD192.46 million or 10.09% to USD1,714.74 million as at 31 December 2021.

The Bank will continue its business strategy of focusing on meeting the banking and financing needs of the retail consumer and middle market commercial businesses, particularly the small and medium enterprises and on building a long-term core deposit funding base of retail depositors to further expand its balance sheet and maintain its rising profitability track record.

CUSTOMER PERSPECTIVE

A Committed Drive to Customer Service Excellence

The importance of excellent customer service in an intensely competitive banking and financing industry is key to the Bank in staying ahead of the competition. The Bank continues to commit significant resources in its pursuit of international standards of customer service. Customer service delivery excellence is a culture that permeates every level of staff in the Bank. Campu Bank's tagline of "Excellence is Our Commitment" is a way of life in the Bank.

In recognition of the Bank's strong commitment to excellence in banking, Campu Bank was awarded the "Bank of the Year Cambodia" for five consecutive years from 2001 to 2005, 2008, 2009, 2012, 2015, 2017, 2018 and 2020 by The Banker, London, "Domestic Retail Bank of the Year - Cambodia" for nine consecutive years (2012 to 2020) by Asian Banking & Finance, "USD Straight-Through-Processing Excellence Award" for five consecutive years (2017 to 2021) by Bank of America Merrill Lynch, New York, "Best Bank for SMEs" (2018 to 2019) and "Best Bank for Corporate Social Responsibility (CSR) in Cambodia" in 2021 by Asiamoney, "Best Corporate Governance Bank Cambodia 2021" and "Best Retail Bank Cambodia 2021" by Global Banking & Finance and "Leadership in Average Spend Visa Affluent Credit" and "Leadership in Credit Payment Volume" for 2020 by VISA.

BUSINESS OPERATIONS

Customer Satisfaction Our Top Priority

The Bank follows the customer service excellence culture of parent bank to drive the Bank's customer-centric approach, guiding the Bank to always act in the best interests of the Bank's valued customers. Campu Bank's corporate tagline "Excellence is Our Commitment" reflects the Bank's customer care culture and is a testament of the Bank's commitment to deliver best-in-class customer service.

The COVID-19 pandemic has accelerated the acceptance and adoption of technology, shifting customer behaviour and preference from the physical space to digital platforms. Despite various challenges arising from the pandemic, the Bank stayed attuned to the needs of its customers, constantly adapting to the ever-changing environment in order to serve customers' needs. At the same time, the Bank continued to engage customers in order to obtain insights which can be used to develop service initiatives that better serve their evolving needs.

Campu Bank is the first bank to successfully launch its Customer Care Campaign in Cambodia in 2013 and this initiative has been continued in 2016, 2018, 2019 and will be launching its Phase 5 with the main theme "Doing It Right For You" and sub-tagline "Your Needs Our Focus" for all Campu Bank branches for a period of six months in the second quarter of 2022, to obtain valuable feedback from customers and at the same time, to continuously inculcate and enhance staff awareness on the importance of providing continuity in courteous and good customer service.

A Wider Spectrum of Customer Service Delivery Channels

With an increasingly sophisticated customer base seeking the convenience of carrying out banking transactions and accessing products and services information interactively, Campu Bank continues to enhance its service delivery standards and infrastructure leveraging on the advancement of technology, to provide seamless delivery of banking services across its multi-delivery channels. Campu Bank has installed another 5 Cash Recycling Machines (CRM) in 2021, bringing the total ATM and CRM network to 79.

Campu Bank's Red Carpet Banking (RCB) Centres opened its doors at Siem Reap, Tek Thla and Toul Kork branches bringing the total to 6 RCB Centres to cater to high networth customers in 2021. The Bank had also introduced RCB membership card for VIP customers to enjoy privileged banking services and preferential transaction rates and fees.

Campu Bank's Internet Banking had been continuously enhanced to allow customers to perform fund transfer to other local banks via the NBC's Bakong and Retail Payment system and also Mobile Top-up service.

Currently, the Bank has a total network of 31 branches and has further targeted to open at least a new branch in 2022.

BUSINESS OPERATIONS

INFORMATION TECHNOLOGY PERSPECTIVE

Campu Bank is continuously adopting the latest technologies to gain competitive advantage and raise customer service level to new heights through increased operational efficiency, accuracy and availability through the initiative/enhancement. Various emerging technologies were deployed and new applications introduced to strengthen the existing IT foundation of the Bank.

To enhance a wide range of the Bank's products and services, and to offer added convenience to customers in conducting banking transactions outside banking hours, the Bank introduced ATM/CRM services and Credit Card services followed by launching of various types of Credit and Debit Cards such as VISA Card and MasterCard and thereafter, the Bank had participated in the EasyCash network and Cambodian Shared Switch network. Internet Banking and Mobile Banking are the two added services for customers to perform banking activities outside the banking hours.

As part of security enhancement, Campu Bank has in 2021 implemented hard disk encryption using Microsoft technology on all its ATMs and workstations across all the branches and Head Office. To create a modern and more flexible and creative eCommerce solutions and to remain competitive in the merchant acquiring business especially in e-Commerce segment, Campu Bank has signed up with Cybersource vendor who is a Visa full payment solution service provider which offers Cybersource solutions for acceptance of various payment types globally.

Campu Bank continues to connect with its community via its social media presence by launching WeChat Account on 2 January 2018, Instagram Account on 7 May 2021, and Facebook page and Telegram channel on 4 October 2021. These new social media platforms will enhance our PB branding, broadcast new and existing products and services, and advertise the Bank's ongoing campaigns and promotional events as part of the Bank's digital transformation drive.

PRODUCTS AND MARKETING INITIATIVES

Campu Bank entered into its fifth year of strategic partnership with AIA (Cambodia) Life Insurance Plc ("AIA Cambodia) in 2021 and has signed a new Distribution Agreement with AIA Cambodia on 9 September 2021 for another 15 years as its referral agent for AIA bancassurance products in Cambodia. The bancassurance business continues to be one of the Bank's main fee income generator which promotes and provides customers with a comprehensive array of bancassurance products. Campu Bank will continue to work closely with AIA Cambodia to introduce more innovative campaigns and intensify sales and marketing activities to grow the bancassurance business in Cambodia.

In support of the National Bank of Cambodia (NBC)'s initiative to encourage the use of Khmer Riel and introduction of more Khmer Riel products and services, Campu Bank is also actively launching and enhancing its products and services by incorporating the Khmer Riel into the product features. For instance, the launch of Electronic Credit Payment (ECP) in Khmer Riel to accommodate business enterprises with added flexibility to make bulk payment to their suppliers or salary payment to their staff in the local currency, new revamped PB engage KH

BUSINESS OPERATIONS

mobile app, participation in the NBC's KOICA payment system and Bakong Payment system and the gradual phasing out and replacement of the USD10 notes with KHR10,000 in Campu Bank's 79 ATMs/CRMs nationwide is one positive step to encourage the use of Khmer Riel in the long term.

Campu Bank had on 20 November 2020, participated as a member in the new Retail Pay System under KOICA whilst Bakong payment system for real-time inter-bank funds transfer under 1st phase for "Back-Bone" feature was implemented on 10 May 2021.

Campu Bank's new PB engage KH app had been enhanced in June 2021 to incorporate existing functions and newly added functions such as Corporate functions, Cheque Management, Fixed Deposit Placement and Quick Response (QR) Code payment. Moreover, a block-chain feature under Bakong Retail Pay system initiated by the National Bank of Cambodia called "Bakong" had been incorporated and implemented.

Campu Bank had on 25 June 2021, launched Bakong e-Wallet & QR Pay and Campu Bank Peer to Peer (CPB P2P) via our Mobile Banking App.

HUMAN RESOURCE DEVELOPMENT

The key to the success and strong performance of Campu Bank is the contribution from the team of dedicated, committed and knowledgeable employees who continuously striving for excellence.

The Bank highly treasures this and further reinforces their strengths by providing extensive, wholesome and effective training to develop the skills of its employees. Campu Bank also continuously nurtures its human capital by a performance reward system; thus generating a strong performance culture that achieves results for both today's and tomorrow's business needs.

The Bank has in place a robust succession planning process to identify and build a pool of talents with the right skills set, experience and leadership qualities to grow successors from within as well as to prepare succession plan in all key leadership positions in the Bank to ensure a sustainable leadership pipeline from being an officer to being part of Management one day.

The Bank genuinely cares for the employees' needs and well-being. In promoting employees' well-being, the Bank continuously strives to support its employees in both their professional and personal aspirations through sponsorship of professional certification programmes and offer of low interest rates for housing and vehicle loans coupled with reward of overseas incentive trips.

BUSINESS OPERATIONS

Developing Human Capital for Continued Excellence

The know-how, skills and expertise of its employees continue to be a cornerstone in the Bank's intellectual capital. By continuously supporting life-long learning and development, the Bank demonstrates its recognition of training as a key driver to help the Bank outperform the competition and achieve superior results.

Providing continuous access to learning and development of both operational and management skills sets is a commitment the Bank has made to further enhance the performance levels of all employees. Newly recruited employees in particular are inducted through programmes encompassing our corporate values, banking system and operational processes and procedures, Anti-Money Laundering/Counter Financing for Terrorism and Targeted Financial Sanction (AML/CFT and TFS) and Anti-Bribery and Anti-Corruption Policy (ABAC) to ensure that they are well equipped to meet customers' needs.

The Bank also provides internship opportunities to young students to gain experience in the banking industry. Under its internship programme, the Bank offers learning experiences that are suitable to the talents of its interns, enabling them to gain valuable insights into the day-to-day banking operations. In this regard, interns with commendable performance are given opportunities to continue working in the Bank, which further contributes to a sustainable pipeline of human resources.

This also directly encourages the upward mobility of employees within the organization, breeding a force of loyal, skillful and knowledgeable employees.

In 2021, despite the constraints due to the COVID-19 pandemic, the Bank has not pulled back on workforce development efforts by enhancing learning agility and inculcating a digital mindset among employees. To further strengthen employees' digital awareness and capability, the Bank has adopted the "Hybrid Learning Model" where it provides its employees with customised learning experiences beyond classroom that is supported by coaching and bite-sized learning as well as computer-based simulations.

In addition, opportunities for further enhancement of employees' skills and knowledge are also made accessible through the many lessons and courses posted on the Bank's 24-hour e-learning platform.

Training and development was also expanded beyond borders. While employees were also offered sponsorships to take up certifications and professional programmes. It is the Bank's belief that a well rounded human capital will be one of the key drivers that will propel the Bank to greater heights and new levels of success.

BUSINESS OPERATIONS

Expanding Our Passion for Service

In line with the theme “Excellence Is Our Commitment”, staff are encouraged to go beyond contractual obligations to serve with a passion. The Bank maintains a strong customer focus in its service delivery which directly impact profitability. The Bank’s passion for service excellence is well demonstrated through the continuous pursuit of improvement in skills and knowledge.

The Bank’s human capital approaches are always aligned to optimize on business goals such as revenue growth, deposit growth, staff productivity, customer satisfaction, cost containment and decreased turnover to gain competitive advantage for the Bank.

The Bank will continually aim for superior human capital practices as it believes that through its staff, the Bank will scale new heights of excellence and achieve accelerated growth.

BANKING INDUSTRY

The demand for loans has slowed down due to the impact of the Covid-19 pandemic. However, there is still demand for financing of low to medium range residential houses and business loans by small to medium size enterprises.

The level of competition in the banking industry is expected to intensify further due to more new entrants and banks adopting aggressive and proactive marketing strategies to increase their market share. Nevertheless, despite the intensive competition in the Cambodian banking industry, the Bank has put in place business strategies to expand its core business activities, particularly in lending to wholesale and retail and services sectors and commercial enterprises particularly small and medium enterprises, without compromising on its prudent credit standards and practices.

ANALYSIS OF THE FINANCIAL STATEMENTS

ANALYSIS OF THE STATEMENT OF INCOME

Net Interest Income

Net interest income of the Bank decreased by 9.96% to USD70.36 million in 2021 compared to USD78.14 million in 2020. This was due to decrease in interest income from placements with other banks and interest margin compression.

Net Fee and Commission Income

Net fee and commission income of the Bank increased by 6.26% to USD13.24 million in 2021 compared to USD12.46 million in 2020. The increase was primarily derived from higher income from bills and remittances.

General and Administrative Expenses

The Bank's overhead expenses amounted to USD26.63 million in 2021, which was 0.75% lower than USD26.83 million incurred in 2020.

The cost income ratio of the Bank increased to 30.63% for 2021 from 27.50% in 2020.

Allowance for Losses on Loans and Advances

Allowance for losses on loans and advances decreased by 68.79% to USD3.23 million in 2021 mainly due to lower impaired loans.

Income Tax

Income tax for the year decreased by USD1.30 million or 10.17% to USD11.48 million due to the lower profit achieved.

The Bank pays corporate income tax at the rate of 20% of the taxable profits.

ANALYSIS OF THE FINANCIAL STATEMENTS

ANALYSIS OF THE BALANCE SHEET

Total Assets

Campu Bank's total assets stood at USD2,437.15 million as at 31 December 2021, a decrease of 9.93% over its total assets as at 31 December 2020. The decrease in total assets in 2021 was primarily due to decrease in placement with other banks and the National Bank of Cambodia.

Balances with other Banks and National Bank of Cambodia

The balances with other banks decreased by 20.73% to USD1,148.02 million as at 31 December 2021.

Loans and Advances

The Bank's net loans and advances increased by 2.70% or USD30.73 million to USD1,168.29 million in 2021.

Total Liabilities and Shareholder's Funds

The Bank's total liabilities decreased by 15.15% or USD314.34 million to USD1,760.61 million in 2021 primarily due to lower deposits from customers and other banks.

The Bank's shareholder's funds stood at USD676.54 million.

Deposits from Customers

The Bank's deposits from customers decreased by 10.09% to USD1,714.74 million in 2021.

Deposits from other Banks

Deposits from other banks decreased by 79.75% from USD50.02 million in 2020 to USD10.13 million in 2021.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Cambodian Public Bank Plc. (“the Bank”) presents its report together with the consolidated financial statements of the Bank and its subsidiaries (together referred to as “the Group”) and the separate financial statements of the Bank (collectively referred to as “the financial statements”) for the year ended 31 December 2021.

THE GROUP

The Bank

The Bank is a commercial bank operating under the Cambodian Law on Commercial Enterprises and the supervision of the National Bank of Cambodia (“NBC”), pursuant to the Law on Banking and Financial Institutions of Cambodia and in accordance with Banking License No. 08 issued by the NBC. The Bank’s license was renewed on 28 November 2006 for an indefinite period following NBC Prakas No. B7-06-207 dated 13 September 2006.

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia, through the Bank’s head office in Phnom Penh and its provincial branches.

The Bank’s registered office address is Campu Bank Building, No. 23, Kramuon Sar Avenue (Street No. 114), Sangkat Phsar Thmey 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The Subsidiaries

Name of subsidiary	Principal activities	Country of incorporation	Effective percentage of ownership
Campu Lonpac Insurance Plc. (“Campu Lonpac”)	General insurance	Cambodia	51%
Campu Securities Plc. (“CSP”)	Securities underwriting, dealing and brokerage	Cambodia	100%

REPORT OF THE BOARD OF DIRECTORS

RESULTS OF OPERATIONS AND DIVIDENDS

The financial results of the Group and the Bank are as follows:

	Group		Bank	
	2021 USD	2020 USD	2021 USD	2020 USD
Profit before income tax	58,629,605	62,133,288	57,089,625	60,378,895
Income tax expense	(11,592,016)	(12,896,368)	(11,481,267)	(12,783,129)
Net profit for the year	47,037,589	49,236,920	45,608,358	47,595,766
Equivalent in KHR'000	191,348,913	200,738,924	185,534,801	194,047,938
Attributable to:				
Equity holder of the Bank	46,344,381	48,415,058	45,608,358	47,595,766
Minority interest	693,208	821,862	-	-
	47,037,589	49,236,920	45,608,358	47,595,766

PAID-UP CAPITAL

There were no movements in the paid-up capital of the Group and the Bank during the year.

RESERVES AND PROVISIONS

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

ALLOWANCE FOR EXPECTED CREDIT LOSSES FOR LOANS AND ADVANCES

Before the financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off bad loans or in recognising provision for expected credit losses for loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that adequate provisions had been made for doubtful loans and advances.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the provision for expected credit losses for loans and advances in the financial statements of the Group and the Bank inadequate to any material extent.

REPORT OF THE BOARD OF DIRECTORS

ASSETS

Before the financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ensure that any assets 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, have been written down to an amount which they might be expected to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No 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; and
- No 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 business.

No contingent liability or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may have a material effect on the ability of the Group and the Bank to meet its obligations when they become due.

SUBSEQUENT EVENTS

No significant events occurred after the reporting date that require disclosure or adjustment to the financial statements.

THE BOARD OF DIRECTORS

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

Tan Sri Dato' Sri Dr. Teh Hong Piow	Non-Independent Non-Executive Chairman
Dato' Mohammed Najeeb bin Abdullah	Independent Non-Executive Deputy Chairman
Mr. Quah Poh Keat	Non-Independent Non-Executive Director
Dato' Chang Kat Kiam	Non-Independent Non-Executive Director
Dr. Ghanty Sam Abdoullah	Independent Non-Executive Director
Mr. Ong Ming Teck	Executive Director (Appointed on 26 April 2021)

REPORT OF THE BOARD OF DIRECTORS

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Bank.

DIRECTORS' INTERESTS

No members of the Board of Directors have an interest in the shares of the Group and of the Bank.

DIRECTORS' BENEFITS

As at 31 December 2021, no arrangement existed, to which the Group and the Bank was a party, whose object was to enable the Directors of 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 body.

No Director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Group and the Bank or with a firm of which the Director is a member, or with a company in which the Director has a material financial interest other than those disclosed in the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the respective financial position of the Group and the Bank as at 31 December 2021, and their financial performance and cash flows for the year then ended. The Board of Directors oversees preparation of these financial statements by management who is required to:

- i) Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) Comply with Cambodian International Financial Reporting Standards ("CIFRS") or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) Maintain adequate accounting records and an effective system of internal controls;
- iv) Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and
- 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.

REPORT OF THE BOARD OF DIRECTORS

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and the Bank and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Group and the Bank and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the respective financial position of the Group and the Bank as at 31 December 2021, and their respective financial performance and cash flows for the year then ended in accordance with CIFRS.

On behalf of the Board of Directors:



Dato' Mohammed Najeeb Bin Abdullah
Independent Non-Executive Deputy Chairman



Quah Poh Keat
Non-Independent Non-Executive Director

Phnom Penh, Kingdom of Cambodia

21 February 2022

INDEPENDENT AUDITOR'S REPORT

To: The Shareholder of Cambodian Public Bank Plc.

Opinion

We have audited the consolidated financial statements of Cambodian Public Bank Plc. (“the Bank”) and its subsidiaries (together referred to as “the Group”) and the separate financial statements of the Bank which comprise the respective consolidated and separate statements of financial position as at 31 December 2021, and the respective consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the respective consolidated and separate financial statements, including a summary of significant accounting policies (collectively referred to as “the financial statements”).

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

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The other information obtained at the date of the auditor’s report is the Report of the Board of Directors. Management is responsible for the other information.

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

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

INDEPENDENT AUDITORS' REPORT

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRS, 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 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 entities or 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.

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.



Emmanuel A. Guelas
Partner

Ernst & Young (Cambodia) Ltd.

Certified Public Accountants

Registered Auditors

Phnom Penh, Kingdom of Cambodia

21 February 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2021		2020	
		USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
ASSETS					
Cash on hand	3	72,390,956	294,920,755	69,256,106	280,140,949
Balances with the National Bank of Cambodia	4	540,563,539	2,202,255,858	636,534,996	2,574,784,059
Balances with other banks and financial institutions	5	610,723,712	2,488,088,403	814,888,451	3,296,223,784
Loans and advances	6	1,168,291,445	4,759,619,347	1,137,556,338	4,601,415,387
Investment in an associate	8	3,920	15,970	3,920	15,856
Property and equipment	9	15,132,676	61,650,522	16,892,355	68,329,576
Right-of-use assets	10	7,287,171	29,687,935	8,045,534	32,544,185
Software costs	11	441,293	1,797,828	676,817	2,737,725
Deferred tax assets, net	15.3	3,308,995	13,480,846	3,016,525	12,201,844
Other assets	12	<u>13,350,252</u>	<u>54,388,927</u>	<u>16,802,568</u>	<u>67,966,388</u>
TOTAL ASSETS		<u>2,431,493,959</u>	<u>9,905,906,391</u>	<u>2,703,673,610</u>	<u>10,936,359,753</u>
LIABILITIES AND EQUITY					
Liabilities					
Deposits from other banks	13	10,133,842	41,285,272	50,015,500	202,312,698
Deposits from customers	14	1,685,297,228	6,865,900,907	1,879,314,752	7,601,828,172
Borrowings from the National Bank of Cambodia		-	-	80,593,720	326,001,597
Income tax payable	15.2	10,412,611	42,420,977	11,178,755	45,218,064
Lease liabilities	17	9,007,437	36,696,298	9,704,887	39,256,268
Other liabilities	16	<u>24,219,257</u>	<u>98,669,256</u>	<u>27,480,001</u>	<u>111,156,603</u>
TOTAL LIABILITIES		<u>1,739,070,375</u>	<u>7,084,972,710</u>	<u>2,058,287,615</u>	<u>8,325,773,402</u>

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2021		2020	
		USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
EQUITY					
Paid-up capital	18	90,000,000	360,000,000	90,000,000	360,000,000
Non-distributable reserves	18	140,000,000	570,360,000	140,000,000	566,300,000
Regulatory reserves		18,113,562	73,794,652	16,724,440	67,650,360
Retained earnings		434,103,800	1,762,440,103	389,148,541	1,579,574,611
Cumulative translation differences		-	12,758,778	-	(1,418,762)
Equity attributable to equity holder of the Bank					
		<u>682,217,362</u>	<u>2,779,353,533</u>	<u>635,872,981</u>	<u>2,572,106,209</u>
Non-controlling interest		10,206,222	41,383,396	9,513,014	38,563,426
Cumulative translation differences		-	196,752	-	(83,284)
TOTAL EQUITY		<u>692,423,584</u>	<u>2,820,933,681</u>	<u>645,385,995</u>	<u>2,610,586,351</u>
TOTAL LIABILITIES AND EQUITY		<u>2,431,493,959</u>	<u>9,905,906,391</u>	<u>2,703,673,610</u>	<u>10,936,359,753</u>

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021		2020	
		USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Interest income	19	90,711,571	369,014,671	101,114,475	412,243,715
Interest expense	20	<u>(19,412,054)</u>	<u>(78,968,236)</u>	<u>(22,039,277)</u>	<u>(89,854,132)</u>
Net interest income		<u>71,299,517</u>	<u>290,046,435</u>	<u>79,075,198</u>	<u>322,389,583</u>
Fees and commission income	21	14,624,102	59,490,847	12,731,439	51,906,077
Fees and commission expense	21	<u>(1,543,002)</u>	<u>(6,276,932)</u>	<u>(431,026)</u>	<u>(1,757,293)</u>
Net fees and commission income	21	<u>13,081,100</u>	<u>53,213,915</u>	<u>12,300,413</u>	<u>50,148,784</u>
Net underwriting income		1,535,408	6,246,040	1,394,500	5,685,377
Provision for expected credit losses	5, 6,16	(3,200,036)	(13,017,746)	(10,310,545)	(42,036,092)
Other operating income	22	<u>3,212,853</u>	<u>13,069,886</u>	<u>6,830,846</u>	<u>27,849,359</u>
Net other operating profit (loss)		<u>1,548,225</u>	<u>6,298,180</u>	<u>(2,085,199)</u>	<u>(8,501,356)</u>
Other operating expenses	23	<u>(27,299,237)</u>	<u>(111,053,296)</u>	<u>(27,157,124)</u>	<u>(110,719,595)</u>
Profit before income tax		<u>58,629,605</u>	<u>238,505,234</u>	<u>62,133,288</u>	<u>253,317,416</u>
Income tax expense	15.1	<u>(11,592,016)</u>	<u>(47,156,321)</u>	<u>(12,896,368)</u>	<u>(52,578,492)</u>
Net profit for the year		<u>47,037,589</u>	<u>191,348,913</u>	<u>49,236,920</u>	<u>200,738,924</u>
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	14,177,540	-	(17,357,123)
Total comprehensive income for the year		<u>47,037,589</u>	<u>205,526,453</u>	<u>49,236,920</u>	<u>183,381,801</u>
Total comprehensive income attributable to:					
Equity holder of the Bank		46,344,381	202,420,208	48,415,058	180,318,103
Non-controlling interest		<u>693,208</u>	<u>3,106,245</u>	<u>821,862</u>	<u>3,063,698</u>
		<u>47,037,589</u>	<u>205,526,453</u>	<u>49,236,920</u>	<u>183,381,801</u>

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holder of the Group						
	Paid-up capital	Non-distributable reserves	Regulatory reserves	Retained earnings	Cumulative translation differences	Non-controlling interest	Total
Balance as at 1 January 2021	90,000,000	140,000,000	16,724,440	389,148,541	-	9,513,014	645,385,995
Net profit for the year	-	-	-	46,344,381	-	693,208	47,037,589
Transfer to regulatory reserves	-	-	1,389,122	(1,389,122)	-	-	-
Balance as at 31 December 2021	90,000,000	140,000,000	18,113,562	434,103,800	-	10,206,222	692,423,584
Equivalent in KHR'000 (Note 2.5)	360,000,000	570,360,000	73,794,652	1,762,440,103	12,758,778	41,383,396	2,820,933,681
Balance as at 1 January 2020	90,000,000	120,000,000	20,525,137	356,932,786	-	8,691,152	596,149,075
Net profit for the year	-	-	-	48,415,058	-	821,862	49,236,920
Appropriation	-	20,000,000	-	(20,000,000)	-	-	-
Transfer to regulatory reserves	-	-	(3,800,697)	3,800,697	-	-	-
Balance as at 31 December 2020	90,000,000	140,000,000	16,724,440	389,148,541	-	9,513,014	645,385,995
Equivalent in KHR'000 (Note 2.5)	360,000,000	566,300,000	67,650,360	1,579,574,611	(1,418,762)	38,563,426	2,610,586,351

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021		2020	
		USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Net cash (used in) provided by operating activities	24	<u>(16,759,743)</u>	<u>(68,178,634)</u>	<u>64,727,024</u>	<u>263,892,078</u>
Cash flows from investing activities					
Acquisitions of:					
Property and equipment	9	(1,451,517)	(5,904,771)	(1,901,894)	(7,754,022)
Software costs	11	(594)	(2,416)	(73,386)	(299,195)
Proceeds from disposals of property and equipment		<u>4,538</u>	<u>18,461</u>	<u>205,556</u>	<u>838,052</u>
Net cash used in investing activities		<u>(1,447,573)</u>	<u>(5,888,726)</u>	<u>(1,769,724)</u>	<u>(7,215,165)</u>
Cash flow from financing activities					
Payment of principal portion of lease liabilities		(1,437,014)	(5,845,773)	(1,009,944)	(4,117,538)
Repayment of borrowings		<u>(80,593,720)</u>	<u>(327,855,253)</u>	<u>(388,280)</u>	<u>(1,583,018)</u>
Net cash used in financing activities		<u>(82,030,734)</u>	<u>(333,701,026)</u>	<u>(1,398,224)</u>	<u>(5,700,556)</u>
Net (decrease) increase in cash and cash equivalents		(100,238,050)	(407,768,386)	61,559,076	250,976,357
Cash and cash equivalents at beginning of year		667,197,448	2,698,813,678	605,638,372	2,467,976,364
Currency translation differences		<u>-</u>	<u>18,747,297</u>	<u>-</u>	<u>(20,139,043)</u>
Cash and cash equivalents at end of year	3	<u>566,959,398</u>	<u>2,309,792,589</u>	<u>667,197,448</u>	<u>2,698,813,678</u>
Additional information on operational cash flows from interest					
Interest received		<u>89,801,236</u>	<u>366,119,638</u>	<u>105,095,847</u>	<u>428,265,577</u>
Interest paid		<u>(21,057,438)</u>	<u>(85,851,175)</u>	<u>(16,503,543)</u>	<u>(67,251,938)</u>

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

	Notes	2021		2020	
		USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
ASSETS					
Cash on hand	3	72,390,525	294,918,999	69,255,831	280,139,836
Balances with the National Bank of Cambodia	4	538,863,539	2,195,330,058	634,834,996	2,567,907,559
Balances with other banks and financial institutions	5	609,155,932	2,481,701,267	813,389,109	3,290,158,946
Loans and advances	6	1,168,291,445	4,759,619,347	1,137,556,338	4,601,415,387
Investment in subsidiaries	7	15,570,000	63,432,180	15,570,000	62,980,650
Investment in an associate	8	3,920	15,970	3,920	15,856
Property and equipment	9	15,093,308	61,490,137	16,833,176	68,090,197
Right-of-use assets	10	7,236,989	29,483,493	7,987,086	32,307,763
Software costs	11	441,293	1,797,828	676,817	2,737,725
Deferred tax asset, net	15.3	3,308,995	13,480,846	3,016,525	12,201,844
Other assets	12	6,794,509	27,680,830	6,754,664	27,322,616
TOTAL ASSETS		<u>2,437,150,455</u>	<u>9,928,950,955</u>	<u>2,705,878,462</u>	<u>10,945,278,379</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other banks and financial institutions	13	10,133,842	41,285,272	50,015,500	202,312,698
Deposits from customers	14	1,714,736,060	6,985,834,708	1,907,199,329	7,714,621,286
Borrowings from the National Bank of Cambodia		-	-	80,593,720	326,001,597
Income tax payable	15.2	10,343,331	42,138,730	11,115,466	44,962,060
Lease liabilities	17	8,922,992	36,352,269	9,616,654	38,899,365
Other liabilities	16	16,474,094	67,115,459	16,406,015	66,362,330
TOTAL LIABILITIES		<u>1,760,610,319</u>	<u>7,172,726,438</u>	<u>2,074,946,684</u>	<u>8,393,159,336</u>
EQUITY					
Paid-up capital	18	90,000,000	360,000,000	90,000,000	360,000,000
Non-distributable reserves	18	140,000,000	570,360,000	140,000,000	566,300,000
Regulatory reserves		18,113,562	73,794,652	16,724,440	67,650,360
Retained earnings		428,426,574	1,737,378,473	384,207,338	1,557,507,122
Cumulative translation differences		-	14,691,392	-	661,561
TOTAL EQUITY		<u>676,540,136</u>	<u>2,756,224,517</u>	<u>630,931,778</u>	<u>2,552,119,043</u>
TOTAL LIABILITIES AND EQUITY		<u>2,437,150,455</u>	<u>9,928,950,955</u>	<u>2,705,878,462</u>	<u>10,945,278,379</u>

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021		2020	
		USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Interest income	19	90,359,417	367,582,108	101,056,496	412,007,334
Interest expense	20	<u>(20,003,527)</u>	<u>(81,374,348)</u>	<u>(22,914,303)</u>	<u>(93,421,613)</u>
Net interest income		<u>70,355,890</u>	<u>286,207,760</u>	<u>78,142,193</u>	<u>318,585,721</u>
Fees and commission income	21	14,781,514	60,131,199	12,890,587	52,554,923
Fees and commission expense	21	<u>(1,543,002)</u>	<u>(6,276,932)</u>	<u>(431,026)</u>	<u>(1,757,293)</u>
Net fees and commission income	21	<u>13,238,512</u>	<u>53,854,267</u>	<u>12,459,561</u>	<u>50,797,630</u>
Provision for expected credit losses	5, 6, 16	(3,225,990)	(13,123,327)	(10,351,563)	(42,203,322)
Other operating income	22	<u>3,353,675</u>	<u>13,642,750</u>	<u>6,956,556</u>	<u>28,361,879</u>
Net other operating profit (loss)		<u>127,685</u>	<u>519,423</u>	<u>(3,395,007)</u>	<u>(13,841,443)</u>
Other operating expenses	23	<u>(26,632,462)</u>	<u>(108,340,855)</u>	<u>(26,827,852)</u>	<u>(109,377,153)</u>
Profit before income tax		<u>57,089,625</u>	<u>232,240,595</u>	<u>60,378,895</u>	<u>246,164,755</u>
Income tax expenses	15.1	<u>(11,481,267)</u>	<u>(46,705,794)</u>	<u>(12,783,129)</u>	<u>(52,116,817)</u>
Net profit for the year		<u>45,608,358</u>	<u>185,534,801</u>	<u>47,595,766</u>	<u>194,047,938</u>
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	14,029,831	-	(17,207,249)
Total comprehensive income		<u>45,608,358</u>	<u>119,564,632</u>	<u>47,595,766</u>	<u>176,840,689</u>

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Paid-up capital	Non-distributable reserves	Regulatory reserves	Retained earnings	Cumulative translation differences	Total
	USD	USD	USD	USD	USD	USD
Balance as at 1 January 2021	90,000,000	140,000,000	16,724,440	384,207,338	-	630,931,778
Net profit for the year	-	-	-	45,608,358	-	45,608,358
Transfer to regulatory reserves	-	-	1,389,122	(1,389,122)	-	-
Balance as at 31 December 2021	90,000,000	140,000,000	18,113,562	428,426,574	-	676,540,136
Equivalent in KHR'000	360,000,000	570,360,000	73,794,652	1,737,378,473	14,691,392	2,756,224,517
(Note 2.5)						
Balance as at 1 January 2020	90,000,000	120,000,000	20,525,137	352,810,875	-	583,336,012
Net profit for the year	-	-	-	47,595,766	-	47,595,766
Appropriation	-	20,000,000	-	(20,000,000)	-	-
Transfer to regulatory reserves	-	-	(3,800,697)	3,800,697	-	-
Balance as at 31 December 2020	90,000,000	140,000,000	16,724,440	384,207,338	-	630,931,778
Equivalent in KHR'000 (Note 2.5)	360,000,000	566,300,000	67,650,360	1,557,507,122	661,561	2,552,119,043

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

SEPARATE STATEMENT OF CASH FLOWS

	Notes	2021		2020	
		USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Net cash (used in) provided by operating activities	24	<u>(16,781,641)</u>	<u>(68,267,714)</u>	<u>66,901,221</u>	<u>272,756,279</u>
Cash flows from investing activities					
Acquisitions of:					
Property and equipment	9	(1,426,746)	(5,804,003)	(1,885,575)	(7,687,489)
Software costs	11	(594)	(2,416)	(73,386)	(299,195)
Proceeds from disposals of property and equipment		<u>4,538</u>	<u>18,461</u>	<u>205,554</u>	<u>838,044</u>
Net cash used in investing activities		<u>(1,422,802)</u>	<u>(5,787,958)</u>	<u>(1,753,407)</u>	<u>(7,148,640)</u>
Cash flow from financing activities					
Payment of principal portion of lease liabilities		(1,419,875)	(5,776,052)	(953,242)	(3,886,364)
Repayment of borrowings		<u>(80,593,720)</u>	<u>(327,855,253)</u>	<u>(388,280)</u>	<u>(1,583,018)</u>
Net cash used in financing activities		<u>(82,013,595)</u>	<u>(333,631,305)</u>	<u>(1,341,522)</u>	<u>(5,469,382)</u>
Net (decrease) increase in cash and cash equivalents		<u>(100,218,038)</u>	<u>(407,686,977)</u>	<u>63,806,292</u>	<u>260,138,257</u>
Cash and cash equivalents at beginning of year		667,159,775	2,698,661,289	603,353,483	2,458,665,443
Currency translation differences		-	<u>18,746,325</u>	-	<u>(20,142,411)</u>
Cash and cash equivalents at end of year	3	<u><u>566,941,737</u></u>	<u><u>2,309,720,637</u></u>	<u><u>667,159,775</u></u>	<u><u>2,698,661,289</u></u>
Additional information on operational cash flows from interest					
Interest received		<u>89,449,083</u>	<u>364,683,910</u>	<u>105,048,088</u>	<u>428,070,959</u>
Interest paid		<u>(21,648,913)</u>	<u>(88,262,618)</u>	<u>(17,977,710)</u>	<u>(73,259,168)</u>

The accompany notes on pages 58 to 155 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Cambodian Public Bank Plc. (“the Bank”) and its subsidiaries (together referred to as “the Group”) were incorporated and registered in the Kingdom of Cambodia.

Consolidated subsidiaries

The consolidated financial statements include the financial statements of the Bank and its subsidiaries. The Bank does not have any joint ventures.

The details of the Bank’s two subsidiaries as at the statement of financial position date are as follows:

Name of Subsidiary	Principal Activities	Country of incorporation	Effective percentage of ownership	
			2021	2020
Campu Lonpac Insurance Plc. (“Campu Lonpac”)	General insurance	Cambodia	51%	51%
Campu Securities Plc. (“CSP”)	Securities underwriting, dealing and brokerage	Cambodia	100%	100%

Establishment and operations

The Bank was incorporated in Cambodia on 20 February 1992 under Registration No. Co-2083/96M and commenced operations on 25 May 1992. The immediate and ultimate parent company of the Bank is Public Bank Berhad (“PBB”), a bank licensed and incorporated in Malaysia. On 28 November 2006, the National Bank of Cambodia (“NBC”) renewed the banking license of the Bank for an indefinite period.

The principal activity of the Bank is the provision of comprehensive banking and related financial services in Cambodia.

The financial statements were authorized for issue by the Board of Directors on 21 February 2022.

The Bank’s registered office address is Campu Bank Building, No. 23, Kramuon Sar Avenue (Street No. 114), Sangkat Phsar Thmey 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The Bank has a total of 31 branches located in Phnom Penh and major provinces in Cambodia (2020: 31 branches).

Paid-up capital

The paid-up capital of the Bank as at 31 December 2021 is USD90,000,000 (2020: USD90,000,000).

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION (continued)

Board of Directors

The members of the Board of Directors (“BoD”) during the year and at the date of this report are:

Tan Sri Dato’ Sri Dr. Teh Hong Piow	Non-Independent Non-Executive Chairman
Dato’ Mohammed Najeeb Bin Abdullah	Independent Non-Executive Deputy Chairman
Mr. Quah Poh Keat	Non-Independent Non-Executive Director
Datuk Chang Kat Kiam	Non-Independent Non-Executive Director
Dr. Ghanty Sam Abdoullah	Independent Non-Executive Director
Mr. Ong Ming Teck	Executive Director (appointed on 26 April 2021)

Employees

As at 31 December 2021, the Group has a total of 1,005 employees (2020: 1,010 employees).

2. ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared on a historical cost basis unless otherwise indicated in the notes to the financial statements.

Fiscal year

The Group’s fiscal year starts on 1 January and ends on 31 December.

2.2 Statement of compliance

The consolidated and separate financial statements (referred to as “the financial statements”) of the Group have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) issued by the International Accounting Standards Board (IASB) which the Cambodian Accounting Standards Board of the Accounting and Auditing Regulator (ACAR) fully adopted.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.3 Presentation of consolidated and separate financial statements

The Bank presents its consolidated and separate statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 30.

2.4 Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

The subsidiaries are consolidated from the date of acquisition, being the date on which the Bank obtains control and continues to be consolidated until the date that control ceases. In preparing the consolidated financial statements, intra-group balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for transactions and events in similar circumstances.

The acquisition method of accounting is used to account for the purchase of subsidiary companies. The consideration transferred for the acquisition of a subsidiary company is measured at the fair value of the assets given, the equity instruments issued, and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition-related costs are expensed off in statement of comprehensive income as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed are initially measured at fair value as at acquisition date.

2.5 Functional and presentational currency

The national currency of Cambodia is the Khmer riel ("KHR") and the Group and the Bank have transactions in KHR, European Euro ("EUR"), Singapore Dollar ("SGD"), Thai Baht ("THB"), Japanese Yen ("JPY") and United States dollar ("USD"). However, as the Bank transacts its business and maintains its accounting records primarily in USD, management has determined that USD is the Group and the Bank's functional currency and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Group and the Bank. The translation of the USD amounts into KHR is included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing.

Assets and liabilities for each statement of financial position are translated at the closing rate prevailing at each reporting year, whereas income and expense items for each statement of comprehensive income presented are translated at the average rate for the year then ended. All resulting exchange differences are recognised in the statement of comprehensive income. Such translation should not be construed as a representation that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate. All values in KHR are rounded to the nearest thousand ("KHR'000"), except as otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.5 Functional and presentational currency (continued)

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

	<u>2021</u>	<u>2020</u>
Closing rate	4,074	4,045
Average rate	4,068	4,077

2.6 Significant accounting judgments and estimates

The preparation of the financial statements requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

The following are the critical judgments, key assumptions and significant areas of estimation that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a. Classification of financial assets

The Group classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

In performing the SPPI test, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

b. Effective interest rate (“EIR”) method

The Group’s EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgment regarding the expected behaviour and life-cycle of the instruments, as well expected changes to Group’s base rate and other fee income/expense that are integral parts of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgments and estimates (continued)

c. Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Extension and termination options

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate (“IBR”) for lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity’s credit risk (i.e. credit spread).

d. Impairment losses on loans, advances and financing

The measurement of impairment losses on loans, advances and financing requires judgment, in particular, the estimation of the amount and timing of future cash flows, the assessment of a significant increase in credit risk and incorporation of forward-looking information in the measurement of impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of impairment losses.

The impairment losses computed based on the expected credit losses (“ECL”) models are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgments and estimates (continued)

d. Impairment losses on loans, advances and financing (continued)

A number of significant judgments are also required in applying the accounting requirements for measuring impairment losses, such as determining criteria for significant increase in credit risk, choosing appropriate models and assumptions for the measurement of impairment losses, establishing the segmentation of loans for purposes of measuring impairment losses on a collective basis, determining the number of economic inputs (e.g. gross domestic product growth rates, consumer price index, housing price index, etc.) as well as the effects on default rates and recovery rates, and selecting forward-looking macroeconomic scenarios and determining its probability-weightings.

For credit-impaired loans, advances and financing ("loan(s)") which are individually assessed, judgment by management is required in the estimation of the amount and timing of future cash flows in the determination of impairment losses. In estimating these cash flows, judgments are made about the realizable value of collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ, hence resulting in changes to impairment losses recognised.

e. Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

2.7.1 Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group and the Bank recognise loans and advances, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised when the Group and the Bank become a party to the contractual provisions of the instrument.

At initial recognition, financial asset or financial liability are measured at its fair value plus or minus for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issuance.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified in the following measurement categories: amortised cost, FVOCI or FVTPL.

Amortised cost

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.

FVOCI

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(ii) Classification (continued)

FVTPL

At initial recognition, the Group and the Bank may irrevocably designate a financial asset that does not meet the requirements to be measured at amortised cost or at FVOCI are measured 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 which 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 realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group 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 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 and where its performance are evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(ii) Classification (continued)

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

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

In assessing whether the contractual cash flows are SPPI, the 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 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 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 judgment:

- 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;

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Non-recourse loans (continued)

- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group 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.

Reclassification

Financial assets are reclassified when and only when the Group and the Bank change its business model for managing the financial assets.

(iii) 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 have 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 other comprehensive income (OCI) is recognised in profit and loss.

Financial liabilities

The Group and the Bank derecognise a financial liability when its contractual obligations are discharged or cancelled or expire.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(iv) Modification of loans

Where a loan shows evidence of significant credit weaknesses, the Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of the loans rather than take possession of the collateral. When this happens, the Group and the Bank assess whether the new terms are substantially different from the original terms. The Group and the Bank consider, among others, the following factors:

- (a) If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- (b) Whether any substantial new terms are introduced that substantially affects the risk profile of the loan;
- (c) Significant extension of the loan term;
- (d) Significant change in the interest rate; and
- (e) Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The Group and the Bank derecognise a loan when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan and recalculates a new effective interest rate for the loan. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new loan recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition and impairment continues to be assessed for significant increase in credit risk compared to the credit risk at initial origination.

(v) Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(vi) Impairment

a) Definition of credit-impaired and default

At each reporting date, the Group and the Bank assess whether financial assets are impaired. In general, a financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loans, advances and financing ("loan(s)") of the Group and of the Bank are classified as credit-impaired when they meet any of the following criteria:

- (1) principal or interest or both for long-term facilities are past due for ninety (90) days or more (thirty one (31) days or more for short-term facilities) ; or
- (2) outstanding amount is in excess of approved limit for ninety (90) days or more for long-term facilities (thirty one (31) days or more for short-term facilities) in the case of revolving facilities; or
- (3) where a loan is in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days for long-term facilities (thirty one (31) days or more for short-term facilities), the loan exhibits indications of significant credit weaknesses; or
- (4) where a credit-impaired loan is rescheduled and restructured ("R&R"), the loan will remain as credit-impaired until repayments based on the revised and/or restructured terms have been continuously paid for a period of at least six (6) months and the account is less than ninety (90) days past due upon compliance of the required nursing period; or
- (5) for repayments scheduled on intervals of ninety (90) days or more including bullet repayment, as soon as default occurs.
- (6) As the portfolio and credit risk management practices, exposure is managed at borrower level. All the obligations of a borrower are deemed as credit-impaired if one obligation of the borrower is considered as default.

In making an assessment whether an investment in debt or sovereign debt is impaired, the Group and the Bank consider factors such as, but not limited to, market's assessment of creditworthiness as reflected in the bond yields, rating agencies' assessment of creditworthiness and country's ability to access the capital markets for new debt issuance.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

a) Definition of credit-impaired and default (continued)

As part of the assessment of impairment for financial assets under the expected credit loss model, the default definition has been applied to model Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”). The definition of default largely aligns with the definition of impaired for regulatory reporting purposes except for immaterial exposures which are not considered defaulted as such defaults are not attributed to the credit risk of the exposures and certain exposures which are considered defaulted based on qualitative assessment.

b) Measurement of impairment - expected credit losses

The Group and the Bank assess on a forward-looking basis the expected credit loss (“ECL”) associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable as well as supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. No impairment loss is recognised on equity investments.

The Group and the Bank assess whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit-impaired, for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss which has been incurred. Financial assets which are collectively assessed are grouped on the basis of similar credit risk characteristics such as instrument type, credit risk ratings, credit utilisation, level of collateralisation, collateral type, remaining term to maturity and other relevant factors. Collectively, the individual assessment allowance and collective assessment allowance form the total allowance for impairment on loans, advances and financing.

Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

b) Measurement of impairment - expected credit losses (continued)

(1) Stage 1: 12-month ECL - not credit-impaired

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

(2) Stage 2: Lifetime ECL - not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

(3) Stage 3: Lifetime ECL - credit-impaired

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

Significant increase in credit risk

At each reporting date, the Group and the Bank assess whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. When determining whether the risk of default has increased significantly since initial recognition, the Group and the Bank consider both quantitative and qualitative information and analysis based on the Group's and the Bank's historical experience and expert credit risk assessment, including forward-looking information.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative factors such as delinquency, historical delinquency trend, changes in credit ratings and qualitative factors as well as a backstop based on delinquency. For retail portfolio, a combination of delinquency, historical delinquency trend and qualitative factors are used to determine significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

b) Measurement of impairment - expected credit losses (continued)

Significant increase in credit risk (continued)

For non-retail portfolio, internally derived credit ratings have been identified as representing the best available determinant of credit risk whilst for debt securities, external ratings attributed by external agencies are used. The Group and the Bank assign each counterparty, debt securities and financial instrument, credit rating at initial recognition based on available information about the counterparty, debt securities and financial instrument. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition. Nevertheless, regardless of the change in credit rating, a backstop is applied and a financial asset is considered to have experienced a significant increase in credit risk if the financial asset is more than 30 days past due on its contractual payments. In addition, the Group and the Bank may determine that an exposure has demonstrated a significant increase in credit risk based on certain qualitative factors using its expert credit judgment and, where possible, relevant historical experience that are considered to be indicative of such increase and whose effect may not otherwise be fully reflected in its quantitative factors.

The Group and the Bank have not used the low credit risk exemption for any financial assets in the financial year ended 31 December 2021.

Measurement of ECL

ECL are measured using three components, i.e. a PD, a LGD and an EAD. These parameters are derived from internally developed statistical models and adjusted to reflect forward-looking information as described below.

The 12-month and lifetime PD represent the expected point-in-time probability of default over the next 12 months and remaining lifetime of the financial instrument respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk. The LGD represents the expected loss if a default event occurs at a given time, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

b) Measurement of impairment - expected credit losses (continued)

Measurement of ECL (continued)

The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdown of a facility. The 12-month ECL is equal to the discounted sum over the next 12 months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the remaining life multiplied by LGD and EAD. The discount rate used in the ECL measurement is the original effective interest rate or an approximation thereof.

Forward looking information

The Group and the Bank have developed methodologies for the application of forward macro-economic variables ("MEV") which comprise economic indicators and industry statistics in the measurement of ECL. This involves the incorporation of MEVs into the estimation of the PD and LGD via an application of a scale. The process of formulating a scale involves developing the correlation of MEVs to default rates and recovery rates for various portfolios of financial assets based on analysis of historical data. This correlation is then used to form the predicted effect (reflected via a scalar) between the MEVs and PD as well as LGD, taking into account the projections of MEVs.

The MEVs taken into consideration include, but are not limited to, gross domestic product growth rates, consumer price index as well as housing price index, and require an evaluation of both the current and forecast of the economic environment. The projections of the MEVs are made based on a most-likely outcome (the "base economic scenario") and a more favourable ("upside") as well as a more unfavourable outcome ("downside") as compared to the base economic scenario. The base economic scenario represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as budgeting. The projections based on the respective economic scenarios are approved by the Bank's Assets and Liabilities Management Committee and are provided once a year. However, the projections will be reviewed and updated if economic conditions have changed significantly. Scenario weightings for each economic scenario are also determined via a statistical analysis with reference to external forecasts. The scenario weightings will be used to derive a single probability-weighted scalar for each portfolio which will be used to adjust for the PD and LGD of the respective portfolio.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.1 Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

b) Measurement of impairment - expected credit losses (continued)

Forward looking information (continued)

The carrying amount of the asset (other than debt instrument measured at FVOCI) is reduced through the use of an allowance account and the loss is recognised in statement of comprehensive income. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. The impairment loss for a debt instrument measured at FVOCI does not reduce the carrying amount of the financial asset which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to statement of comprehensive income. The accumulated loss recognised in other comprehensive income is recycled to the statement of comprehensive income upon the derecognition of the financial asset.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as allowance for impairment on loan commitments and financial guarantees which is reported under "Other liabilities" in the statement of financial position.

c) Write-off

Where a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in statement of comprehensive income.

2.7.2 Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents consist of cash, deposits with other banks, and highly-liquid short-term investments with an original maturity of less than ninety days that are readily convertible to known amounts of cash.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.3 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of the ordinary share are recognised in the equity as a deduction from the proceeds. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

2.7.4 Non-distributable reserves and regulatory reserves

A regulatory reserve is established for the difference between the allowance for expected credit losses 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 Bank shall 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 entity shall records the allowance based on CIFRS 9; and
- (ii) In case the regulatory allowance calculated is higher than the allowance calculated in CIFRS 9, the Bank shall record the allowance based on CIFRS 9 and transfer the difference from the retained earnings or accumulated loss account to regulatory reserve in the equity section of the statement of financial position.

This 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%

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.4 Non-distributable reserves and regulatory reserves (continued)

In December 2021, the NBC issued Circular No. B7-021-2314 to provide additional guidance to banks and financial institutions in classifying their loans which have been restructured up to 31 December 2021 and in providing the regulatory allowance. This Circular requires banks and financial institutions to classify restructured loans as follows:

- Special mention, if a restructured loan is “viable” or deemed as “performing”
- Sub-standard, if a first-time restructured loan will need another restructuring
- Doubtful, if a second-time restructured loan will need another restructuring
- Loss, if a restructured loan is “non-viable” or deemed as “non-performing”

Subsequent clarifications and guidance issued by the NBC with regard to the Circular No. B7-021-2314 allow deferral of the new classification to 2022 even though application for 2021 is encouraged. The Bank applied the additional guidance when classifying its restructured loans as at 31 December 2021 and in providing the corresponding regulatory allowance.

2.7.5 Deposits and placements with banks

Deposits and placements with banks are stated at cost less impairment for any uncollectable amounts.

2.7.6 Loans and advances

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

2.7.7 Subsidiaries

A subsidiary is an entity which the Bank has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has such power over another entity.

In the Bank’s financial statements, investment in subsidiary is stated at cost less impairment losses. On disposal of such investment, the difference between the net disposal proceeds and the carrying amount is included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.8 Business combination

Business combination is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the subsidiary. For each business combination, the Group elects whether it measures the non-controlling interest in the subsidiary either at fair value or at the proportionate share of the subsidiary's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the subsidiary.

2.7.9 Other assets

Other assets are carried at cost less impairment if any.

2.7.10 Property and equipment

(i) Recognition and measurement

All 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 bring the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials and direct labour. 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 in statement of comprehensive income.

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.10 Property and equipment (continued)

(iii) Depreciation

Depreciation is recognised as an expense in statement of comprehensive income 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.

Construction in progress is not depreciated. Depreciation of property and equipment, except for buildings, is charged to the statement of comprehensive income on a declining balance basis at the following rates:

	<u>Rate</u>
Leasehold improvements	20%
Furniture, fitting and equipment	25%
Information technology ("IT") equipment	50%
Motor vehicles	25%

Buildings are depreciated on a straight-line basis at 5% per annum.

Depreciation methods, useful lives and residual values are reassessed at end of the reporting period and adjustment will be made when there is a change in previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

2.7.11 Intangible assets

Intangible assets, which comprise acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss. Costs of acquired computer software licenses are capitalised as it were directly incurred to bring the computer to be capable of operating in the manner intended by the management.

Intangible assets are is amortised on a straight-line basis at 10% per annum.

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.12 Leases

At inception of a contract, the Group and the Bank assess 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 Group and the Bank assess 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 direct how and for what purpose the asset is used. If relevant decisions about the use of the asset are predetermined, the Group and the Bank have either:
 - the right to operate the asset; or
 - the right to design the asset in a way that predetermines how and for what purpose it will be used.

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.

Leases in which the Group and the Bank are lessees

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 end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.12 Leases (continued)

Leases in which the Group and the Bank are lessees (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using its incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- lease payments in an optional renewal period if the Group and the Bank is reasonably certain to exercise an extension option.

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 or a change in future lease payments.

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 statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for short-term leases 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.

2.7.13 Provisions

Provisions are recognised in the statement of financial position when the Group and the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money 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.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.14 Interest income and expense

Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

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

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

Calculation of interest income and expense

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.14 Interest income and expense (continued)

Calculation of interest income and expense (continued)

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

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

Presentation

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

2.7.15 Fee and commission

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income are recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange of providing the services.

The performance obligations, as well as timing of their satisfaction, are identified and determined at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations as further explained in items (i) and (ii) below.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

(i) Performance obligations are satisfied over time

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.15 Fee and commission (continued)

(i) Performance obligations are satisfied over time (continued)

The Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

a. Loan commitment fees

These are fixed annual fees paid by customers for loan and other credit facilities with the Bank, but where it is unlikely that a specific lending arrangement will be entered into with the customer and the loan commitment is not measured at fair value. The Bank promises to provide a loan facility for a specified period. As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears.

b. Servicing income for transferred financial assets

The Bank receives fixed annual fees for providing specific administrative tasks in relation to certain assets it has transferred and derecognised. These services include collecting cash flows from borrowers and remitting them to beneficial interest holders, monitoring delinquencies and executing foreclosures. As the benefit to the customer of the services is transferred evenly over the contract period, these fees are recognised as revenue evenly over the period, based on time elapsed. Payment of these fees is due and received monthly in advance.

c. Interchange fees

The Bank provides its customers with credit card processing services (i.e., authorisation and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card). The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable interchange fees are allocated to each distinct day, based on the number and value of transactions processed that day, and the allocated revenue is recognised as the entity performs.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.15 Fee and commission (continued)

(ii) Performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

2.7.16 Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

2.7.17 Insurance activities

Premium income

Premium income is generally recognised on the date of inception of the risk. In the event that certain terms and/or conditions remain to be finalised before an insurance contract can be issued, premium income is recognised on the issuance date of the insurance contract. Premium refund and adjustments are recognised when amounts are agreed with the policy holder and approval and verification from the reinsurers are obtained. Annually, the management assesses the need and probability to recognise asset or liability related to the refund and adjustments based on the status as at reporting date.

Outward reinsurance premium

Outward reinsurance premium is recognised in accordance with the reinsurance agreement, upon receipt of confirmation from the facultative reinsurer, and in a manner consistent with the treatment of the accounting for premium income. Premium ceded for non-proportional reinsurance is treated as an expense in accordance with the pattern of the reinsurance received.

Insurance contract liabilities

Insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities comprise provision for unearned premiums and provision for outstanding claims.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.17 Insurance activities (continued)

Unearned premiums reserve (“UPR”)

Unearned premiums reserve represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year. At the balance sheet date, the following methods are used to determine the UPR:

- 25% method for marine cargo, aviation cargo and transit business; and
- 1/365 pro-rata method for all other classes of business.

Acquisition costs and deferred acquisition costs (“DAC”)

The gross cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable that they give rise to income.

Acquisition costs or ceding income which are not recoverable, or not payable in the event of a termination of the policy to which they relate, are not deferred but are recognised in the period in which they occur. Such costs are deferred to the extent that these are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, these costs are amortised/allocated to the periods according to the original policies which give rise to income. Amortisation is recognised in statement of comprehensive income.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in statement of comprehensive income. DAC is also considered in the liability adequacy test for each accounting period.

DAC is derecognised when the related contracts are either settled or disposed of.

Unexpired risk reserves

At each reporting date, the Company reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs are inadequate, the deficiency is recognised in statement of comprehensive income by setting up a provision for liability adequacy.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.17 Insurance activities (continued)

Valuation of insurance contract liabilities

Reserve for claims outstanding is the estimated cost of all reported claims and claims that are incurred but not yet reported (“IBNR”) at the date of the reporting date, net of expected recoveries from reinsurers, using the most accurate information available. Estimating the provision for outstanding claims involves projection of the Company’s future claims experience based on past claims experience. As such the projected future claims experience may be different from its actual claims experience due to the level of uncertainty involved in projecting future claims experience based on past claims experience.

These uncertainties arise from changes in underlying risks, changes in spread of risks, timing and amounts of claims settlement as well as uncertainties in the projection model and underlying assumptions.

2.7.18. Securities and brokerage

Commission and fee income

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

If the Group acts in the capacity of an agent rather than as a principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

2.7.19 Impairment of non-financial assets

The carrying amounts of the Group and the Bank’s non-financial assets, other than contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (“CGU”) exceeds its estimated recoverable amount.

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.19 Impairment of non-financial assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate separately identifiable cash inflows from continuing use of the other assets in the CGU.

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7.20 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of comprehensive income 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, and have recognised the related expenses in 'other expenses'.

The Group and the Bank have made assumptions that management assessed to be reasonable and prudent in its assessment of tax payable and deferred taxes. The use of different assumptions could lead to a material impact on the financial statement. The final tax liabilities and deferred taxes of the Group and the Bank are subject to the determination and agreement with the GDT.

(i) Current tax

Current tax is the expected income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income tax payable in respect of prior years.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.20 Income tax (continued)

(i) Current tax (continued)

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in Note 15.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable statement of comprehensive income
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Summary of significant accounting policies (continued)

2.7.21 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.

2.7.22 Contingent assets

Where it is not probable that an inflow of economic benefits, or the amount cannot be estimated reliably, and 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. Existence of assets will only be confirmed by the occurrence or non-occurrence of one or more future events.

2.8 Amendments to CIFRS issued and adopted by the Group and the Bank

The group has applied the following amendments for the first time for their annual reporting period commencing on 1 January 2021:

- Covid-19-Related Rent Concessions - amendments to CIFRS 16, and
- Interest Rate Benchmark Reform - Phase 2 - amendments to CIFRS 9, CIAS 39, CIFRS 7, CIFRS 4 and CIFRS 16.

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.9 Standards and amendments to CIFRS issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective or early adopted by the Group and the Bank, up to the date of issuance of the financial statements of the Group and the Bank are disclosed below:

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.9 Standards and amendments to CIFRS issued but not yet effective (continued)

- (i) New and amended standard that are not expected to have a material impact on the Group
- Reference to the Conceptual Framework - Amendments to CIFRS 3
 - CIFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
 - Property, Plant and Equipment: Proceeds before Intended Use - Amendments to CIAS 16
 - Onerous Contracts - Costs of Fulfilling a Contract - Amendments to CIAS 37
 - CIFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
 - CIAS 41 Agriculture - Taxation in fair value measurements
 - Definition of Accounting Estimates - Amendments to CIAS 8
- (ii) New and amended standard that are currently being assessed and determined the impact they will have on the financial statements and accounting policy disclosure.
- CIFRS 17 Insurance contracts
 - Disclosure of Accounting Policies - Amendments to CIAS 1 and CIFRS Practice Statement 2

NOTES TO THE FINANCIAL STATEMENTS

3. CASH ON HAND

Cash on hand comprises:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
US Dollars	61,756,777	251,597,109	61,176,359	247,458,373	61,756,346	251,595,354	61,176,084	247,457,260
Khmer Riel	10,424,968	42,471,320	7,214,208	29,181,471	10,424,968	42,471,320	7,214,208	29,181,471
Other currencies	209,211	852,326	865,539	3,501,105	209,211	852,325	865,539	3,501,105
	<u>72,390,956</u>	<u>294,920,755</u>	<u>69,256,106</u>	<u>280,140,949</u>	<u>72,390,525</u>	<u>294,918,999</u>	<u>69,255,831</u>	<u>280,139,836</u>

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

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Cash on hand	72,390,956	294,920,755	69,256,106	280,140,949	72,390,525	294,918,999	69,255,831	280,139,836
Balances with the National Bank of Cambodia	267,990,659	1,091,793,945	360,287,542	1,457,363,107	267,990,659	1,091,793,945	360,287,542	1,457,363,107
Balances with other banks and financial institutions	226,577,783	923,077,889	237,653,800	961,309,622	226,560,553	923,007,693	237,616,402	961,158,346
	<u>566,959,398</u>	<u>2,309,792,589</u>	<u>667,197,448</u>	<u>2,698,813,678</u>	<u>566,941,737</u>	<u>2,309,720,637</u>	<u>667,159,775</u>	<u>2,698,661,289</u>

NOTES TO THE FINANCIAL STATEMENTS

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

Balances with the NBC comprise:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Current accounts in USD	141,945,176	578,284,647	123,429,406	499,271,948	141,945,176	578,284,647	123,429,406	499,271,948
Current accounts in KHR	40,045,483	163,145,298	19,858,136	80,326,160	40,045,483	163,145,298	19,858,136	80,326,160
Reserve deposits	127,872,880	520,954,113	136,444,400	551,917,598	127,872,880	520,954,113	136,444,400	551,917,598
Capital guarantee deposits	10,700,000	43,591,800	10,703,054	43,293,853	9,000,000	36,666,000	9,003,054	36,417,353
Negotiable certificate of deposit	220,000,000	896,280,000	346,100,000	1,399,974,500	220,000,000	896,280,000	346,100,000	1,399,974,500
	<u>540,563,539</u>	<u>2,202,255,858</u>	<u>636,534,996</u>	<u>2,574,784,059</u>	<u>538,863,539</u>	<u>2,195,330,058</u>	<u>634,834,996</u>	<u>2,567,907,559</u>

Reserve deposits

Under NBC Prakas No. B7-020-230 dated 18 March 2020, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 7.00% of customer deposits in KHR and in currency other than KHR (2020: 7.00%).

NOTES TO THE FINANCIAL STATEMENTS

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA (continued)

Capital guarantee deposits

Bank

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a capital guarantee of 10.00% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations but is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

Campu Lonpac Insurance Plc

Under the Sub-Decree on Insurance dated 22 October 2001 and Circular No. 009 of the Ministry of Economy and Finance dated 9 December 2002, an insurance company is required to maintain a statutory deposit of 10.00% of registered capital with the NBC.

Campu Securities Plc

Statutory deposit is maintained with the NBC in compliance with the Law on the Issuance and Trading of Non-Government Securities as determined in Article 17 of the Prakas No. 009 SECC/09 dated 18 November 2009 on Licensing of Securities Firms and Securities Representatives issued by the Securities and Exchange Commission of Cambodia ("SECC").

Interest rates

Annual interest rates on balances with the NBC are as follows:

	2021	2020
	<u> </u>	<u> </u>
Capital guarantee deposits	0.04% - 0.06%	0.09% - 0.47%
Negotiable certificate of deposit	0.02% - 0.46%	0.02% - 1.08%

NOTES TO THE FINANCIAL STATEMENTS

5. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

Balances with other banks and financial institutions are as follows:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Current and savings accounts with:								
Local banks	17,230	70,195	37,398	151,275	-	-	-	-
Overseas banks	59,742,153	243,389,531	43,616,402	176,428,346	59,742,153	243,389,531	43,616,402	176,428,346
Placements	551,187,350	2,245,537,264	771,461,944	3,120,563,563	549,636,800	2,239,220,323	770,000,000	3,114,650,000
	610,946,733	2,488,996,990	815,115,744	3,297,143,184	609,378,953	2,482,609,854	813,616,402	3,291,078,346
Allowance for expected credit losses ("ECL")	(223,021)	(908,587)	(227,293)	(919,400)	(223,021)	(908,587)	(227,293)	(919,400)
	610,723,712	2,488,088,403	814,888,451	3,296,223,784	609,155,932	2,481,701,267	813,389,109	3,290,158,946

Current and savings accounts maintained with local banks and overseas banks earn interest at rates ranging from 0.03% to 0.36% per annum (2020: 0.08% to 0.52%).

Placements comprising term deposits earning interest at rates ranging from 0.08% to 4.00% per annum (2020: 0.10% to 3.70%).

NOTES TO THE FINANCIAL STATEMENTS

6. LOANS AND ADVANCES

The Group and the Bank's loans and advances are as follows:

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Fixed loans	769,966,901	3,136,845,155	746,904,773	3,021,229,807
Overdraft	265,570,220	1,081,933,076	268,780,047	1,087,215,290
Housing loans	119,175,628	485,521,508	106,743,800	431,778,671
Trust receipts	15,981,833	65,109,988	17,218,276	69,647,926
Credit card facilities	2,223,411	9,058,176	1,628,012	6,585,309
Vehicle loans	247,226	1,007,199	198,684	803,677
	1,173,165,219	4,779,475,102	1,141,473,592	4,617,260,680
Interest receivable	6,317,731	25,738,436	5,109,520	20,668,008
Total loans and advances - gross	1,179,482,950	4,805,213,538	1,146,583,112	4,637,928,688
Less: Allowance for ECL	(11,191,505)	(45,594,191)	(9,026,774)	(36,513,301)
Loans and advances - net	1,168,291,445	4,759,619,347	1,137,556,338	4,601,415,387

Further analysis of loans and advances are as follows:

(i) Movements of allowance for losses on loans and advances

	2021			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balance at beginning of year	4,134,462	2,875,623	2,016,689	9,026,774
Change due to exposure:				
Transfers to Stage 1	297,690	(257,217)	(40,473)	-
Transfers to Stage 2	(72,221)	72,221	-	-
Transfers to Stage 3	(5,238)	(9,558)	14,796	-
Net remeasurement due to change in credit risk	34,414	1,102,113	1,228,267	2,364,794
Newly originated financial assets that remained in Stage 1	344,418	-	-	344,418
Newly originated financial assets that moved to Stage 2 and Stage 3	-	3,447,240	319,454	3,766,694
Effect of collections and other movements in receivable balance	(841,651)	(1,910,203)	(309,300)	(3,061,154)
Amounts written-off	-	-	(1,250,021)	(1,250,021)
Allowance for ECL	3,891,874	5,320,219	1,979,412	11,191,505
KHR'000 equivalent (Note 2.5)	15,855,495	21,674,572	8,064,124	45,594,191

NOTES TO THE FINANCIAL STATEMENTS

6. LOANS AND ADVANCES (continued)

(i) Movements of allowance for losses on loans and advances (continued)

	2020			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balance at beginning of year	3,474,372	374,688	2,781,599	6,630,659
Change due to exposure:				
Transfers to Stage 1	142,696	(142,696)	-	-
Transfers to Stage 2	(185,318)	208,313	(22,995)	-
Transfers to Stage 3	(12,625)	(64,868)	77,493	-
Net remeasurement due to change in credit risk	583,907	2,282,072	7,244,168	10,110,147
Newly originated assets that remained in Stage 1	422,510	-	-	422,510
Newly originated assets that moved to Stage 2 and Stage 3	-	297,804	167,411	465,215
Effect of collections and other movements in receivable balance	(291,080)	(79,690)	(405,740)	(776,510)
Amounts written-off	-	-	(7,825,247)	(7,825,247)
Allowance for ECL	4,134,462	2,875,623	2,016,689	9,026,774
KHR'000 equivalent (Note 2.5)	16,723,899	11,631,895	8,157,507	36,513,301

(ii) Grading of the loan portfolio, including net interest receivable

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Stage 1	1,146,119,995	4,669,292,860	1,122,866,410	4,541,994,628
Stage 2	26,469,272	107,835,814	16,548,646	66,939,273
Stage 3	6,893,683	28,084,864	7,168,056	28,994,787
Total	1,179,482,950	4,805,213,538	1,146,583,112	4,637,928,688

Refer to Note 27.2 (f) on credit risk for analysis of loans quality.

(iii) Analysis of loan portfolio by industry sector

Refer to Note 27.2 (e) on concentration of risk of loan portfolio by industry sector.

(iv) Analysis of loan portfolio by maturity

Refer to Note 30 for maturity profile.

NOTES TO THE FINANCIAL STATEMENTS

6. LOANS AND ADVANCES (continued)

(v) Analysis of loan portfolio by residency, relationship, exposure and interest rates range

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Residency				
Residents	1,179,482,950	4,805,213,538	1,146,583,112	4,637,928,688
Non-residents	-	-	-	-
	<u>1,179,482,950</u>	<u>4,805,213,538</u>	<u>1,146,583,112</u>	<u>4,637,928,688</u>
Relationship				
Related parties	5,923,887	24,133,917	5,927,683	23,977,478
Non-related parties	<u>1,173,559,063</u>	<u>4,781,079,621</u>	<u>1,140,655,429</u>	<u>4,613,951,210</u>
	<u>1,179,482,950</u>	<u>4,805,213,538</u>	<u>1,146,583,112</u>	<u>4,637,928,688</u>
Exposure				
Large	133,617,916	544,359,390	50,913,663	205,945,767
Non-large	<u>1,045,865,034</u>	<u>4,260,854,148</u>	<u>1,095,669,449</u>	<u>4,431,982,921</u>
	<u>1,179,482,950</u>	<u>4,805,213,538</u>	<u>1,146,583,112</u>	<u>4,637,928,688</u>
Annual interest rates				
Overdraft		5.25% - 12.00%		5.25% - 12.00%
Fixed loans		3.00% - 15.00%		3.00% - 15.00%
Trust receipts		7.00% - 8.25%		7.00% - 8.00%
Housing loans		3.00% - 12.00%		3.00% - 12.00%
Vehicle loans		6.50% - 14.00%		6.50% - 14.00%

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES

This represents investments in the following unquoted shares:

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Campu Lonpac Insurance Plc.	3,570,000	14,544,180	3,570,000	14,440,650
Campu Securities Plc.	<u>12,000,000</u>	<u>48,888,000</u>	<u>12,000,000</u>	<u>48,540,000</u>
	<u>15,570,000</u>	<u>63,432,180</u>	<u>15,570,000</u>	<u>62,980,650</u>

Investment in Campu Lonpac Insurance Plc.

On 30 August 2007, Campu Lonpac was incorporated as a 51%-owned subsidiary of the Bank. The principal activity of Campu Lonpac is to provide general insurance services in Cambodia.

Investment in Campu Securities Plc.

On 15 February 2010, the Bank incorporated CSP as a wholly-owned subsidiary. The principal activity of CSP is to provide securities related services which include but not limited to securities underwriting, dealing and brokerage.

8. INVESTMENT IN AN ASSOCIATE

This investment represents 49% equity interest in CPB Properties Co., Ltd. ("CPBP"), a company incorporated in Cambodia whose principal activities are to invest and lease the freehold land and building for rental income.

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

Cost	Group					Total
	Buildings	Leasehold improvements	Furniture, fittings and equipment	IT equipment	Motor vehicles	
	USD	USD	USD	USD	USD	USD
At 1 January 2021	23,342,192	11,404,863	6,726,147	6,167,551	1,955,765	49,596,518
Additions	-	61,689	162,820	1,227,008	-	1,451,517
Disposals	-	(750)	(55,395)	(303,183)	-	(359,328)
At 31 December 2021	23,342,192	11,465,802	6,833,572	7,091,376	1,955,765	50,688,707
Less accumulated depreciation						
At 1 January 2021	12,745,523	7,560,767	5,380,337	5,701,819	1,315,717	32,704,163
Depreciation	1,167,109	861,748	423,765	542,179	211,782	3,206,583
Disposals	-	(750)	(51,332)	(302,633)	-	(354,715)
At 31 December 2021	13,912,632	8,421,765	5,752,770	5,941,365	1,527,499	35,556,031
Net book value at 31 December 2021	9,429,560	3,044,037	1,080,802	1,150,011	428,266	15,132,676
KHR'000 equivalent (Note 2.5)	38,416,027	12,401,407	4,403,187	4,685,145	1,744,756	61,650,522

The cost of fully depreciated property and equipment still being used amounting to USD3,540,817 (equivalent to KHR14,425,288,000).

The Group had disposed certain property and equipment with net book value of USD4,613 (equivalent to KHR18,766,000) and total proceeds of USD4,538 (equivalent to KHR18,461,000).

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY AND EQUIPMENT (CONTINUED)

	Group					Total
	Buildings	Leasehold improvements	Furniture, fittings and equipment	IT equipment	Motor vehicles	
Cost	USD	USD	USD	USD	USD	USD
At 1 January 2020	23,342,192	10,892,102	6,611,303	6,139,534	2,384,929	49,370,060
Additions	-	1,171,877	348,759	381,258	-	1,901,894
Disposals	-	(659,116)	(233,915)	(353,241)	(429,164)	(1,675,436)
At 31 December 2020	23,342,192	11,404,863	6,726,147	6,167,551	1,955,765	49,596,518
Less accumulated depreciation						
At 1 January 2020	11,578,414	7,251,733	5,109,546	5,305,788	1,423,154	30,668,635
Depreciation	1,167,109	927,543	486,780	748,208	287,701	3,617,341
Disposals	-	(618,509)	(215,989)	(352,177)	(395,138)	(1,581,813)
At 31 December 2020	12,745,523	7,560,767	5,380,337	5,701,819	1,315,717	32,704,163
Net book value at 31 December 2020	10,596,669	3,844,096	1,345,810	465,732	640,048	16,892,355
KHR'000 equivalent (Note 2.5)	42,863,526	15,549,368	5,443,801	1,883,886	2,588,995	68,329,576

In 2020, the cost of fully depreciated property and equipment still being used amounting to USD2,899,009 (equivalent to KHR11,726,491,000).

The Group had disposed certain property and equipment with net book value of USD93,623 (equivalent to KHR381,701,000) and total proceeds of USD205,556 (equivalent to KHR838,052,000).

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY AND EQUIPMENT (CONTINUED)

	Bank					Total USD
	Buildings USD	Leasehold improvements USD	Furniture, fittings and equipment USD	IT equipment USD	Motor vehicles USD	
Cost						
At 1 January 2021	23,342,194	10,674,492	6,553,578	5,940,201	1,662,462	48,172,927
Additions	-	61,689	161,716	1,203,341	-	1,426,746
Disposals	-	(750)	(53,830)	(280,871)	-	(335,451)
At 31 December 2021	23,342,194	10,735,431	6,661,464	6,862,671	1,662,462	49,264,222
Less accumulated depreciation						
At 1 January 2021	12,745,525	6,830,586	5,211,538	5,517,789	1,034,313	31,339,751
Depreciation	1,167,109	861,558	421,264	512,188	199,882	3,162,001
Disposals	-	(750)	(49,767)	(280,321)	-	(330,838)
At 31 December 2021	13,912,634	7,691,394	5,583,035	5,749,656	1,234,195	34,170,914
Net book value at 31 December 2021	9,429,560	3,044,037	1,078,429	1,113,015	428,267	15,093,308
KHR'000 equivalent (Note 2.5)	38,416,027	12,401,407	4,393,520	4,534,423	1,744,760	61,490,137

The cost of fully depreciated property and equipment still being used amounting to USD2,793,531 (equivalent to KHR11,380,845,000).

The Bank had disposed certain property and equipment with net book value of USD4,613 (equivalent to KHR18,766,000) and total proceeds of USD4,538 (equivalent to KHR18,461,000).

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY AND EQUIPMENT (CONTINUED)

Cost	Bank						Total USD
	Buildings USD	Leasehold improvements USD	Furniture, fittings and equipment USD	IT equipment USD	Motor vehicles USD		
At 1 January 2020	23,342,194	10,161,731	6,441,207	5,882,086	2,091,626		47,918,844
Additions	-	1,171,877	346,286	367,412	-		1,885,575
Disposals	-	(659,116)	(233,915)	(309,297)	(429,164)		(1,631,492)
At 31 December 2020	23,342,194	10,674,492	6,553,578	5,940,201	1,662,462		48,172,927
Less accumulated depreciation							
At 1 January 2020	11,578,416	6,583,174	4,948,710	5,100,720	1,166,141		29,377,161
Depreciation	1,167,109	865,921	478,817	725,318	263,310		3,500,475
Disposals	-	(618,509)	(215,989)	(308,249)	(395,138)		(1,537,885)
At 31 December 2020	12,745,525	6,830,586	5,211,538	5,517,789	1,034,313		31,339,751
Net book value At 31 December 2020	10,596,669	3,843,906	1,342,040	422,412	628,149		16,833,176
KHR'000 equivalent (Note 2.5)	42,863,526	15,548,600	5,428,552	1,708,657	2,540,862		68,090,197

In 2020, the cost of fully depreciated property and equipment still being used amounting to USD2,236,358 (equivalent to KHR9,046,068,000).

The Bank had disposed certain property and equipment with net book value of USD93,607 (equivalent to KHR381,636,000) and total proceeds of USD205,554 (equivalent to KHR838,044,000).

NOTES TO THE FINANCIAL STATEMENTS

10. RIGHT-OF-USE ASSETS

The Group and the Bank leases many assets including office and ATM space. Leases of office space generally have lease terms between 3 and 15 years, while ATM space generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group		Bank	
	Office space	ATM space	Office space	ATM space
	USD	USD	USD	USD
For the year ended 31 December 2020				
As at 1 January 2020		Total		Total
Additions	7,802,289	8,107,308	7,555,980	7,860,999
Depreciation	1,538,954	1,664,590	1,538,954	1,664,590
Remeasurement	(1,353,188)	(1,561,964)	(1,329,727)	(1,538,503)
	(164,400)	(164,400)	-	-
At 31 December 2020	7,823,655	8,045,534	7,765,207	7,987,086
KHR'000 equivalent (Note 2.5)	31,646,684	32,544,185	31,410,262	32,307,763
For the year ended 31 December 2021				
As at 1 January 2021	7,823,655	8,045,534	7,765,207	7,987,086
Additions	638,773	794,564	625,422	781,213
Depreciation	(1,339,330)	(1,552,927)	(1,317,713)	(1,531,310)
At 31 December 2021	7,123,098	7,287,171	7,072,916	7,236,989
KHR'000 equivalent (Note 2.5)	29,019,501	29,687,935	28,815,060	29,483,493

NOTES TO THE FINANCIAL STATEMENTS

11. SOFTWARE COSTS

Movements of the Group and the Bank's software are as follows:

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Cost				
At 1 January	3,467,281	14,025,152	3,393,895	13,830,122
Additions	594	2,416	73,386	299,195
Foreign exchange difference	-	100,555	-	(104,165)
At 31 December	<u>3,467,875</u>	<u>14,128,123</u>	<u>3,467,281</u>	<u>14,025,152</u>
Less accumulated amortization				
At 1 January	2,790,464	11,287,427	2,544,192	10,367,582
Amortization	236,118	960,528	246,272	1,004,051
Foreign exchange difference	-	82,340	-	(84,206)
At 31 December	<u>3,026,582</u>	<u>12,330,295</u>	<u>2,790,464</u>	<u>11,287,427</u>
Net book value at 31 December	<u>441,293</u>	<u>1,797,828</u>	<u>676,817</u>	<u>2,737,725</u>

NOTES TO THE FINANCIAL STATEMENTS

12. OTHER ASSETS

	Group				Bank	
	2021		2020		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Reinsurance assets	4,639,597	18,901,718	8,178,443	33,081,802	-	-
Prepayments and advances	5,055,748	20,597,117	4,614,394	18,665,224	4,988,781	20,324,294
Insurance receivables	1,575,811	6,419,854	1,882,268	7,613,774	-	-
Interest receivable from balances with other banks	1,544,218	6,291,144	1,601,808	6,479,313	1,550,759	6,317,792
Others	534,878	2,179,094	525,655	2,126,275	254,969	1,038,744
	<u>13,350,252</u>	<u>54,388,927</u>	<u>16,802,568</u>	<u>67,966,388</u>	<u>6,794,509</u>	<u>27,680,830</u>
					<u>6,754,664</u>	<u>27,322,616</u>

Others include receivables from credit card companies, other accounts receivable, suspense and inter-branch accounts.

13. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks comprise non-interest earning current accounts and interest-bearing term deposit with interest rate of 2.91% in 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

14. DEPOSITS FROM CUSTOMERS

Deposits from customers comprise:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Current deposits	611,077,294	2,489,528,896	687,512,321	2,780,987,338	639,477,564	2,605,231,596	688,837,606	2,786,348,116
Term deposits	546,871,553	2,227,954,707	536,704,531	2,170,969,828	547,910,115	2,232,185,809	563,263,823	2,278,402,164
Savings deposits	525,838,237	2,142,264,978	653,590,624	2,643,774,074	525,838,237	2,142,264,978	653,590,624	2,643,774,074
Others	1,510,144	6,152,326	1,507,276	6,096,932	1,510,144	6,152,325	1,507,276	6,096,932
	1,685,297,228	6,865,900,907	1,879,314,752	7,601,828,172	1,714,736,060	6,985,834,708	1,907,199,329	7,714,621,286

(a) Interest rates

	2021	2020
Current deposits	0.00% - 0.15%	0.00% - 0.15%
Savings deposits	0.15% - 1.50%	0.15% - 0.20%
Term deposits	0.25% - 6.00%	0.50% - 3.25%

(b) Deposits from related parties

Refer to Note 26 on related party transactions and balances.

NOTES TO THE FINANCIAL STATEMENTS

14. DEPOSITS FROM CUSTOMERS (CONTINUED)

(c) Type of customers

	Group		Bank	
	2021	2020	2021	2020
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Individuals	1,034,931,018	4,216,308,967	1,034,931,018	4,216,308,967
Domestic corporations	551,178,877	2,245,502,745	580,617,709	2,365,436,546
Non-residents	81,683,820	332,779,883	81,683,820	332,779,883
Non-government organizations	17,503,513	71,309,312	17,503,513	71,309,312
	<u>1,685,297,228</u>	<u>6,865,900,907</u>	<u>1,714,736,060</u>	<u>6,985,834,708</u>
			USD	KHR'000 equivalent (Note 2.5)
			1,106,300,868	4,474,987,011
			644,543,545	2,607,178,639
			109,825,974	444,246,066
			18,644,365	75,416,456
			<u>1,879,314,752</u>	<u>7,601,828,172</u>
			<u>1,907,199,329</u>	<u>7,714,621,286</u>

15. INCOME TAX

Major components of income tax expense are as follows:

	Group		Bank	
	2021	2020	2021	2020
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Current	11,884,486	48,346,089	11,773,737	47,895,562
Deferred	(292,470)	(1,189,768)	(292,470)	(1,189,768)
	<u>11,592,016</u>	<u>47,156,321</u>	<u>11,481,267</u>	<u>46,705,794</u>
			USD	KHR'000 equivalent (Note 2.5)
			13,631,383	55,575,148
			(735,015)	(2,996,656)
			<u>12,896,368</u>	<u>52,578,492</u>
			<u>12,783,129</u>	<u>52,116,817</u>

NOTES TO THE FINANCIAL STATEMENTS

15. INCOME TAX (CONTINUED)

15.1 Income tax expense

Details of estimated current income tax expense and payable are as follows:

	Group		Bank	
	2021	2020	2021	2020
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Accounting profit before income tax	58,629,605	238,505,234	57,089,625	232,240,595
Income tax expenses at applicable tax rates	11,725,921	47,701,047	11,417,925	46,448,119
Permanent differences and difference in income tax rate for insurance-related activities	(133,905)	(544,726)	63,342	257,675
Effective income tax	11,592,016	47,156,321	11,481,267	46,705,794
			707,350	2,883,866
			12,1896,368	52,578,492
			11,481,267	46,705,794
			12,783,129	52,116,817

Banking-related activities

In accordance with the Cambodian tax regulations, current income tax is calculated at the higher of the taxable income for the year multiplied by the tax rate of 20% at the reporting date and 1% of turnover.

NOTES TO THE FINANCIAL STATEMENTS

15. INCOME TAX (CONTINUED)

15.1 Income tax expense (continued)

Insurance-related activities

In accordance with Cambodian tax regulations, current income tax is calculated at 5% of insurance premiums and at 20% of any taxable income not attributable to insurance and reinsurance activities and interest income from local banks and financial institutions.

The Bank's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities. The Bank's tax returns up to the year 2021 have been finalised by the tax authorities without any significant assessment.

15.2 Income tax payable

Details of movements of income tax payable are as follows:

	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
At 1 January	11,178,755	45,218,064	14,934,021	60,856,136	11,115,466	44,962,060	14,917,968	60,790,720
Current income tax expense	11,884,486	48,346,089	13,631,383	55,575,148	11,773,737	47,895,562	13,518,144	55,113,473
Payments during the year	(12,650,630)	(51,462,763)	(17,386,649)	(70,885,368)	(12,545,872)	(51,036,607)	(17,320,646)	(70,616,274)
Foreign exchange difference	-	319,587	-	(327,852)	-	317,715	-	(325,859)
At 31 December	10,412,611	42,420,977	11,178,755	45,218,064	10,343,331	42,138,730	11,115,466	44,962,060

NOTES TO THE FINANCIAL STATEMENTS

15. INCOME TAX (CONTINUED)

15.3 Deferred tax asset, net

Deferred tax asset is recognised for the temporary difference arising from unearned revenue, leases, and provision for impairment on loans and advances.

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Unearned revenue	957,516	3,900,920	1,076,136	4,352,970	957,516	3,900,920	1,076,136	4,352,970
Provision for impairment	2,110,353	8,597,578	1,603,475	6,486,056	2,110,353	8,597,578	1,603,475	6,486,056
Right-of-use assets and lease liabilities	241,126	982,348	336,914	1,362,818	241,126	982,348	336,914	1,362,818
	<u>3,308,995</u>	<u>13,480,846</u>	<u>3,016,525</u>	<u>12,201,844</u>	<u>3,308,995</u>	<u>13,480,846</u>	<u>3,016,525</u>	<u>12,201,844</u>

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER LIABILITIES

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Accrued interest payable	7,573,972	30,856,362	8,987,709	36,355,283	8,187,512	33,355,924	9,832,898	39,774,072
Insurance contract liabilities	5,549,804	22,609,901	9,182,542	37,143,382	-	-	-	-
Insurance payables	1,566,871	6,383,432	1,572,800	6,361,976	-	-	-	-
Banker's cheques	1,334,057	5,434,948	325,350	1,316,041	1,334,057	5,434,948	325,350	1,316,041
Allowance for ECL on loan and advance commitments and financial guarantees								
(Note 25)	595,504	2,426,083	779,994	3,155,076	595,504	2,426,083	779,994	3,155,076
Others	7,599,049	30,958,530	6,631,606	26,824,845	6,357,021	25,898,504	5,467,773	22,117,141
	24,219,257	98,669,256	27,480,001	111,156,603	16,474,094	67,115,459	16,406,015	66,362,330

Others mainly comprise of accrued bonus, other tax payables, and other accrued expenses.

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER LIABILITIES (CONTINUED)

Movements of allowance for ECL on loan and advance commitments and financial guarantees for the Group and the Bank are as follows:

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Balance at beginning of year	779,994	3,155,076	639,433	2,605,688
(Reversal) additional charges during the year	(184,490)	(750,505)	140,561	573,067
Foreign exchange difference	-	21,512	-	(23,679)
Balance at end of year	595,504	2,426,083	779,994	3,155,076

17. LEASE LIABILITIES

	Group		Bank	
	2021	2020	2021	2020
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Maturity analysis - contractual undiscounted cash flows				
Less than one year	1,942,227	7,912,633	1,934,522	7,881,243
One to five years	6,023,116	24,538,175	5,946,376	24,225,536
More than five years	3,329,811	13,565,650	3,329,811	13,565,650
Total undiscounted lease liabilities	11,295,154	46,016,458	11,210,709	45,672,429
Present value of lease liabilities				
Current	1,699,363	6,923,205	1,691,658	6,891,815
Non-current	7,308,074	29,773,093	7,231,334	29,460,454
	9,007,437	36,696,298	8,922,992	36,352,269
			12,190,965	49,312,454
			1,326,248	5,364,673
			8,290,406	33,534,692
			9,616,654	38,899,365

NOTES TO THE FINANCIAL STATEMENTS

17. LEASE LIABILITIES (CONTINUED)

Amounts recognized in statement of comprehensive income

	Group		Bank	
	2021	2020	2021	2020
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Depreciation on right of use assets	1,552,927	6,317,307	1,531,310	6,229,369
Interest on lease liabilities	475,111	1,932,751	466,632	1,898,258
Total	2,028,038	8,250,058	1,997,942	8,127,627
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
			1,538,503	6,272,477
			508,704	2,073,986
			2,047,207	8,346,463

The Group and the Bank has total cash outflow for lease as follows:

	Group		Bank	
	2021	2020	2021	2020
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Total cash outflow for lease	1,912,125	7,778,524	1,886,507	7,674,310
			1,461,946	5,960,350

NOTES TO THE FINANCIAL STATEMENTS

18. EQUITY

As at 31 December 2021 and 2020, the authorised share capital comprises 90 million ordinary shares, fully issued and paid at par value of USD1 per share. There were no movements in the paid-up capital during the year. The shareholder of the Bank is Public Bank Berhad, a bank incorporated in Malaysia.

Non-distributable reserve

There is no appropriation made in 2021 (2020: USD20 million).

19. INTEREST INCOME

Interest income arises from:

	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Loans and advances	85,125,672	346,291,234	87,846,803	358,151,416	85,125,672	346,291,234	87,846,803	358,151,416
Balances with other banks and financial institutions	5,338,371	21,716,493	12,302,735	50,158,251	4,986,217	20,283,930	12,244,756	49,921,870
Balances with the NBC	247,528	1,006,944	964,937	3,934,048	247,528	1,006,944	964,937	3,934,048
	90,711,571	369,014,671	101,114,475	412,243,715	90,359,417	367,582,108	101,056,496	412,007,334

NOTES TO THE FINANCIAL STATEMENTS

20. INTEREST EXPENSE

Interest expense arises from:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Term deposits	16,973,925	69,049,927	19,511,933	79,550,151	17,573,877	71,490,532	20,391,896	83,137,760
Savings deposits	1,533,097	6,236,639	1,571,667	6,407,686	1,533,097	6,236,639	1,571,667	6,407,686
Current deposits	429,921	1,748,919	442,036	1,802,181	429,921	1,748,919	442,036	1,802,181
Lease liabilities	475,111	1,932,751	513,641	2,094,114	466,632	1,898,258	508,704	2,073,986
	19,412,054	78,968,236	22,039,277	89,854,132	20,003,527	81,374,348	22,914,303	93,421,613

NOTES TO THE FINANCIAL STATEMENTS

21. NET FEES AND COMMISSION INCOME

Details of net fees and commission income are as follows:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Fees and commission income:								
Remittance	4,227,136	17,195,989	3,133,799	12,776,499	4,227,136	17,195,989	3,133,799	12,776,499
Loan processing fees	2,741,847	11,153,834	2,298,513	9,371,038	2,741,847	11,153,834	2,298,513	9,371,038
Trade finance	2,139,978	8,705,431	1,510,063	6,156,527	2,139,978	8,705,431	1,510,063	6,156,527
Loan commitment fees	2,331,433	9,484,269	2,433,433	9,921,106	2,331,433	9,484,269	2,433,433	9,921,106
Service charges	1,495,054	6,081,880	1,868,385	7,617,406	1,495,054	6,081,880	1,868,385	7,617,406
Credit cards	725,872	2,952,847	870,648	3,549,632	725,872	2,952,847	870,648	3,549,632
Others	962,782	3,916,597	616,598	2,513,869	1,120,194	4,556,949	775,746	3,162,715
	14,624,102	59,490,847	12,731,439	51,906,077	14,781,514	60,131,199	12,890,587	52,554,923
Fees and commission expense	(1,543,002)	(6,276,932)	(431,026)	(1,757,293)	(1,543,002)	(6,276,932)	(431,026)	(1,757,293)
Net fees and commission income	13,081,100	53,213,915	12,300,413	50,148,784	13,238,512	53,854,267	12,459,561	50,797,630

Others pertain to commissions and service fees related to other bank products.

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER OPERATING INCOME

Other operating income comprises:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Recovery of loans written off	1,386,075	5,638,553	4,902,420	19,987,166	1,386,075	5,638,553	4,902,420	19,987,166
Foreign exchange gains - net	1,556,614	6,332,306	1,505,658	6,138,568	1,556,614	6,332,306	1,505,658	6,138,568
Others	270,164	1,099,027	422,768	1,723,625	410,986	1,671,891	548,478	2,236,145
	3,212,853	13,069,886	6,830,846	27,849,359	3,353,675	13,642,750	6,956,556	28,361,879

Others pertain to rental income and other miscellaneous income.

NOTES TO THE FINANCIAL STATEMENTS

23. OTHER OPERATING EXPENSES

Other operating expenses comprise:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Staff and other related cost	16,860,611	68,588,966	15,872,990	64,714,180	15,597,376	63,450,126	14,716,112	59,997,589
Depreciation and amortisation	4,995,628	20,322,215	5,425,577	22,120,077	4,929,429	20,052,917	5,285,250	21,547,965
Repairs and maintenance	1,439,746	5,856,887	1,697,296	6,919,876	1,413,694	5,750,907	1,677,098	6,837,529
Utilities	686,432	2,792,405	788,518	3,214,788	663,667	2,699,797	764,521	3,116,952
Security expenses	654,883	2,664,064	651,196	2,654,926	650,159	2,644,847	646,873	2,637,301
Other taxes	461,954	1,879,229	485,687	1,980,146	354,053	1,440,288	376,324	1,534,273
License fees	476,606	1,938,833	473,129	1,928,947	452,530	1,840,892	448,614	1,828,999
Professional fees	402,398	1,636,955	179,148	730,386	342,076	1,391,565	144,955	590,982
Stationeries and printing	299,298	1,217,544	228,964	933,486	287,959	1,171,417	214,424	874,207
Directors' remuneration	180,625	734,783	190,625	777,178	180,625	734,783	190,625	777,178
Telecommunication	103,448	420,826	113,159	461,349	81,091	329,878	89,715	365,768
Travelling and transportation	32,064	130,436	71,804	292,745	18,457	75,083	53,437	217,863
Insurance	13,751	55,939	136,693	557,297	1,051,559	4,277,742	1,460,140	5,952,991
Shareholder's meeting	10,000	40,680	9,000	36,693	10,000	40,680	9,000	36,693
Others	681,793	2,773,534	833,338	3,397,521	599,787	2,439,933	750,764	3,060,863
	27,299,237	111,053,296	27,157,124	110,719,595	26,632,462	108,340,855	26,827,852	109,377,153

Others pertain mainly to accommodation, public relations, non-capitalisable fixed assets and subscription fees.

NOTES TO THE FINANCIAL STATEMENTS

24. NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES

	Group	
	2021	2020
	USD	KHR'000 equivalent (Note 2.5)
Profit before tax	58,629,605	238,505,234
Adjustments for:		
Provision for expected credit losses	3,200,036	13,017,746
Depreciation of property and equipment	3,206,583	13,044,380
Depreciation of right-of-use assets	1,552,927	6,317,307
Amortisation of software costs	236,118	960,528
Loss (gain) from sale of property and equipment	75	305
Change in working capital:		
Decrease (increase) in operating assets		
Balances with the National Bank of Cambodia	3,674,574	14,948,167
Balances with other banks and financial institutions	193,116,826	785,599,248
Loans and advances	(34,149,859)	(138,921,626)
Other assets	3,454,438	14,052,654
(Decrease) increase in operating liabilities		
Deposits from other banks and financial institutions	(39,881,658)	(162,238,585)
Deposits from customers	(194,017,524)	(789,263,288)
Other liabilities	(3,131,254)	(12,737,941)
Income tax paid	(4,109,113)	(16,715,871)
	(12,650,630)	(51,462,763)
Net cash (used in) provided by operating activities	(16,759,743)	(68,178,634)
	USD	KHR'000 equivalent (Note 2.5)
	62,133,288	253,317,416
	10,310,545	42,036,092
	3,617,341	14,747,899
	1,561,964	6,368,127
	246,272	1,004,051
	(111,933)	(456,351)
	152,406,546	621,361,488
	(127,092,177)	(518,154,806)
	(6,228,108)	(25,391,996)
	(1,070,915)	(4,366,120)
	6,556,089	26,729,175
	(22,484,318)	(91,668,564)
	2,269,079	9,251,035
	82,113,673	334,777,446
	(17,386,649)	(70,885,368)
	64,727,024	263,892,078

NOTES TO THE FINANCIAL STATEMENTS

24. NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES (CONTINUED)

	Bank		2020	
	2021	2020		
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Profit before tax	57,089,625	232,240,595	60,378,895	246,164,755
Adjustments for:				
Provision for expected credit losses	3,225,990	13,123,327	10,351,563	42,203,322
Depreciation of property and equipment	3,162,001	12,863,020	3,500,475	14,271,437
Depreciation of right-of-use assets	1,531,310	6,229,369	1,538,503	6,272,477
Amortisation of software costs	236,118	960,528	246,272	1,004,051
Loss (gain) from sale of property and equipment	75	305	(111,947)	(456,408)
Change in working capital:				
Decrease (increase) in operating assets				
Balances with the National Bank of Cambodia	3,674,574	14,948,167	152,406,546	621,361,488
Balances with other banks and financial institutions	193,181,600	785,862,749	(125,583,966)	(512,005,829)
Loans and advances	(34,149,859)	(138,921,626)	(6,228,108)	(25,391,996)
Other assets	(39,845)	(162,089)	2,771,665	11,300,078
(Decrease) increase in operating liabilities				
Deposits from other banks and financial institutions	(39,881,658)	(162,238,585)	6,556,089	26,729,175
Deposits from customers	(192,463,269)	(782,940,578)	(20,548,419)	(83,775,904)
Other liabilities	197,569	803,711	(1,055,701)	(4,304,093)
Income tax paid	(4,235,769)	(17,231,107)	84,221,867	343,372,553
	(12,545,872)	(51,036,607)	(17,320,646)	(70,616,274)
Net cash (used in) provided by operating activities	(16,781,641)	(68,267,714)	66,901,221	272,756,279

NOTES TO THE FINANCIAL STATEMENTS

25. COMMITMENTS AND CONTINGENCIES

(a) Loan and advance commitments and financial guarantees

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Loan and advance commitments:				
Unused portion of overdraft	164,316,138	669,423,946	179,050,614	724,259,734
Unused portion of credit cards	22,461,126	91,506,627	23,385,133	94,592,863
Loan commitments	10,236,519	41,703,578	14,267,005	57,710,035
Financial guarantee:				
Letters of credit	106,269,234	432,940,859	59,862,186	242,142,542
Unused portion of trade bills	41,680,159	169,804,968	77,792,005	314,668,660
Bank guarantees	-	-	27,497,310	111,226,619
Others	28,619,643	116,596,426	1,776,110	7,184,365
	<u>373,582,819</u>	<u>1,521,976,404</u>	<u>383,630,363</u>	<u>1,551,784,818</u>
Allowance for ECL on loan and advance commitments and financial guarantees (Note 16)	<u>(595,504)</u>	<u>(2,426,083)</u>	<u>(779,994)</u>	<u>(3,155,076)</u>
Total net	<u>372,987,315</u>	<u>1,519,550,321</u>	<u>382,850,369</u>	<u>1,548,629,742</u>

(b) Capital commitments

	2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Capital commitments	<u>-</u>	<u>-</u>	<u>1,791,500</u>	<u>7,246,618</u>

(c) Legal claims

During the year, the Bank pursued legal claims against borrowers in default. Majority of these claims are still being negotiated and/or disputed by borrowers, thus, neither the ultimate outcome of these claims, nor the amounts recoverable can be determined at this time.

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties during the year, which were made at normal terms and conditions, and the resulting transactions and outstanding balances as at year end were as follows:

a. Related party balances

Group	Public Bank Berhad		Affiliated companies		Associated company		Key management personnel	
	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD
Receivables from related parties:								
Balances with other banks								
Current accounts	36,569,760	27,267,122	207,012	492,323	-	-	-	-
Placements	280,000,000	531,363,329	-	18,495,243	-	-	-	-
Loans and advances	-	-	-	-	5,919,807	5,923,603	4,080	4,080
Right-of-use assets	-	-	-	-	997,052	1,194,593	-	-
Other assets	84,684	-	-	-	-	-	-	-
Total	316,654,444	558,630,451	207,012	18,987,566	6,916,859	7,118,196	4,080	4,080
KHR'000 equivalent (Note 2.5)	1,290,050,205	2,259,660,174	843,367	76,804,704	28,179,285	28,793,103	16,622	16,504
Payable from related parties:								
Deposits from financial institution								
Current deposits	3,605	-	-	-	-	-	-	-
Deposits from customers	-	-	-	-	8,000	8,000	-	-
Current deposits	-	-	-	-	1,214,913	1,421,963	-	-
Lease liabilities	-	-	-	-	-	-	-	-
Total	3,605	-	-	-	1,222,913	1,429,963	-	-
KHR'000 equivalent (Note 2.5)	14,687	-	-	-	4,982,148	5,784,200	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a. Related party balances (continued)

Bank	Public Bank Berhad		Affiliated companies		Subsidiary companies		Associated company		Key management personnel	
	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD
Receivables from related parties:										
Balances with other banks										
Current accounts	36,569,760	27,267,122	207,012	492,323	-	-	-	-	-	-
Placements	280,000,000	531,363,329	-	18,495,243	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	5,919,807	5,923,603	4,080	4,080
Right-of-use assets	-	-	-	-	-	-	997,052	1,194,593	-	-
Other assets	84,684	-	-	-	-	-	-	-	-	-
Total	316,654,444	558,630,451	207,012	18,987,566	-	-	6,916,859	7,118,196	4,080	4,080
KHR'000 equivalent										
(Note 2.5)	1,290,050,205	2,259,660,174	843,367	76,804,704	-	-	28,179,285	28,793,103	16,622	16,504
Payable from related parties:										
Deposits from financial institutions										
Current deposits	3,605	-	-	-	-	-	-	-	-	-
Deposits from customers										
Current deposits	-	-	-	-	1,038,561	1,307,185	8,000	8,000	-	-
Term deposits	-	-	-	-	28,400,270	27,164,740	-	-	-	-
Lease liabilities	-	-	-	-	-	-	1,214,913	1,421,963	-	-
Other liabilities	-	-	-	-	613,540	-	-	-	-	-
Total	3,605	-	-	-	30,052,371	28,471,925	1,222,913	1,429,963	-	-
KHR'000 equivalent										
(Note 2.5)	14,687	-	-	-	122,433,359	115,168,937	4,982,148	5,784,200	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS AND BALANCES

b. Related party transactions

Group	Public Bank Berhad		Affiliated companies		Associated company		Key management personnel	
	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD
Income from related parties:								
Interest income	1,513,568	6,171,550	36,947	609,399	177,580	162,324	-	-
KHR'000 equivalent (Note 2.5)	6,157,195	25,161,409	150,300	2,484,520	722,395	661,795	-	-
Expenses to related parties:								
Interest expense	449,163	-	-	-	66,362	69,539	-	-
Depreciation expense	-	-	-	-	196,077	184,184	-	-
Remuneration and benefits	-	-	-	-	-	-	314,147	695,469
Total	449,163	-	-	-	262,439	253,723	314,147	695,469
KHR'000 equivalent (Note 2.5)	1,827,195	-	-	-	1,067,602	1,034,429	1,277,950	2,835,427

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

b. Related party transactions (continued)

Bank	Public Bank Berhad		Affiliated companies		Subsidiary companies		Associated company		Key management personnel	
	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD	2021 USD	2020 USD
Income from related parties:										
Interest income	1,513,568	6,171,550	36,947	609,399	-	-	177,580	162,324	-	-
Fee and commission income	-	-	-	-	162,441	168,283	-	-	-	-
Rental income	-	-	-	-	150,956	140,888	-	-	-	-
Total	1,513,568	6,171,550	36,947	609,399	313,397	309,171	177,580	162,324	-	-
KHR'000 equivalent										
(Note 2.5)	6,157,195	25,161,409	150,300	2,484,520	1,274,899	1,260,490	722,395	661,795	-	-
Expenses to related parties:										
Interest expense	449,163	-	-	-	857,165	879,963	66,362	69,539	-	-
Depreciation expense	-	-	-	-	-	-	196,077	184,184	-	-
Insurance expense	-	-	-	-	1,051,559	1,337,151	-	-	-	-
Remuneration and benefits	-	-	-	-	-	-	-	-	314,147	695,469
Total	449,163	-	-	-	1,908,724	2,217,114	262,439	253,723	314,147	695,469
KHR'000 equivalent										
(Note 2.5)	1,827,195	-	-	-	7,764,689	9,039,174	1,067,602	1,034,429	1,277,950	2,835,427

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT

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

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

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

(i) Risk management functional and governance structure

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

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

A primary objective of the Group in risk management is to comply with NBC's regulations. On the other hand, the Group and the Bank has recognised the importance of achieving international best practices on risk management. The Board of Directors has established a Credit Committee to formulate broad parameters of acceptable risk for the Group and the Bank and monitor the activities against these parameters.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

The details of financial assets and liabilities are as follows:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Financial assets								
Cash on hand	72,390,956	294,920,755	69,256,106	280,140,949	72,390,525	294,918,999	69,255,831	280,139,836
Balances with the National Bank of Cambodia*	401,990,659	1,637,709,945	489,387,543	1,979,572,611	401,990,659	1,637,709,945	489,387,543	1,979,572,611
Balances with other banks and financial institutions	610,723,712	2,488,088,403	814,888,451	3,296,223,784	609,155,932	2,481,701,267	813,389,109	3,290,158,946
Loans and advances	1,168,291,445	4,759,619,347	1,137,556,338	4,601,415,387	1,168,291,445	4,759,619,347	1,137,556,338	4,601,415,387
Other assets**	7,913,309	32,238,821	12,054,792	48,761,634	2,339,431	9,530,842	2,862,814	11,580,083
Total financial assets	2,261,310,081	9,212,577,271	2,523,143,230	10,206,114,365	2,254,167,992	9,183,480,400	2,512,451,635	10,162,866,863
Financial liabilities								
Deposits from other banks and financial institutions	10,133,842	41,285,272	50,015,500	202,312,698	10,133,842	41,285,272	50,015,500	202,312,698
Deposits from customers	1,685,297,228	6,865,900,907	1,879,314,752	7,601,828,172	1,714,736,060	6,985,834,708	1,907,199,329	7,714,621,286
Borrowings from the National Bank of Cambodia	-	-	80,593,720	326,001,597	-	-	80,593,720	326,001,597
Lease liabilities	9,007,437	36,696,298	9,704,887	39,256,268	8,922,992	36,352,269	9,616,654	38,899,365
Other liabilities***	18,993,522	77,379,609	21,850,250	88,384,261	11,841,370	48,241,741	11,372,789	46,002,932
Total financial liabilities	1,723,432,029	7,021,262,086	2,041,479,109	8,257,782,996	1,745,634,264	7,111,713,990	2,058,797,992	8,327,837,878

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

***exclude withholding tax payables

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

The Group's operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements. These are continually reviewed to address the operational risks of the business unit as well as to assess the level of compliance with the Group policies by a program of periodic reviews undertaken by the internal audit function. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the audit committee and senior management of the Group.

27.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business. Credit exposure arises principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The lending activities are guided by the Group's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Group's own internal grading system, and procedures implemented to ensure compliance with the NBC's guidelines.

(a) Credit risk measurement

The Group assesses the probability of default of individual counterparties using internal rating tool. Local credit committee is responsible for determining the risk rating policies.

Risk ratings are reviewed and updated regularly and in events of (i) change of loan terms and conditions including extension, (ii) repayment irregularities or delinquencies, and (iii) adverse information relating to the borrower or transaction.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(b) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages, limits and controls the concentration of credit risk whenever it is identified. Large exposure is defined by the NBC as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

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

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

(c) Management of credit risk

- Developing and maintaining the Group 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 Bank Credit, 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 Group and the Bank in the management of credit risk. The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans and advances to customers, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:
 - Mortgages over residential properties (land, building and other properties);
 - Charges over business assets such as land and buildings; and
 - Cash in the form of margin deposits

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

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

Details of maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	Group				Bank			
	2021		2020		2021		2020	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Balances with the National Bank of Cambodia*	401,990,659	1,637,709,945	489,387,543	1,979,572,611	401,990,659	1,637,709,945	489,387,543	1,979,572,611
Balances with other banks and financial institutions	610,946,733	2,488,996,990	815,115,744	3,297,143,184	609,378,953	2,482,609,854	813,616,402	3,291,078,346
Loans and advances	1,179,482,950	4,805,213,538	1,146,583,112	4,637,928,688	1,179,482,950	4,805,213,538	1,146,583,112	4,637,928,688
Other assets**	7,913,309	32,238,821	12,054,792	48,761,634	2,339,431	9,530,842	2,862,814	11,580,083
	2,200,333,651	8,964,159,294	2,463,141,191	9,963,406,117	2,193,191,993	8,935,064,179	2,452,449,871	9,920,159,728

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

The credit exposure amounts arising from off balance sheet items are disclosed in Note 25 on commitments and contingencies.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(e) Concentration of risks of financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group monitors concentration of credit risk of counterparty by industry. An analysis of concentration of the credit risk as at the balance sheet date is shown below:

	Group					
	Balances with the National Bank of Cambodia*	Balances with other financial institutions	Loans and advances	Others assets**	Total	USD
2021	USD	USD	USD	USD	USD	USD
Financing, insurance and business services	401,990,659	610,946,733	9,650,683	-	-	1,022,588,075
Wholesale and retail	-	-	293,112,724	-	-	293,112,724
Household and personal essentials	-	-	281,848,646	-	-	281,848,646
Construction	-	-	183,247,277	-	-	183,247,277
Real estate, rental and operational leasing activities	-	-	116,582,348	-	-	116,582,348
Hotels and restaurants	-	-	54,562,295	-	-	54,562,295
Manufacturing	-	-	51,758,972	-	-	51,758,972
Transportation, storage and communication	-	-	60,461,693	-	-	60,461,693
Agriculture, forestry and fishing	-	-	21,693,643	-	-	21,693,643
Utilities	-	-	13,400,881	-	-	13,400,881
Others	-	-	93,163,788	7,913,309	-	101,077,097
Less allowance for ECL	401,990,659	610,946,733	1,179,482,950	7,913,309	-	2,200,333,651
	-	(223,021)	(11,191,505)	-	-	(11,414,526)
Total	401,990,659	610,723,712	1,168,291,445	7,913,309	-	2,188,919,125
Equivalent in KHR'000 (Note 2.5)	1,637,709,945	2,488,088,403	4,759,619,347	32,238,821	-	8,917,656,516

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(e) Concentration of risks of financial assets with credit risk exposure (continued)

	2020					
	Balances with the National Bank of Cambodia*		Balances with other banks and financial institutions		Group	
	USD	USD	USD	USD	Loans and advances	Others assets**
Financing, insurance and business services	489,387,543	815,115,744	7,577,190	-	-	1,312,080,477
Wholesale and retail	-	-	297,887,589	-	-	297,887,589
Household and personal essentials	-	-	238,302,608	-	-	238,302,608
Construction	-	-	157,236,917	-	-	157,236,917
Real estate, rental and operational leasing activities	-	-	149,957,429	-	-	149,957,429
Hotels and restaurants	-	-	69,766,846	-	-	69,766,846
Manufacturing	-	-	60,760,642	-	-	60,760,642
Transportation, storage and communication	-	-	38,120,474	-	-	38,120,474
Agriculture, forestry and fishing	-	-	22,145,520	-	-	22,145,520
Utilities	-	-	15,770,891	-	-	15,770,891
Others	-	-	89,057,006	-	12,054,792	101,111,798
Less allowance for ECL	-	(227,293)	(9,026,774)	-	-	(9,254,067)
Total	489,387,543	815,115,744	1,146,583,112	12,054,792	2,463,141,191	2,453,887,124
Equivalent in KHR'000 (Note 2.5)	1,979,572,611	3,296,223,784	4,601,415,387	48,761,634	9,925,973,416	9,925,973,416

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(e) Concentration of risks of financial assets with credit risk exposure (continued)

	Bank					Total USD
	Balances with the National Bank of Cambodia*	Balances with other banks and financial institutions	Loans and advances	Others assets**	USD	
2021						
Financing, insurance and business services	401,990,659	609,378,953	9,650,683	-	-	1,021,020,295
Wholesale and retail	-	-	293,112,724	-	-	293,112,724
Household and personal essentials	-	-	281,848,646	-	-	281,848,646
Construction	-	-	183,247,277	-	-	183,247,277
Real estate, rental and operational leasing activities	-	-	116,582,348	-	-	116,582,348
Hotels and restaurants	-	-	54,562,295	-	-	54,562,295
Manufacturing	-	-	51,758,972	-	-	51,758,972
Transportation, storage and communication	-	-	60,461,693	-	-	60,461,693
Agriculture, forestry and fishing	-	-	21,693,643	-	-	21,693,643
Utilities	-	-	13,400,881	-	-	13,400,881
Others	-	-	93,163,788	2,339,431	-	95,503,219
	401,990,659	609,378,953	1,179,482,950	2,339,431	-	2,193,191,993
Less allowance for ECL	-	(223,021)	(11,191,505)	-	-	(11,414,526)
Total	401,990,659	609,155,932	1,168,291,445	2,339,431	-	2,181,777,467
Equivalent in KHR'000 (Note 2.5)	1,637,709,945	2,481,701,267	4,759,619,347	9,530,842	-	8,888,561,401

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(e) Concentration of risks of financial assets with credit risk exposure (continued)

	Bank				
	Balances with the National Bank of Cambodia*	Balances with other banks and financial institutions	Loans and advances	Others assets**	Total
					USD
2020	USD	USD	USD	USD	USD
Financing, insurance and business services	489,387,543	813,616,402	7,577,190	-	1,310,581,135
Wholesale and retail	-	-	297,887,589	-	297,887,589
Household and personal essentials	-	-	238,302,608	-	238,302,608
Construction	-	-	157,236,917	-	157,236,917
Real estate, rental and operational leasing activities	-	-	149,957,429	-	149,957,429
Hotels and restaurants	-	-	69,766,846	-	69,766,846
Manufacturing	-	-	60,760,642	-	60,760,642
Transportation, storage and communication	-	-	38,120,474	-	38,120,474
Agriculture, forestry and fishing	-	-	22,145,520	-	22,145,520
Utilities	-	-	15,770,891	-	15,770,891
Others	-	-	89,057,006	2,862,814	91,919,820
Less allowance for ECL	489,387,543	813,616,402	1,146,583,112	2,862,814	2,452,449,871
Total	-	(227,293)	(9,026,774)	-	(9,254,067)
Equivalent in KHR'000 (Note 2.5)	489,387,543	813,389,109	1,137,556,338	2,862,814	2,443,195,804
	1,979,572,611	3,290,158,946	4,601,415,387	11,580,083	9,882,727,027

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(f) Credit quality

Credit quality of loans and advances is summarized as follows:

	Group			
	Standard	Substandard	Credit-	Total
	grade	grade	impaired	
USD	USD	USD	USD	
2021				
Balances with the National Bank of Cambodia*	401,990,659	-	-	401,990,659
Balances with other banks and financial institutions	610,946,733	-	-	610,946,733
Loans and advances	1,146,119,995	26,469,272	6,893,683	1,179,482,950
Other assets**	7,913,309	-	-	7,913,309
	2,166,970,696	26,469,272	6,893,683	2,200,333,651
Less allowance for ECL	(4,114,895)	(5,320,219)	(1,979,412)	(11,414,526)
Total	2,162,855,801	21,149,053	4,914,271	2,188,919,125
Equivalent in KHR'000 (Note 2.5)	8,811,474,534	86,161,242	20,020,740	8,917,656,516
2020				
Balances with the National Bank of Cambodia*	489,387,543	-	-	489,387,543
Balances with other banks and financial institutions	815,115,744	-	-	815,115,744
Loans and advances	1,122,866,410	16,548,646	7,168,056	1,146,583,112
Other assets**	12,054,792	-	-	12,054,792
	2,439,424,489	16,548,646	7,168,056	2,463,141,191
Less allowance for ECL	(4,361,755)	(2,875,623)	(2,016,689)	(9,254,067)
Total	2,435,062,734	13,673,023	5,151,367	2,453,887,124
Equivalent in KHR'000 (Note 2.5)	9,849,828,759	55,307,378	20,837,279	9,925,973,416

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(f) Credit quality (continued)

2021	Bank			Total
	Standard	Substandard	Credit-	
	grade	grade	impaired	
	USD	USD	USD	USD
Balances with the National Bank of Cambodia*	401,990,659	-	-	401,990,659
Balances with other banks and financial institutions	609,378,953	-	-	609,378,953
Loans and advances	1,146,119,995	26,469,272	6,893,683	1,179,482,950
Other assets**	2,339,431	-	-	2,339,431
	2,159,829,038	26,469,272	6,893,683	2,193,191,993
Less allowance for ECL	(4,114,895)	(5,320,219)	(1,979,412)	(11,414,526)
Total	2,155,714,143	21,149,053	4,914,271	2,181,777,467
Equivalent in KHR'000				
(Note 2.5)	8,782,379,419	86,161,242	20,020,740	8,888,561,401

2020	Bank			Total
	Standard	Substandard	Credit-	
	grade	grade	impaired	
	USD	USD	USD	USD
Balances with the National Bank of Cambodia*	489,387,543	-	-	489,387,543
Balances with other banks and financial institutions	813,616,402	-	-	813,616,402
Loans and advances	1,122,866,410	16,548,646	7,168,056	1,146,583,112
Other assets**	2,862,814	-	-	2,862,814
	2,428,733,169	16,548,646	7,168,056	2,452,449,871
Less allowance for ECL	(4,361,755)	(2,875,623)	(2,016,689)	(9,254,067)
Total	2,424,371,414	13,673,023	5,151,367	2,443,195,804
Equivalent in KHR'000				
(Note 2.5)	9,806,582,370	55,307,378	20,837,279	9,882,727,027

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

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

Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(f) Credit quality (continued)

(i) Stage 1 or Standard grade : 12-month ECL - not credit-impaired

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

(ii) Stage 2 or Substandard grade : Lifetime ECL - not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

(iii) Stage 3 or Credit-Impaired : Lifetime ECL - credit-impaired

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

Stages	Credit Risk Status	Default Indicator
1	12-month ECL - not credit-impaired	0 to 29 Days Past Due (DPD)
2	Lifetime ECL - not credit-impaired	30 to 89 DPD
3	Lifetime ECL - credit-impaired	More than 90 DPD Restructured and Rescheduled (R&R) Forced default Related default

The definition of default used for these purposes shall be applied consistently to all financial assets unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

Based on the Group and the Bank's definition of default, an account classified as default will be automatically tagged as "Yes" in the "Impairment Indicator" field when the "Default-Reason" field shows one of the four default reasons below:

- Normal Turn: The account's delinquency exceeds 90 DPD and is applicable to all products except Trade Finance product which has definition of default 31 DPD due to the short-term nature of the product.
- Restructured and Rescheduled ("R&R"): When the account undergoes debt restructuring or rescheduling;
- Forced: When account shows deterioration in its credit profile, but its delinquency does not exceed 90 DPD; and
- Related: Refers to cross default by obligor(s) of the same borrower type within the same loan listing source.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(f) Credit quality (continued)

(iv) Incorporation of forward-looking information

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

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group and the Bank operates, supranational organizations such as the 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 using an analysis of historical data and estimated relationships between macro-economic variables and credit risk and credit losses.

(g) Repossessed collateral

During the year, the Bank did not repossess any collateral held as security.

27.3 Market risk

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

The Group does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, pre-determined position limits and cut-loss limits.

As at 31 December 2021, balances in monetary assets and liabilities denominated in currencies other than USD are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.3 Market risk (continued)

(ii) Price risk

The Group is not exposed to price risk of securities because it does not hold any investments classified on the balance sheet as marketable securities.

(iii) Interest rate risk

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

The Group has no significant financial assets and liabilities with floating interest rates. Balances with the NBC, balances with other banks, and loans and advances earn fixed interest rates and deposits from other banks and customers have fixed interest rates.

27.4 Liquidity risk

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

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

Financial assets

Analysis of financial assets into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier the expected date the assets will be realised.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.4 Liquidity risk (continued)

Maturity profile of the financial assets and liabilities based on the remaining period to repayment date is as follows:

2021	Group						Total USD
	On demand and up to 1 month USD	>1-3 months USD	>3-6 months USD	>6-12 months USD	>1 to 5 years USD	Over 5 years USD	
Financial assets							
Cash on hand	72,390,956	-	-	-	-	-	72,390,956
Balances with the National Bank of Cambodia*	267,990,659	79,000,000	50,000,000	5,000,000	-	-	401,990,659
Balances with other banks and financial institutions	180,586,912	232,136,800	173,000,000	25,000,000	-	-	610,723,712
Loans and advances	103,159,617	100,588,985	89,364,471	144,761,104	538,355,993	622,849,201	1,599,079,371
Other assets**	7,280,831	665,826	1,019,227	84,711	-	-	9,050,595
Total financial assets	631,408,975	412,391,611	313,383,698	174,845,815	538,355,993	622,849,201	2,693,235,293

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.4 Liquidity risk (continued)

2021	Group						Total USD
	On demand and up to 1 month USD	>1-3 months USD	>3-6 months USD	>6-12 months USD	>1 to 5 years USD	Over 5 years USD	
Financial liabilities							
Deposits from other banks and financial institutions	10,133,842	-	-	-	-	-	10,133,842
Deposits from customers	1,262,283,191	110,504,728	98,740,300	213,769,009	-	-	1,685,297,228
Lease liabilities	163,422	326,344	489,517	962,944	6,023,116	3,329,811	11,295,154
Other liabilities***	13,245,830	2,775,911	2,797,919	6,916,295	-	-	25,735,955
Total financial liabilities	1,285,826,285	113,606,983	102,027,736	221,648,248	6,023,116	3,329,811	1,732,462,179
Net liquidity surplus (gap)	(654,417,310)	298,784,628	211,355,962	(46,802,433)	532,332,877	619,519,390	960,773,114
Equivalent in KHR'000							
(Note 2.5)	(2,666,096,121)	1,217,248,574	861,064,189	(190,673,112)	2,168,724,141	2,523,921,995	3,914,189,666

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

***exclude withholding tax payables

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.4 Liquidity risk (continued)

2020	Group						Total USD
	On demand and up to 1 month USD	>1-3 months USD	>3-6 months USD	>6-12 months USD	>1 to 5 years USD	Over 5 years USD	
Financial assets							
Cash on hand	69,256,106	-	-	-	-	-	69,256,106
Balances with the National Bank of Cambodia*	353,887,543	40,500,000	65,750,000	29,250,000	-	-	489,387,543
Balances with other banks and financial institutions	224,388,451	161,500,000	309,000,000	120,000,000	-	-	814,888,451
Loans and advances	99,313,991	110,793,624	76,876,490	160,609,499	528,881,767	561,711,367	1,538,186,738
Other assets**	11,342,892	503,751	1,131,182	781,684	-	-	13,759,509
Total financial assets	758,188,983	313,297,375	452,757,672	310,641,183	528,881,767	561,711,367	2,925,478,347
Financial liabilities							
Deposits from other banks and financial institutions	8,314,730	-	41,700,770	-	-	-	50,015,500
Deposits from customers	1,421,107,999	140,643,696	127,896,800	189,666,257	-	-	1,879,314,752
Borrowings from the National Bank of Cambodia	2,967,020	29,666,255	24,721,879	23,238,566	-	-	80,593,720
Lease liabilities	169,054	335,349	497,337	970,655	6,106,396	4,200,407	12,279,198
Other liabilities***	13,963,119	3,590,496	5,391,653	7,425,143	-	-	30,370,411
Total financial liabilities	1,446,521,922	174,235,796	200,208,439	221,300,621	6,106,396	4,200,407	2,052,573,581
Net liquidity surplus (gap)	(688,332,939)	139,061,579	252,549,233	89,340,562	522,775,371	557,510,960	872,904,766
Equivalent in KHR'000	(2,784,306,738)	562,504,087	1,021,561,647	361,382,573	2,114,626,376	2,255,131,833	3,530,899,778
(Note 2.5)							

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

***exclude withholding tax payables

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.4 Liquidity risk (continued)

2021	On demand and up to 1 month USD	Bank					Over 5 years USD	Total USD
		>1-3 months USD	>3-6 months USD	>6-12 months USD	>1 to 5 years USD			
Financial assets								
Cash on hand	72,390,525	-	-	-	-	-	72,390,525	
Balances with the National Bank of Cambodia*	267,990,659	79,000,000	50,000,000	5,000,000	-	-	401,990,659	
Balances with other banks and financial institutions	179,019,132	232,136,800	173,000,000	25,000,000	-	-	609,155,932	
Loans and advances	103,159,617	100,588,985	89,364,471	144,761,104	538,355,993	622,849,201	1,599,079,371	
Other assets**	1,706,953	665,826	1,019,227	84,711	-	-	3,476,717	
Total financial assets	624,266,886	412,391,611	313,383,698	174,845,815	538,355,993	622,849,201	2,686,093,204	
Financial liabilities								
Deposits from other banks and financial institutions	10,133,842	-	-	-	-	-	10,133,842	
Deposits from customers	1,272,807,505	116,538,299	104,100,001	221,290,255	-	-	1,714,736,060	
Lease liabilities	163,422	326,344	489,517	955,239	5,946,376	3,329,811	11,210,709	
Other liabilities***	6,093,678	2,775,911	2,797,919	6,916,295	-	-	18,583,803	
Total financial liabilities	1,289,198,447	119,640,554	107,387,437	229,161,789	5,946,376	3,329,811	1,754,664,414	
Net liquidity surplus (gap)	(664,931,561)	292,751,057	205,996,261	(54,315,974)	532,409,617	619,519,390	931,428,790	
Equivalent in KHR'000	(2,708,931,180)	1,192,667,806	839,228,767	(221,283,278)	2,169,036,780	2,523,921,995	3,794,640,890	

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

***exclude withholding tax payables

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.4 Liquidity risk (continued)

2020	Bank							Total USD
	On demand and up to 1 month USD	>1-3 months USD	>3-6 months USD	>6-12 months USD	>1 to 5 years USD	Over 5 years USD		
Financial assets								
Cash on hand	69,255,831	-	-	-	-	-	69,255,831	
Balances with the National Bank of Cambodia*	353,887,543	40,500,000	65,750,000	29,250,000	-	-	489,387,543	
Balances with other banks and financial institutions	222,889,109	161,500,000	309,000,000	120,000,000	-	-	813,389,109	
Loans and advances	99,313,991	110,793,624	76,876,490	160,609,499	528,881,767	561,711,367	1,538,186,738	
Other assets**	2,150,914	503,751	1,131,182	781,684	-	-	4,567,531	
Total financial assets	747,497,388	313,297,375	452,757,672	310,641,183	528,881,767	561,711,367	2,914,786,752	
Financial liabilities								
Deposits from other banks and financial institutions	8,314,730	-	41,700,770	-	-	-	50,015,500	
Deposits from customers	1,431,642,179	147,193,116	131,981,707	196,382,327	-	-	1,907,199,329	
Borrowings from the National Bank of Cambodia	2,967,020	29,666,255	24,721,879	23,238,566	-	-	80,593,720	
Lease liabilities	169,054	335,349	497,337	959,162	6,029,657	4,200,406	12,190,965	
Other liabilities***	3,485,658	3,590,496	5,391,653	7,425,143	-	-	19,892,950	
Total financial liabilities	1,446,578,641	180,785,216	204,293,346	228,005,198	6,029,657	4,200,406	2,069,892,464	
Net liquidity surplus (gap) Equivalent in KHR'000	(699,081,253)	132,512,159	248,464,326	82,635,985	522,852,110	557,510,961	844,894,288	
(Note 2.5)	(2,827,783,668)	536,011,683	1,005,038,199	334,262,559	2,114,936,785	2,255,131,837	3,417,597,395	

*exclude capital guarantee deposit and reserve requirement

**exclude prepayments, non-refundable deposits and employee advances

***exclude withholding tax payables

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.5 Capital management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong financial position and healthy capital ratios to support its business and to maximize shareholder's value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholder, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from previous years

28. SEGMENT REPORTING

Segment information is presented in respect of the Bank and its subsidiaries which operate their businesses solely in the Kingdom of Cambodia.

The Group comprises the following main business segments:

Commercial banking

Business banking provides a full range of financial services to business customers, ranging from large corporate and the public sector, to individual customers. The products and services offered include long-term credit such as project financing, short-term credit such as overdraft and trade financing and fees-based services such as cash management and custodian services.

Insurance

The insurance segment includes the business of underwriting of all classes of general insurance businesses.

Securities and brokerage

The securities segment includes the business of securities underwriting, dealing and brokerage.

NOTES TO THE FINANCIAL STATEMENTS

28. SEGMENT REPORTING (CONTINUED)

	2021									
	Commercial banking		Insurance		Securities and brokerage		Intersegment elimination		Consolidated	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Revenue										
Interest income	90,359,417	367,582,108	669,904	2,725,169	282,202	1,147,998	(599,952)	(2,440,604)	90,711,571	369,014,671
Fee and commission	14,781,514	60,131,199	-	-	5,029	20,458	(162,441)	(660,810)	14,624,102	59,490,847
Others	3,353,675	13,642,750	2,426,526	9,871,108	9,822	39,956	(1,041,762)	(4,237,888)	4,748,261	19,315,926
Total revenue	108,494,606	441,356,057	3,096,430	12,596,277	297,053	1,208,412	(1,804,155)	(7,339,302)	110,083,934	447,821,444
Segment results										
Operating income	86,948,077	353,704,777	3,081,073	12,533,805	282,668	1,149,893	(1,182,940)	(4,812,199)	89,128,878	362,576,276
Other operating expenses	(26,632,462)	(108,340,855)	(1,549,694)	(6,304,155)	(296,836)	(1,207,529)	1,179,755	4,799,243	(27,299,237)	(111,053,296)
(Provision for) reversal of expected credit losses	(3,225,990)	(13,123,327)	(8,763)	(35,648)	34,717	141,229	-	-	(3,200,036)	(13,017,746)
Profit before tax	57,089,625	232,240,595	1,522,616	6,194,002	20,549	83,593	(3,185)	(12,956)	58,629,605	238,505,234
Income tax expense	(11,481,267)	(46,705,794)	(107,906)	(438,962)	(2,843)	(11,565)	-	-	(11,592,016)	(47,156,321)
Net profit (loss) for the year	45,608,358	185,534,801	1,414,710	5,755,040	17,706	72,028	(3,185)	(12,956)	47,037,589	191,348,913
Attributable to minority interest									693,208	2,819,970
Net income attributable to equity holder of the Bank									46,344,381	188,528,943

NOTES TO THE FINANCIAL STATEMENTS

28. SEGMENT REPORTING (CONTINUED)

	2020									
	Commercial banking		Insurance		Securities and brokerage		Intersegment elimination		Consolidated	
	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)	USD	KHR'000 equivalent (Note 2.5)
Revenue										
Interest income	101,056,496	412,007,334	638,139	2,601,693	299,803	1,222,297	(879,963)	(3,587,609)	101,114,475	412,243,715
Fee and commission	12,890,587	52,554,923	-	-	9,135	37,243	(168,283)	(686,089)	12,731,439	51,906,077
Others	6,956,556	28,361,879	2,565,475	10,459,442	2,047	8,346	(1,298,732)	(5,294,931)	8,225,346	33,534,736
Total revenue	120,903,639	492,924,136	3,203,614	13,061,135	310,985	1,267,886	(2,346,978)	(9,568,629)	122,071,260	497,684,528
Segment results										
Operating income	97,558,310	397,745,230	3,191,193	13,010,494	301,110	1,227,625	(1,449,656)	(5,910,246)	99,600,957	406,073,103
Other operating expenses	(26,827,852)	(109,377,153)	(1,394,367)	(5,684,834)	(399,460)	(1,628,598)	1,464,555	5,970,990	(27,157,124)	(110,719,595)
(Provision for) reversal of expected credit losses	(10,351,563)	(42,203,322)	(9,428)	(38,438)	50,446	205,668	-	-	(10,310,545)	(42,036,092)
Profit (loss) before tax	60,378,895	246,164,755	1,787,398	7,287,222	(47,904)	(195,305)	14,899	60,744	62,133,288	253,317,416
Income tax expense	(12,783,129)	(52,116,817)	(110,129)	(448,996)	(3,110)	(12,679)	-	-	(12,896,368)	(52,578,492)
Net profit (loss) for the year	47,595,766	194,047,938	1,677,269	6,838,226	(51,014)	(207,984)	14,899	60,744	49,236,920	200,738,924
Attributable to minority interest									821,862	3,350,731
Net income attributable to equity holder of the Bank									48,415,058	197,388,193

NOTES TO THE FINANCIAL STATEMENTS

28. SEGMENT REPORTING (CONTINUED)

	Commercial Banking USD	Insurance USD	Securities and brokerage USD	Intersegment Elimination USD	Consolidated USD
For the year ended 31 December 2021					
Assets and liabilities					
Segment assets	2,437,150,455	29,412,184	11,253,108	(46,321,788)	2,431,493,959
Equivalent in KHR'000 (Note 2.5)	9,928,950,955	119,825,238	45,845,162	(188,714,964)	9,905,906,391
Segment liabilities	1,760,610,319	8,583,156	640,398	(30,763,498)	1,739,070,375
Equivalent in KHR'000 (Note 2.5)	7,172,726,438	34,967,778	2,608,981	(125,330,487)	7,084,972,710
For the year ended 31 December 2020					
Assets and liabilities					
Segment assets	2,705,878,462	31,196,413	11,242,748	(44,644,013)	2,703,673,610
Equivalent in KHR'000 (Note 2.5)	10,945,278,379	126,189,492	45,476,916	(180,585,034)	10,936,359,753
Segment liabilities	2,074,946,684	11,782,095	647,744	(29,088,908)	2,058,287,615
Equivalent in KHR'000 (Note 2.5)	8,393,159,336	47,658,576	2,620,125	(117,664,635)	8,325,773,402

NOTES TO THE FINANCIAL STATEMENTS

29. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- Cash on hand, Balances with the NBC and other banks

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

- Loans and advances

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

NOTES TO THE FINANCIAL STATEMENTS

29. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Fair value hierarchy

CIFRS 13 - Fair Value Measurement specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group and the Bank's market assumptions. The fair value hierarchy is as follows:

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

The table below summarizes the fair value of financial assets which are not carried at fair value in the statements of financial position at the reporting date analysed by various levels within the fair value hierarchy.

	2021		2020	
	Carrying amount USD	Fair value - Level 3 USD	Carrying amount USD	Fair value - Level 3 USD
Loans and advances to customers	<u>1,168,291,445</u>	<u>1,173,997,689</u>	<u>1,137,556,338</u>	<u>1,154,421,867</u>
Equivalent in KHR'000 (Note 2.5)	<u>4,759,619,347</u>	<u>4,782,866,585</u>	<u>4,601,415,387</u>	<u>4,669,636,452</u>

NOTES TO THE FINANCIAL STATEMENTS

30. MATURITY PROFILE OF ASSETS AND LIABILITIES

The following tables show an analysis of assets and liabilities of the Group and the Bank analysed accordingly whether they are expected to be recovered or settled within one year or beyond one year from the statement of financial position date:

	Group					
	2021			2020		
	Less than One Year	More than One Year	Total	Less than One Year	More than One Year	Total
Financial Assets						
Cash on hand	72,390,956	-	72,390,956	69,256,106	-	69,256,106
Balances with the National Bank of Cambodia	401,990,659	-	401,990,659	489,387,543	-	489,387,543
Balances with other banks and financial institutions	610,723,712	-	610,723,712	814,888,451	-	814,888,451
Loans and advances	290,681,590	877,609,855	1,168,291,445	294,495,856	843,060,482	1,137,556,338
Other assets	7,913,309	-	7,913,309	12,054,792	-	12,054,792
	1,383,700,226	877,609,855	2,261,310,081	1,680,082,748	843,060,482	2,523,143,230
Non-financial assets						
Balances with the National Bank of Cambodia	127,872,880	10,700,000	138,572,880	136,444,399	10,703,054	147,147,453
Investment in an associate	-	3,920	3,920	-	3,920	3,920
Property and equipment	-	15,132,676	15,132,676	-	16,892,355	16,892,355
Right-of-use of assets	-	7,287,171	7,287,171	-	8,045,534	8,045,534
Software costs	-	441,293	441,293	-	676,817	676,817
Deferred tax asset, net	-	3,308,995	3,308,995	-	3,016,525	3,016,525
Other assets	-	5,436,943	5,436,943	6,357	4,741,419	4,747,776
	127,872,880	42,310,998	170,183,878	136,450,756	44,079,624	180,530,380
Total assets	1,511,573,106	919,920,853	2,431,493,959	1,816,533,504	887,140,106	2,703,673,610
Equivalent in KHR'000 (Note 2.5)	6,158,148,834	3,747,757,557	9,905,906,391	7,347,878,024	3,588,481,729	10,936,359,753

NOTES TO THE FINANCIAL STATEMENTS

30. MATURITY PROFILE OF ASSETS AND LIABILITIES (CONTINUED)

	Group					
	2021		2020			
	Less than One Year	More than One Year	Total	Less than One Year	More than One Year	Total
Financial liabilities						
Deposits from other banks and financial institutions	10,133,842	-	10,133,842	50,015,500	-	50,015,500
Deposits from customers	1,685,297,228	-	1,685,297,228	1,879,314,752	-	1,879,314,752
Borrowings from the National Bank of Cambodia	-	-	-	80,593,720	-	80,593,720
Lease liabilities	22,705	8,984,732	9,007,437	32,782	9,672,105	9,704,887
Other liabilities	18,993,522	-	18,993,522	21,850,250	-	21,850,250
	1,714,447,297	8,984,732	1,723,432,029	2,031,807,004	9,672,105	2,041,479,109
Non-financial liabilities						
Income tax payable	10,412,611	-	10,412,611	11,178,755	-	11,178,755
Other liabilities	5,225,735	-	5,225,735	5,629,751	-	5,629,751
	15,638,346	-	15,638,346	16,808,506	-	16,808,506
Total liabilities	1,730,085,643	8,984,732	1,739,070,375	2,048,615,510	9,672,105	2,058,287,615
Equivalent in KHR'000 (Note 2.5)	7,048,368,910	36,603,800	7,084,972,710	8,286,649,738	39,123,664	8,325,773,402

NOTES TO THE FINANCIAL STATEMENTS

30. MATURITY PROFILE OF ASSETS AND LIABILITIES (CONTINUED)

	Bank					
	2021			2020		
	Less than One Year	More than One Year	Total	Less than One Year	More than One Year	Total
Financial assets						
Cash on hand	72,390,525	-	72,390,525	69,255,831	-	69,255,831
Balances with the National Bank of Cambodia	401,990,659	-	401,990,659	489,387,543	-	489,387,543
Balances with other banks and financial institutions	609,155,932	-	609,155,932	813,389,109	-	813,389,109
Loans and advances	290,681,590	877,609,855	1,168,291,445	294,495,856	843,060,482	1,137,556,338
Other assets	2,339,431	-	2,339,431	2,862,814	-	2,862,814
	1,376,558,137	877,609,855	2,254,167,992	1,669,391,153	843,060,482	2,512,451,635
Non-financial assets						
Balances with the National Bank of Cambodia	127,872,880	9,000,000	136,872,880	136,444,399	9,003,054	145,447,453
Investment in subsidiaries	-	15,570,000	15,570,000	-	15,570,000	15,570,000
Investment in an associate	-	3,920	3,920	-	3,920	3,920
Property and equipment	-	15,093,308	15,093,308	-	16,833,176	16,833,176
Right-of-use of assets	-	7,236,989	7,236,989	-	7,987,086	7,987,086
Software costs	-	441,293	441,293	-	676,817	676,817
Deferred tax asset, net	-	3,308,995	3,308,995	-	3,016,525	3,016,525
Other assets	-	4,455,078	4,455,078	6,357	3,885,493	3,891,850
	127,872,880	55,109,583	182,982,463	136,450,756	56,976,071	193,426,827
Total assets	1,504,431,017	932,719,438	2,437,150,455	1,805,841,909	900,036,553	2,705,878,462
Equivalent in KHR'000 (Note 2.5)	6,129,051,963	3,799,898,992	9,928,950,955	7,304,630,522	3,640,647,857	10,945,278,379

NOTES TO THE FINANCIAL STATEMENTS

30. MATURITY PROFILE OF ASSETS AND LIABILITIES (CONTINUED)

	Bank					
	2021			2020		
	Less than One Year	More than One Year	Total	Less than One Year	More than One Year	Total
Financial liabilities						
Deposits from other banks and financial institutions	10,133,842	-	10,133,842	50,015,500	-	50,015,500
Deposits from customers	1,714,736,060	-	1,714,736,060	1,907,199,329	-	1,907,199,329
Borrowings from the National Bank of Cambodia	-	-	-	80,593,720	-	80,593,720
Lease liabilities	15,000	8,907,992	8,922,992	21,289	9,595,365	9,616,654
Other liabilities	11,841,370	-	11,841,370	11,372,789	-	11,372,789
	1,736,726,272	8,907,992	1,745,634,264	2,049,202,627	9,595,365	2,058,797,992
Non-financial liabilities						
Income tax payable	10,343,331	-	10,343,331	11,115,466	-	11,115,466
Other liabilities	4,632,724	-	4,632,724	5,033,226	-	5,033,226
	14,976,055	-	14,976,055	16,148,692	-	16,148,692
Total liabilities	1,751,702,327	8,907,992	1,760,610,319	2,065,351,319	9,595,365	2,074,946,684
Equivalent in KHR'000 (Note 2.5)	7,136,435,280	36,291,158	7,172,726,438	8,354,346,085	38,813,251	8,393,159,336

NOTES TO THE FINANCIAL STATEMENTS

31. SUBSEQUENT EVENTS

The continuous development of the coronavirus outbreak has brought about unprecedented impact and changing circumstances in Cambodia. Based on the management's assessment, the potential impact of the disease outbreak could be minimal due to availability of loan protection measures in controlling credit risks of the portfolio. Management will continuously pay close attention to the development of the COVID-19 in Cambodia, its impact to its customers, as well as their customers' ability to service the debts.

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2021 that had significant impact on the statement of financial position of the Group and the Bank as at 31 December 2021.

32. TAX CONTINGENCY

The taxation system in Cambodia has undergone numerous changes and is characterized by either often unclear, contradictory and/or different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries.

Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects to the Bank and its subsidiaries could be significant.

CALENDAR OF SIGNIFICANT EVENTS 2021



11 February 2021

Mr. Ong Ming Teck, Chief Executive Officer paid a courtesy visit to His Excellency Tuan Eldeen Husaini Mohd Hashim, Malaysian Ambassador to the Kingdom of Cambodia to update on business developments.



26 February 2021

Mr. Ong Ming Teck, Chief Executive Officer and other Senior Management Staff paid a courtesy visit to His Excellency Chea Chanto, the Governor of the National Bank of Cambodia to update on the Bank's performance and business environment.



29 April 2021

Campu Bank was awarded with "Leadership in Credit Payment Volume 2020" and "Leadership in Average Spend Visa Affluent Credit 2020" by VISA International.



8 May 2021

Campu Bank donated a sum of USD5,000 for the 11th consecutive year to the Cambodian Red Cross (CRC) to assist in its year-long activities to help the poor and needy in rural areas afflicted by natural disasters.

CALENDAR OF SIGNIFICANT EVENTS 2021



10 May 2021

Campu Bank donated food stuff worth USD5,000 via the Association of Banks in Cambodia in support of Government's effort to help the poor amidst the COVID-19 lockdown in Phnom Penh and Takhmao cities.



13 May 2021

Phnom Penh Special Economic Zone Branch was awarded the "Best Performing Branch Award for 2020" for Overseas Business Units by Public Bank Berhad, Malaysia.



7 June 2021

Campu Bank launched the interest-bearing Access, Control and Ease (ACE) Current Account in Khmer Riel in support of the National Bank of Cambodia's initiative to promote the use of its national currency, Khmer Riel in Cambodia.



1 July 2021

Six Campu Bank staff successfully completed the Professional Banker Qualification under the Asian Institute of Chartered Bankers (AICB) Programme to individually steer towards professionalism.

CALENDAR OF SIGNIFICANT EVENTS 2021



27 July 2021

Campu Bank Koh Kong Branch donated essential supplies to the Koh Kong City Hall in support of the City Hall's initiative to assist COVID-19 victims in the province who were undergoing quarantine. Her Excellency Mithona Phouthorng, Governor of Koh Kong Province presented certificate of appreciation to Campu Bank.



27 August 2021

In support of the charity drive organised by the Siem Reap Angkor Hospital for Children, Campu Bank Siem Reap Branch made a donation to the hospital to assist in the purchase of essentials for healthcare and medical treatment for the underprivileged children.



18 October 2021

Campu Bank was again awarded the "2020 USD Straight-Through Processing Excellence Award" by Bank of America Merrill Lynch for its exceptional quality in the processing of payment messages for the fourth consecutive years.