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ALPHA COMMERCIAL BANK PLC.

ANNUAL REPORT 2021

Address: Head Office, the Gateway Building, Ground and 33rd Floor,
Russian Blvd (St. 110), Sangkat Psar Depo Ti3, Khan Toul Kork,
Phnom Penh, Cambodia.

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MESSAGE FROM OKNHA LY KUNTHAI

Chairman of Boards of Alpha Commercial Bank PLC.

To our valued Customer, Employees, Shareholders and Partners:

Alpha Commercial Bank PLC. is a bank fully licensed by the National Bank of Cambodia (NBC) on 23 March 2020, under the license No. B-52. We take pride in being one of the banking sectors in Cambodia and we aim to achieve remarkable growth and contribute significantly to the development in this industry.

In 2021, COVID-19 has remained a major problem and continued to have a significant impact on global economic development, including Cambodia. During the outbreak of COIVD-19 in the country, our Royal Government of Cambodia has set out strategies to prevent the spread of this deadly disease, including the effective vaccine provision to all Cambodians across the country as to save lives and to remarkably recover the national economy. As a result, we are well-prepared to provide financial services to public's financial needs and to plan to create wealth to our shareholders during this economic recovery period.

- Our services include deposits and loans, and we are doing the FINTECH solutions to be available to our customers soon.
- We expanded our total assets to US$129.6 million starting from the capital of US$100 million and had our first year's net profit in 2021 which is the positive result from the functioning of national economy.

We believe that the economy will recover and grow significantly in 2022 and we will provide additional financial services, especially we will be here to serve a wide range of financial services to meet the needs of all customers. We also plan to expand ourselves by opening more branches in the provinces to make it more conveniences for the customers to use banking services at our Bank.

Finally, we would like to thank our customers, shareholders, employees and relevant authorities for their trust, support, and assistance to the operations of the Bank. We are committed to further enhancing our core values, including training our staff, increasing customers' values and profits, contributing to corporate social responsibility, building a good reputation, striving forward in any challenging circumstance, and promoting the banking and financial sector in Cambodia to achieve new successes more sustainably.

Thank you.

Oknha Ly Kunthai

Chairman

OUR STORY

Jun 2019

ACBank was established.

Mar 2020

ACBank obtained banking operations license from the NBC.

Sep 2021

ACBank launched soft opeing.

OUR CONTRIBUTION

In January 2022, we had invested $10 million in a three-year guaranteed bond of Cambodia Airport Investment Co. Ltd. for the construction and development of Techo International Airport in Kandal province.

On 14th May 2022, Alpha Commercial Bank PLC. under the presidency of Oknha Ly Kunthai, Chairman of Board of Directors with teamwork attended a CSR event by bringing study materials to 471 students in Talorn high school at Kampong Cham province.

OUR PRODUCTS AND SERVICES

Deposits		Loans	
Current account	You can carry out your money anywhere and anytime with safety and convenient way by applying Cheque Account at AC Bank and using a cheque as your facility to meet your daily financial needs with a flexible way to manage your money. 	SME and commercial loan	Whether you are planning to expanding your business, renovating or constructing a business premise, investing on equipment and machinery, looking for a loan to fund a project, or supporting your working capital, we are really glad and cooperative to discuss your requirements and provide you with the amount of loan for your business needs. 
Savings account	Open saving account at AC Bank is your best choice of short to long-term needs, it is safe, secure and readily available when you need it. 	Revolving loan	Business Revolving Loan is such a convenient loan facility with the available credit line up to 12 months. This loan purpose is to support business working capital in a short run, and it provides the borrower with the ability to drawdown, repay, and withdraw again within the loan period. This Revolving Loan is considered as a flexible financing tool due to its repayment and re-borrowing accommodations. 
Fixed deposit account	Save your future by deposit your money with Fixed Deposit at AC Bank that offers you the competitive Interest. You can save and earn money at the same time. We offer a higher interest rate with flexible tenure which gives you a fixed rate of interest until maturity. 	Personal loan	To purchase, enhance or upgrade your living accommodation, apply with us to make your dream house come true and enjoy a new living standard. 

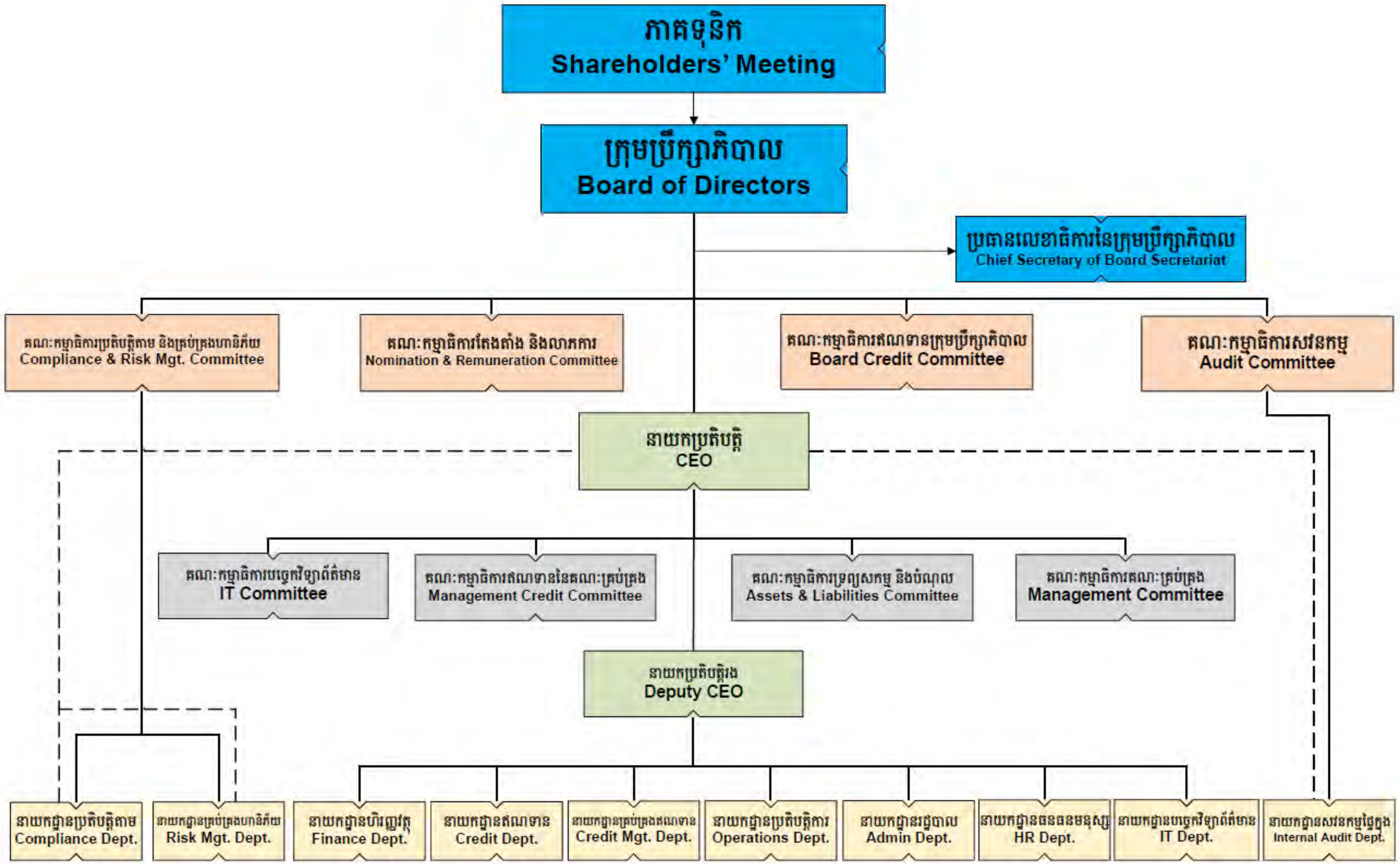
VISION, MISSION, AND VALUE

The Bank’s vision is to become a high-quality international bank.

We are freshly and professionalism. We aim to provide a good service with high technological banking to our customers.

The Bank’s value is Bonus Point for Life.

ORGANISATIONAL CHART



BOARD OF DIRECTORS

1.	Oknha Ly Kunthai	Chairman
2.	Mr. Lin Wen Cheng	Vice chairman
3.	Mr. Chang Ching Tsung	Director
4.	Mr. Chen Chih Che	Independent director
5.	Mrs. Chhim Sopheap	Independent director

MANAGEMENT TEAM

1.	Mr. Cheng Kuang Min	Chief Executive Officer
2.	Mr. Liu Ming Kuei	Deputy Chief Executive Officer
3.	Ms. Chea Soline	Head of Compliance
4.	Mrs. Sem Samphors	Head of Risk Management
5.	Mr. You Sokleng	Head of Finance
6.	Mrs. Teav Bouylay	Head of Operations
7.	Mrs. Pheng Raksmey	Assistant Manager HR
8.	Mr. Krean Simeng	Manager IT
9.	Mr. Yath Sovann	Head of Internal Audit

INTERNAL CONTROL REPORT

Introduction

Pursuant to Prakas No. B-7-010-172 on Internal Control of Bank and Financial Institutions issued by the National Bank of Cambodia on 28 September 2010, the Bank has established organized and effective internal control system.

Risk Management

Risk management is at center of operating structure of the Bank, and it is everyone's responsibility. The Bank has set up that supervises overall risk management which exercise independently from the day-to-day business of the Bank. Head of Risk Management is responsible for risk management function of the Bank and to provides an oversight of the management of risk inherent in the Bank's activities by identity current and emerging risks, develop risk assessment and measurement system, develop risk tolerance limits, establish policies, procedures and other control mechanism to manage risks, monitor positions against approved risk tolerance limits and report results of risk monitoring to senior management, risk management and compliance committee and the Board on a regularly basis.

Compliance Management

Compliance management is aiming for managing all type of compliance risks to ensure the soundness of internal control system. Compliance function is to ensure policies and procedures are implemented in the Bank to manage compliance risk, provide regulatory compliance advisory and consultation to senior management, responsible for AML/CFT matter and provide training to all staff. Head of Compliance is designed as Compliance Officer and reports to risk management and compliance committee and the Board on a regularly basis.

Internal Audit

Internal Audit provides the professional and independent review on operation of the Bank by adding values through improving efficiency and effectiveness of internal control system, risk management, and compliance with applicable law and regulation. Internal Audit reviews all operations of the Bank based on internal audit plan, risked-based approach, and internal audit procedure to identify gaps in the business processes and provide recommendation for improvement. Head of Internal Audit reports to audit committee and the Board on a regularly basis.

Business Unit

All Business units are risk owners and responsible for internal control application to comply with internal policies and procedures and applicable law and regulation. The Bank has disseminated and provided training to deliver awareness of related policies and procedures to staff to facilitate the implementation. All policies and procedures are reviewed and approved by level of authority. For confidential and sensitive documents are to be kept in the safe place and made available to parties involved, where necessary.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“the BoD”) has pleasure in submitting its report together with the audited financial statements of Alpha Commercial Bank PLC. (“the Bank”) for the year ended 31 December 2021.

Principal activities

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

Financial results

The results of financial performance for the year ended 31 December 2021 are set out in the statements of profit or loss and other comprehensive income on page 16.

Dividends

No dividends were declared or paid during the periods.

Share capital

As at 31 December 2021, the registered and paid up share capital of the Bank was 100,000 shares at a par value of US$1,000 per share.

Reserves and provisions

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

Allowance for financial assets

Before the financial statements were prepared, the BoD took reasonable steps to ascertain that action had been taken in relation to write off of financial assets that have no reasonable expectations of recovering the contractual cash flows in their entirety or a portion thereof and making of allowance for expected credit losses on financial assets, and satisfied themselves that all known financial assets that have no reasonable expectations of recovering the contractual cash flows were written off and that adequate allowance for expected credit losses on financial assets have been made.

At the date of this report and on the best of knowledge, the BoD is not aware of any circumstances which would render the amount of the allowance for expected credit losses on financial assets in the financial statements of the Bank inadequate to any material extent.

Assets

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

At the date of this report, the BoD is not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Bank misleading.

Valuation methods

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

Contingent and other liabilities

At the date of this report, the BoD is not aware of:

(a) any charge on the assets of the Bank which has arisen since the end of the year which secures the liabilities of any other person except as disclosed in the financial statements; and

(b) any contingent liability in respect of the Bank that has arisen since the end of the year other than in the ordinary course of its business operations.

At the date of this report, the BoD is not aware that any contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the periods which, in the opinion of the BoD, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

Change of circumstances

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

Items of an unusual nature

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

There has not arisen in the interval between the end of the periods and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank for the Periods in which this report is made.

Events after the reporting date

At the date of this report, to the best knowledge of the BoD, there have been no significant events occurring after reporting date which would require adjustments or disclosures other than those disclosed in the financial statements.

The BoD's responsibilities in respect of the financial statements

The BoD is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2019 and 2020, and its financial performance and its cash flows for the period from 24 June 2019 (date of incorporation) to 31 December 2019 and for the year ended 31 December 2020. The BoD oversees the preparation of these financial statements by management who are 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 the disclosure requirements of Cambodian International Financial Reporting Standards ("CIFRS"), or if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;

(iii) maintain adequate accounting records and an effective system of internal controls;

(iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and

(v) effectively control and direct the Bank and is involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

Management is responsible for ensuring that the above requirements have been fulfilled and is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The BoD confirms that the Bank has complied with the above requirements in preparing the financial statements.

Approval of the financial statements

I, on behalf of the BoD, hereby approve the accompanying financial statements, together with the notes thereto, in our opinion, present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year ended 31 December 2021 in accordance with CIFRS.

Signed in accordance with the resolution of the BoD:

……………………………

Oknha Ly Kunthai
Chairman

Phnom Penh, Kingdom of Cambodia

16 March 2022

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Alpha Commercial Bank PLC.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alpha Commercial Bank PLC. (the Bank) as at 31 December 2021, and its financial performance and its cash flows for the year ended 31 December 2021 in accordance with Cambodian International Financial Reporting Standards (CIFRS).

What we have audited

The Bank's financial statements comprise:

- the statements of financial position as at 31 December 2021;
- the statements of profit or loss and other comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code) that are relevant to our audit of the financial statements in Cambodia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KICPAA Code.

Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report are corporate information, report of the Board of Directors and the supplementary financial information and other disclosures required by the National Bank of Cambodia but do not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For PricewaterhouseCoopers (Cambodia) Ltd.

By Lim Kuy
Partner

Phnom Penh, Kingdom of Cambodia
16 March 2022

STATEMENT OF FINANCIAL POSITION

		31 December 2021		31 December 2020	
	Notes	US$	KHR'000	US$	KHR'000
ASSETS					
Cash on hand	4	1,076,014	4,383,681	1,991	8,054
Deposits and placements with the central bank	5	5,106,577	20,804,195	770,835	3,118,028
Deposits and placements with other banks	6	102,393,135	417,149,632	88,126,169	356,470,354
Statutory deposits with the central bank	7	12,554,001	51,145,000	10,000,000	40,450,000
Loans to customers	8	6,141,032	25,018,564	-	-
Property and equipment	9	557,656	2,271,891	360,218	1,457,082
Right-of-use assets	10	1,145,174	4,665,439	-	-
Intangible assets	11	480,000	1,955,520	240,000	970,800
Income tax credit	21(b)	-	-	10,278	41,575
Other assets		114,098	464,835	45,358	183,471
Deferred tax assets, net	12	81,976	333,970	57,639	233,150
Total assets		**129,649,663**	**528,192,727**	**99,612,488**	**402,932,514**
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	13	28,180,381	114,806,872	-	-
Other liabilities		83,074	338,444	36,205	146,449
Current income tax liabilities	21(b)	169,991	692,543	-	-
Lease liabilities	14	1,170,670	4,769,310	-	-
Provision for off-balance sheet items		1,056	4,302	-	-
Total liabilities		**29,605,172**	**120,611,471**	**36,205**	**146,449**
EQUITY					
Share capital	15	100,000,000	400,000,000	100,000,000	400,000,000
Accumulated losses		(592,254)	(2,410,606)	(970,003)	(3,947,289)
Regulatory reserve		636,745	2,595,195	546,286	2,227,208
Currency translation reserve		-	7,396,667	-	4,506,146
Total equity		**100,044,491**	**407,581,256**	**99,576,283**	**402,786,065**
Total liabilities and equity		**129,649,663**	**528,192,727**	**99,612,488**	**402,932,514**

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December 2021		Year ended 31 December 2020	
	Notes	US$	KHR'000	US$	KHR'000
Interest income	16	3,162,016	12,863,081	1,549,351	6,316,704
Interest expense	17	(75,631)	(307,667)	-	-
Net interest income		**3,086,385**	**12,555,414**	**1,549,351**	**6,316,704**
Fee and commission income		145	590	-	-
Fee and commission expense		(90)	(366)	-	-
Net fee and commission income		**55**	**224**	**-**	**-**
Other operating income		69	281	150	612
Credit impairment losses	18	(139,778)	(568,617)	(338,359)	(1,379,490)
Net other operating income		**2,946,731**	**11,987,302**	**1,211,142**	**4,937,826**
Personnel expenses	19	(1,484,790)	(6,040,126)	(997,806)	(4,068,055)
Depreciation and amortisation charges		(280,822)	(1,142,384)	(49,956)	(203,671)
Other operating expenses	20	(526,202)	(2,140,590)	(289,254)	(1,179,289)
Loss before income tax		654,917	2,664,202	(125,874)	(513,189)
Income tax (expense)	21(a)	(186,709)	(759,532)	(1,271)	(5,182)
Profit/(Loss) for the year		**468,208**	**1,904,670**	**(127,145)**	**(518,371)**
Other comprehensive income:					
Currency translation difference		-	2,890,521	-	(2,987,033)
Other comprehensive income for the year, net of tax		**-**	**2,890,521**	**-**	**(2,987,033)**
Total comprehensive profit/(loss) for the year		**468,208**	**4,795,191**	**(127,145)**	**(3,505,404)**

Profit/(Loss) attributable to:				
Owners of the Bank	468,208	1,904,670	(127,145)	(518,371)
Total comprehensive profit/(loss) attributable to:				
Owners of the Bank	468,208	4,795,191	(127,145)	(3,505,404)

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

STATEMENT OF CHANGES IN EQUITY

	Share capital		Accumulated losses		Regulatory reserve		Currency translation reserve		Total	
	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000
Balance at 1 January 2021	100,000,000	400,000,000	(970,003)	(3,947,289)	546,286	2,227,208	-	4,506,146	99,576,283	402,786,065
Comprehensive income										
Profit for the year	-	-	468,208	1,904,670	-	-	-	-	468,208	1,904,670
Other comprehensive income										
- Currency translation difference	-	-	-	-	-	-	-	2,890,521	-	2,890,521
Total comprehensive profit for the year	-	-	468,208	1,904,670	-	-	-	2,890,521	468,208	4,795,191
Transactions with owners in their capacity as owners:										
- Transfer from accumulated losses to regulatory reserves	-	-	(90,459)	(367,987)	90,459	367,987	-	-	-	-
Total transactions with owners	-	-	(90,459)	(367,987)	90,459	367,987	-	-	-	-
Balance at 31 December 2021	**100,000,000**	**400,000,000**	**(592,254)**	**(2,410,606)**	**636,745**	**2,595,195**	**-**	**7,396,667**	**100,044,491**	**407,581,256**
Balance at 1 January 2020	100,000,000	400,000,000	(296,572)	(1,201,710)	-	-	-	7,493,179	99,703,428	406,291,469
Comprehensive income										
Loss for the year	-	-	(127,145)	(518,371)	-	-	-	-	(127,145)	(518,371)
Other comprehensive income										
- Currency translation difference	-	-	-	-	-	-	-	(2,987,033)	-	(2,987,033)
Total comprehensive loss for the year	-	-	(127,145)	(518,371)	-	-	-	(2,987,033)	(127,145)	(3,505,404)
Transactions with owners in their capacity as owners:										
- Transfer from accumulated losses to regulatory reserves	-	-	(546,286)	(2,227,208)	546,286	2,227,208	-	-	-	-
Total transactions with owners	-	-	(546,286)	(2,227,208)	546,286	2,227,208	-	-	-	-
Balance at 31 December 2020	**100,000,000**	**400,000,000**	**(970,003)**	**(3,947,289)**	**546,286**	**2,227,208**	**-**	**4,506,146**	**99,576,283**	**402,786,065**

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

STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2021		Year ended 31 December 2020	
		US$	KHR'000	US$	KHR'000
Cash flows from operating activities					
Loss before income tax		654,917	2,664,202	(125,874)	(513,189)
Adjustments for:					
Depreciation and amortisation		280,822	1,142,384	49,956	203,671
Credit impairment losses		139,778	568,617	338,359	1,379,490
interest income	16	(3,162,016)	(12,863,081)	(1,549,351)	(6,316,704)
Interest expense	17	75,631	307,667	-	-
Changes in:					
Statutory deposits with the central bank		(2,554,001)	(10,389,676)	-	-
Loans to customers		(6,217,706)	(25,293,628)	-	-
Other assets		(68,740)	(279,634)	(35,047)	(142,887)
Deposits from customers		28,176,261	114,621,030	-	-
Other liabilities		46,870	190,667	(6,041)	(24,629)
Cash used in operations		**17,371,816**	**70,668,548**	**(1,327,998)**	**(5,414,248)**
Interest received		2,773,728	11,283,526	336,903	1,373,554
Interest paid		(71,510)	(290,903)	-	-
Income tax paid	21	(30,778)	(125,205)	(13,142)	(53,580)
Net cash generated from/(used in) operating activities		**20,043,256**	**81,535,966**	**(1,004,237)**	**(4,094,274)**
Cash flows from investing activities					
Balances with other banks - original maturity more than three months		(2,500,000)	(10,170,000)	(80,500,000)	(328,198,500)
Purchases of property and equipment		(300,122)	(1,220,896)	(68,227)	(278,161)
Purchases of intangible assets		(240,000)	(976,320)	-	-
Net cash used in investing activities		**(3,040,122)**	**(12,367,216)**	**(80,568,227)**	**(328,476,661)**
Cash flows from financing activities					
Issuance of share capital				-	-
Proceed from the borrowing		-	-	790,000	3,220,830
Repayment of the borrowing		-	-	(1,715,043)	(6,992,230)
Principal payment of lease liabilities		(152,643)	(620,952)	-	-
Net cash used in financing activities		**(152,643)**	**(620,952)**	**(925,043)**	**(3,771,400)**
Net increase/(decrease) in cash and cash equivalents		**16,850,491**	**68,547,798**	**(82,497,507)**	**(336,342,335)**
Beginning cash and cash equivalents		**7,524,906**	**30,438,245**	**90,022,413**	**366,841,333**
Currency translation difference		**-**	**319,324**	**-**	**(60,753)**
Ending Cash and cash equivalents	**24**	**24,375,397**	**99,305,367**	**7,524,906**	**30,438,245**

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

Alpha Commercial Bank PLC. (the "Bank") was incorporated in Cambodia under the Registration No. 00043962 dated on 24 June 2019 issued by the Ministry of Commerce. The Bank subsequently received a banking license No. B-52 dated 4 May 2021 (originally dated 23 March 2020) issued by the National Bank of Cambodia ("the NBC" or "the Central Bank").

The principal activity of the Bank is the provision of all aspects of banking business and related financial services in the Kingdom of Cambodia.

The registered office of the Bank is located at the Gateway Building, Ground and 33rd Floor, Russian Federation Blvd (St. 110), Sangkat Phsar Depou Ti3, Khan Toul Kork, Phnom Penh, Cambodia.

The financial statements were authorised for issue by the BoD on 16 March 2022.

2. Summary of significant accounting policies

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

2.1. Basis of preparation

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRS") which are based on all standards published by the International Accounting Standard Board including other interpretations and amendments that may occur in any circumstances to each standard.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language statutory financial statements shall prevail.

2.2. New and amended standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Amendments to CIFRS 9, CIAS 39 and CIFRS 7 – Interest rate benchmark reform
- Covid-19-related Rent Concessions – Amendments to CIFRS 16

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

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

2.3. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). The functional currency is the US$ because of the significant influence of the US$ on its operations. The financial statements are presented in United States dollars ("US$") which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than US$ are recognised in profit or loss.

(c) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, the financial statements shall be presented in Khmer Riel. The statement of profit or loss and other comprehensive income and the statement of cash flows are translated into KHR using the average exchange rates for the year/period. Assets and liabilities for each statement of financial position presented are translated at the closing rates as at the reporting date. Share capital is translated at historical rate, which is the date of transaction. Resulting exchange differences arising from the translation are recognised in the other comprehensive income.

The Bank has used the official exchange rate published by the National Bank of Cambodia. As at the reporting date, the yearly average rate and the closing rate were:

		Closing Rate	Average rate
Year 2021	USD 1 =	KHR 4,074	KHR 4,068
Year 2020	USD 1 =	KHR 4,045	KHR 4,077

All amounts have been rounded to the nearest dollar or thousand riels, except when otherwise indicated.

2.5. Financial instruments

2.5.1. Recognition and initial measurement

The Bank initially recognises loans to customers on the date on which they originated. All other financial instruments are recognised when the Bank becomes a party to the contractual provisions of the instrument.

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

2.5.2. Classification and subsequent measurement of financial assets

The Bank classifies financial assets as subsequently measured at Amortised Cost ("AmrtC"), Fair Value through Other Comprehensive Income ("FVOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of both:

- the Bank's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

The measurement classification is summarised as follows:

Business model		Contractual cash flow characteristics	Measurement classification
Held-to-collect	Financial asset is held to collect contractual cash flows.	Cash flows are solely payments of principal and interest ("SPPI")	AmrtC
Both held-to-collect and sales	Financial asset is held to collect contractual cash flows and selling financial assets.		FVOCI
Other business model	Other than above	Not SPPI	FVTPL

The Bank reclassifies financial assets only when the business model changes.

2.5.3. Classification and subsequent measurement of financial liabilities

The Bank classifies its financial liabilities as measured at AmrtC, except for derivatives held for risk management which are measured at FVTPL.

The Bank does not reclassify any financial liability.

2.5.4. Business model assessment

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

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

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

2.5.5. SPPI assessment

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

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

In making the assessment, the Bank considers:

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

Non-recourse loans

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

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

2.5.6. Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership. A gain or loss on derecognition of a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised.

The Bank derecognises a financial liability when its contractual obligations are cancelled or expired.

2.5.7. Offsetting

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

2.5.8. Fair value measurement

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

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

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

2.5.9. Impairment

The Bank recognises loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at FVTPL:

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

No impairment loss is recognised on equity investments.

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

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

Determining whether credit risk has increased significantly

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

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

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

Definition of default

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

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than or equal to 30 days past due for long-term facilities or more than or equal to 15 days past due for short-term facilities.

Measurement of ECL

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

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

Inputs, assumptions and techniques used for estimating impairment

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

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

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

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

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters by benchmarking the value using BASEL internal ratings-based framework ("IRBF") parameter set between 5% and 50% based on types of credit exposure.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For trade facilities and undrawn loan commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques. the Bank applied Credit Conversion Factor ("CCF") to estimate the EAD of these off-balance sheet items.

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

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

2.5.10. Presentation of allowance for ECL

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision

2.5.11. Write off

- Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.
- Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit and loss and OCI.
- Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

2.6. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, the non-restricted deposits and placements with NBC and with other banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.7. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures relating to an item of property and equipment that has already been recognised are added to the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. All other subsequent expenditures are recognised as expenses in the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets less their residual values over the estimated useful lives.

Land and construction in progress are not depreciated. The estimated useful lives are as follows:

No.	Class	Depreciation method	Useful life	Annual depreciation rate
1	Building	straight-line	20 years	5%
2	Office renovation	straight-line	5 years	20%
3	Furniture and fixture	straight-line	5 years	20%
4	IT and office equipment	straight-line	5 years	20%
5	Motor vehicles	straight-line	5 years	20%
6	Machinery	straight-line	5 years	20%
7	Others	straight-line	5 years	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down to its recoverable value immediately if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are included in the statement of profit or loss and other comprehensive income.

2.8. Intangible assets

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

Amortisation is calculated using the straight-line method to allocate the costs over their estimated useful lives of 10 years from which the asset is ready for use.

Costs associated with maintaining computer software programs are recognised as expense when incurred.

2.9. Impairment of non-financial assets

Assets that have an indefinite useful life or assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.10. Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within "interest income" and "interest expense" respectively in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets ("POCI"), for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets.
- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or "stage 3"), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

2.11. Leases

The Bank as a lessee

As inception of contract, the Bank assesses whether the 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 a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different term and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

(i) Lease liabilities

Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank uses its recent borrowing rate as a starting point, making specific adjustments to the lease such as term, country, currency and security. Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration cots if any

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

(iii) Recognition exemptions

Payments associated with short-term leases and all leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.12. Provisions

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

2.13. Income tax

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

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

2.14. Short-term employee benefits

Short term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

2.15. Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as a deduction, net of tax, from the proceeds.

2.16. Regulatory reserve

Banks and financial institutions are required to compute regulatory provisions, according to the NBC's:

- Prakas No. B7-017-344 dated 1 December 2017 on Credit Risk Grading and Impairment Provisioning;
- Circular No. B7-018-001 dated 16 February 2018 on Implementation of Prakas on Credit Grading and Impairment Provision; and
- Circular No. B7-021-002 dated 27 December 2021 on the classification and provisioning requirements for restructured loans

If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the "topping up" will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, and is not allowed to be included in the net worth calculation.

3. Critical accounting estimates and judgements

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are addressed below.

(i) Expected credit loss allowance on financial assets at amortised cost

The expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- grouping financial assets sharing similar credit risk characteristics for the purposes of measuring ECL
- choosing appropriate models and assumptions to measure ECL
- determining criteria for identifying loans to customers that have experienced a significant increase in credit risk ("SICR")
- applying assumptions and analysis on expected future cash flows and forward-looking information

(ii) Minimum tax

Effective 2017, a company may be exempted from Minimum Tax if they comply with the conditions governing the maintenance of proper accounting records. The tax regulations also defined five criteria of improper accounting records. Management believes that the Bank has maintained proper accounting records in accordance with the tax regulations and concluded that they are exempted from Minimum Tax; hence it was not considered probable that the Minimum Tax will be paid and therefore not recognised as expense.

4. Cash on hand

	31 December 2021		31 December 2020	
	US$	**KHR'000**	**US$**	**KHR'000**
By currency				
US Dollar	1,026,082	4,180,258	1,991	8,054
Khmer Riel	49,932	203,423	-	-
	1,076,014	**4,383,681**	**1,991**	**8,054**

5. Deposits and placements with the central bank

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Current				
Current account	5,106,577	20,804,195	770,835	3,118,028
	5,106,577	**20,804,195**	**770,835**	**3,118,028**

The current account is a non-interest bearing account.

No impairment loss allowance is created against the balance with the central bank (or the NBC) as the Bank determines that the credit risk on these facilities is minimal.

6. Deposits and placements with other banks

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Local bank				
Current accounts	18,182,022	74,073,558	1,751,079	7,083,115
Savings accounts	10,784	43,934	1,001	4,049
Term deposits	83,000,000	338,142,000	85,500,000	345,847,500
Total principal amounts	**101,192,806**	**412,259,492**	**87,252,080**	**352,934,664**
Accrued interest receivables	1,671,933	6,811,455	1,212,448	4,904,352
Gross amount	**102,864,739**	**419,070,947**	**88,464,528**	**357,839,016**
Less: ECL allowance	(471,604)	(1,921,315)	(338,359)	(1,368,662)
Net amount	**102,393,135**	**417,149,632**	**88,126,169**	**356,470,354**

The gross principal amounts above are analysed as follows:

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
a. By currency				
US Dollar	100,600,133	409,844,942	87,247,760	352,917,190
Khmer Riel	592,673	2,414,550	4,320	17,474
	101,192,806	**412,259,492**	**87,252,080**	**352,934,664**
b. By maturity				
Within 1 month	18,192,806	74,117,492	1,752,080	7,087,164
> 1 to 3 months	20,000,000	81,480,000	25,000,000	101,125,000
> 3 to 6 months	38,500,000	156,849,000	59,500,000	240,677,500
> 6 to 12 months	24,500,000	99,813,000	1,000,000	4,045,000
	101,192,806	**412,259,492**	**87,252,080**	**352,934,664**
c. By interest rate				
Current accounts	0.00% to 1.00%		0.00% - 1.00%	
Savings accounts	0.00% to 1.00%		0.00% - 1.00%	
Term deposits	3.00% to 4.80%		1.50% - 4.50%	

Reconciliation of the ECL allowance is as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Beginning balance	338,359	1,368,662	-	-
Addition during the year	133,245	542,041	338,359	1,379,490
Currency translation difference	-	10,612	-	(10,828)
Ending balance	**471,604**	**1,921,315**	**338,359**	**1,368,662**

7. Statutory deposits with the central bank

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Non-current				
Reserve requirement (i)	2,554,001	10,405,000	-	-
Capital guarantee deposit (ii)	10,000,000	40,740,000	10,000,000	40,450,000
	12,554,001	**51,145,000**	**10,000,000**	**40,450,000**

(i) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 7% (2020: 7%) of both customers' deposits and borrowings in Khmer Riel (KHR) and other currencies, respectively. The reserve requirement on customers' deposits and borrowings bear no interest.

On 18 March 2020, as part of the Government's policy, among others, to mitigate the impact of COVID-19 on Cambodia's economy and to increase liquidity of banks and financial institutions, the NBC issued Prakas No. B7-020-230 on the Maintenance of Reserve Requirements against Banks and Financial Institutions' Deposits and Borrowings, which requires banks and financial institutions to maintain reserve requirements against their deposits and borrowings at an average daily balance equal to 7% in both local and foreign currencies with the NBC.

(ii) Capital guarantee deposit

In accordance with NBC's Prakas No. B7-01-136 dated 15 October 2001 on "Bank's capital guarantee", the Bank is required to deposit 10% of the Bank's registered share capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations and is refundable should the Bank voluntarily cease its operations in Cambodia.

This deposit earned an interest rate at 0.04% (2020: 0.06%) per annum.

8. Loans to customers

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Term loans	6,217,706	25,330,934	-	-
Accrued interest receivables	5,686	23,165	-	-
Deferred loan processing fee	(76,883)	(313,222)	-	-
Gross amount	**6,146,509**	**25,040,877**	**-**	**-**
Less: ECL allowance	(5,477)	(22,313)	-	-
Net amount	**6,141,032**	**25,018,564**	**-**	**-**

The amounts of term loans above are analysed as follows:

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
a. By currency				
US Dollar	5,223,597	21,280,934	-	-
Khmer Riel	994,109	4,050,000	-	-
	6,217,706	**25,330,934**	**-**	**-**
b. By maturity				
Within 1 month	3,231	13,163	-	-
> 1 to 3 months	6,520	26,562	-	-
> 3 to 6 months	9,928	40,447	-	-
> 6 to 12 months	489,539	1,994,382	-	-
> 1 to 5 years	4,753,890	19,367,348	-	-
> 5 years	954,598	3,889,032	-	-
	6,217,706	**25,330,934**	**-**	**-**

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
c. By residency				
Resident	6,217,706	25,330,934	-	-
Non-resident	-	-	-	-
	6,217,706	**25,330,934**	**-**	**-**
d. By relationship				
Non-related parties	6,217,706	25,330,934	-	-
Related parties	-	-	-	-
	6,217,706	**25,330,934**	**-**	**-**
e. By exposure				
Non large exposures	6,217,706	25,330,934	-	-
Large exposures	-	-	-	-
	6,217,706	**25,330,934**	**-**	**-**
f. By security				
Secured	6,217,706	25,330,934	-	-
Unsecured	-	-	-	-
	6,217,706	**25,330,934**	**-**	**-**
g. By performance				
Standard	6,217,706	25,330,934	-	-
Special mention	-	-		
Substandard	-	-		
Doubtful	-	-		
Loss	-	-	-	-
	6,217,706	**25,330,934**	**-**	**-**
h. By industry				
Real estate	5,223,597	21,280,934	-	-
Manufacturing	503,191	2,050,000		
Other	490,918	2,000,000		
	6,217,706	**25,330,934**	**-**	**-**
i. By interest rate				
Term loan	7.00% to 8.00%		Nil	

9. Property and equipment

Non-current	Office Renovation	Office equipment	IT equipment	Furniture and fixture	Vehicle	Construction in progress	Total	
	US$	US$	US$	US$	US$	US$	US$	KHR'000
Year 2021								
Cost								
At 1 January 2021	-	4,285	11,000	21,342	228,000	156,994	421,621	1,705,457
Addition	2,774	40,169	22,523	11,230	-	229,036	305,732	1,243,718
Transfer	-	63,550	279,768	33,702	-	(377,020)	-	-
Adjustment	-	-	-	-	-	(5,610)	(5,610)	(22,821)
Currency translation difference	-	-	-	-	-	-	-	14,027
At 31 December 2021	**2,774**	**108,004**	**313,291**	**66,274**	**228,000**	**3,400**	**721,743**	**2,940,381**
Less: Accumulated depreciation								
At 1 January 2021	-	(712)	(733)	(2,958)	(57,000)	-	(61,403)	(248,375)
Depreciation charge	(324)	(11,586)	(36,360)	(8,814)	(45,600)	-	(102,684)	(417,719)
Currency translation difference	-	-	-	-	-	-	-	(2,396)
At 31 December 2021	**(324)**	**(12,298)**	**(37,093)**	**(11,772)**	**(102,600)**	**-**	**(164,087)**	**(668,490)**
Carrying amount								
At 31 December 2021	**2,450**	**95,706**	**276,198**	**54,502**	**125,400**	**3,400**	**557,656**	**2,271,891**
Year 2020								
Cost								
At 1 January 2020	-	790	-	-	228,000	124,604	353,394	1,440,081
Addition	-	3,495	-	11,042	-	56,812	71,349	290,890
Transfer	-	-	11,000	10,300	-	(21,300)	-	-
Adjustment	-	-	-	-	-	(3,122)	(3,122)	(12,728)
Currency translation difference	-	-	-	-	-	-	-	(12,786)
At 31 December 2020	**-**	**4,285**	**11,000**	**21,342**	**228,000**	**156,994**	**421,621**	**1,705,457**
Less: Accumulated depreciation								
At 1 January 2020	-	(47)	-	-	(11,400)	-	(11,447)	(46,647)
Depreciation charge	-	(665)	(733)	(2,958)	(45,600)	-	(49,956)	(203,671)
Currency translation difference	-	-	-	-	-	-	-	1,943
At 31 December 2020	**-**	**(712)**	**(733)**	**(2,958)**	**(57,000)**	**-**	**(61,403)**	**(248,375)**
Carrying amount								
At 31 December 2020	**-**	**3,573**	**10,267**	**18,384**	**171,000**	**156,994**	**360,218**	**1,457,082**

10. Right-of-use assets

	Office building	
Year 2021	**US$**	**KHR'000**
Cost		
At 1 January 2021	-	-
Addition	1,323,312	5,383,233
Currency translation difference	-	7,940
At 31 December 2021	1,323,312	5,391,173
Less: Accumulated depreciation		
At 1 January 2021	-	-
Depreciation charge	(178,138)	(724,665)
Currency translation difference	-	(1,069)
At 31 December 2021	(178,138)	(725,734)
Carrying amount		
At 31 December 2021	**1,145,174**	**4,665,439**

11. Intangible assets

This represents the progress payments that the Bank paid to supplier and classified as construction in progress as of 31 December 2020 and 2021.

12. Deferred tax

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Non-current				
Deferred tax assets	116,103	473,003	67,672	273,733
Deferred tax liabilities	(34,127)	(139,033)	(10,033)	(40,583)
Net deferred tax assets	**81,976**	**333,970**	**57,639**	**233,150**

Net deferred tax assets are reconciled and attributable to the followings:

	Un-utilised tax losses	Impairment losses	Accelerated tax depreciation	Unearned revenue	Leases	Total
	US$	US$	US$	US$	US$	US$
Year 2021						
At 1 January 2021	-	67,672	(10,033)	-	-	57,639
Recognise in profit or loss	-	27,956	(24,094)	15,377	5,098	24,337
At 31 December 2021	**-**	**95,628**	**(34,127)**	**15,377**	**5,098**	**81,976**
In KHR'000 equivalent	**-**	**389,587**	**(139,034)**	**62,645**	**20,772**	**333,970**
Year 2020						
At 1 January 2020	65,188	-	(9,142)	-	-	56,046
Recognise in profit or loss	(65,188)	67,672	(891)	-	-	1,593
At 31 December 2020	**-**	**67,672**	**(10,033)**	**-**	**-**	**57,639**
In KHR'000 equivalent	**-**	**273,733**	**(40,583)**	**-**	**-**	**233,150**

13. Deposits from customers

	31 December 2021		31 December 2020	
	US$	**KHR'000**	**US$**	**KHR'000**
Current account	495,327	2,017,962	-	-
Savings account	27,680,934	112,772,125	-	-
Total principal	28,176,261	114,790,087	-	-
Accrued interest payables	4,120	16,785	-	-
	28,180,381	**114,806,872**	**-**	**-**

The total principal amounts above are analysed as follows:

	31 December 2021		31 December 2020	
	US$	**KHR'000**	**US$**	**KHR'000**
a. By currency				
US Dollar	27,688,659	112,803,596	-	-
Khmer Riel	487,602	1,986,491	-	-
	28,176,261	**114,790,087**	**-**	**-**
b. By maturity				
Within 1 month	28,176,261	114,790,087	-	-
	28,176,261	**114,790,087**	**-**	**-**
c. By residency				
Resident	2,610,140	10,633,710	-	-
Non-resident	25,566,121	104,156,377	-	-
	28,176,261	**114,790,087**	**-**	**-**

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
d. By relationship				
Non-related parties	23,365,214	95,189,882	-	-
Related parties	4,811,047	19,600,205	-	-
	28,176,261	**114,790,087**	**-**	**-**

	31 December 2021	31 December 2020
e. By interest rate		
Current account	0.00%	N/A
Savings account	0.10% to 0.20%	N/A
Fixed deposit	N/A	N/A

14. Lease liabilities

	Contractual cash flow	Finance charge	Net amount as at 31 December 2021	
	US$	KHR'000	US$	KHR'000
Matured in				
Year 1	360,000	(81,219)	278,781	1,135,754
Year 2	360,000	(58,069)	301,931	1,230,067
Year 3	360,000	(32,996)	327,004	1,332,214
Year 4	270,000	(7,046)	262,954	1,071,275
Year 5	-	-	-	-
After year 5	-	-	-	-
	1,350,000	**(179,330)**	**1,170,670**	**4,769,310**

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Amounts recognised in profit or loss:				
Interest expense on lease liabilities	57,357	233,328	-	-
Leases of short-term and low-value assets	16,510	67,163	-	-
Total charge to profit or loss	**73,867**	**300,491**	**-**	**-**
Amounts recognised in statement of cash flows				
Lease liabilities	210,000	854,280	-	-
Lease of short-term or low value assets	16,510	67,163	26,442	107,804
Total cash outflow for leases	**226,510**	**921,443**	**26,442**	**107,804**

15. Share capital

	31 December 2020 and 2021			
	Ownership %	No. of shares	Amount US$	Amount KHR'000
1. Oknha Ly Kunthai	51%	51,000	51,000,000	204,000,000
2. Mr. Chen Cheng Ku	7%	7,000	7,000,000	28,000,000
3. Mr. Chen Ching Feng	7%	7,000	7,000,000	28,000,000
4. Mr. Huang Jui Cheng	7%	7,000	7,000,000	28,000,000
5. Mr. Wei Chien Hua	7%	7,000	7,000,000	28,000,000
6. Mr. Hsiao Ching Yang	7%	7,000	7,000,000	28,000,000
7. Mr. Hsieh Chin Mu	7%	7,000	7,000,000	28,000,000
8. Mr. Chien Kun Cheng	7%	7,000	7,000,000	28,000,000
	100%	**100,000**	**100,000,000**	**400,000,000**

The par value of the share is US$1,000 per share. All the registered shares of 100,000 have been fully paid up. The registered capital in US$ was translated into KHR using the historical exchange rate of US$1 equal to KHR4,000.

16. Interest income

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Loans to customers	108,514	441,435	-	-
Deposits and placements with the central bank	4,992	20,307	28,393	115,758
Deposits and placements with the other banks	3,048,510	12,401,339	1,520,958	6,200,946
	3,162,016	**12,863,081**	**1,549,351**	**6,316,704**

17. Interest expense

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Deposits from customers	18,274	74,339	-	-
Lease liabilities	57,357	233,328	-	-
	75,631	**307,667**	**-**	**-**

18. Credit impairment losses

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Deposits and placements with other banks	133,245	542,041	338,359	1,379,490
Loans to customers	5,477	22,280	-	-
Off-balance sheet items	1,056	4,296	-	-
	139,778	**568,617**	**338,359**	**1,379,490**

19. Personnel expenses

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Salaries and wages	822,486	3,345,873	511,602	2,085,801
BoD's fees (note 23 (e))	360,000	1,464,480	360,000	1,467,720
Bonus and incentive expenses	133,008	541,077	44,440	181,182
Seniority payment	52,995	215,584	30,243	123,301
Allowances	60,321	245,386	42,414	172,922
Training	1,259	5,122	207	844
Others	54,721	222,604	8,900	36,285
	1,484,790	**6,040,126**	**997,806**	**4,068,055**

20. Other operating expenses

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Other tax expense	176,393	717,567	124,664	508,255
Marketing expense	91,838	373,597	4,778	19,480
License fees	66,220	269,383	46,085	187,889
Professional fee	55,865	227,259	14,920	60,829
Rental and utilities expense	45,707	185,936	29,992	122,277
Office supplies expense	28,402	115,539	3,477	14,176
Communication expense	17,891	72,781	1,919	7,824
Travel and entertainment expense	8,872	36,091	1,924	7,844
Registration expense	7,034	28,614	27,777	113,247
Repair and maintenance expense	514	2,091	523	2,132
Other expense	27,466	111,732	33,195	135,336
	526,202	**2,140,590**	**289,254**	**1,179,289**

21. Income tax

(a) Income tax expense

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Current income tax	211,047	858,539	2,864	11,677
Deferred tax (note 12)	(24,338)	(99,007)	(1,593)	(6,495)
	186,709	**759,532**	**1,271**	**5,182**

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

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Profit/(loss) before tax	**654,917**	**2,664,202**	**(125,874)**	**(513,189)**
Income tax using statutory rate 20%	130,983	532,839	(25,175)	(102,638)
Tax effects of reconciling items:				
- Expenses not deductible for tax purpose	55,726	226,693	26,446	107,820
Income tax expense	**186,709**	**759,532**	**1,271**	**5,182**

(b) Current income tax credit/ (liabilities)

The movement of net current tax is as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Beginning balance	(10,278)	(41,575)	-	-
Current income tax expense	211,047	858,539	2,864	11,677
Income tax paid	(30,778)	(125,205)	(13,142)	(53,580)
Currency translation differences	-	784	-	328
Ending balance (*)	**169,991**	**692,543**	**(10,278)**	**(41,575)**

(*) The current income tax credit represents a tax credit from the 1% monthly prepayment of profit tax that has not been utilised in liquidating income tax payable as at 31 December 2020, which can be carried forward as a tax credit against future income tax payment, but subject to a tax reassessment by the tax authorities.

(c) Other matter

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

22. Commitments and contingencies

(a) Credit commitments and financial guarantee contracts

	31 December 2021		31 December 2020	
	US$	**KHR'000**	**US$**	**KHR'000**
Undrawn loan commitment	2,400,000	9,777,600	-	-
	2,400,000	**9,777,600**	**-**	**-**

(b) Lease commitments

The lease commitment from the short-term leases and leases of low-value assets, which are exempted from lease liability recognition, is not material so the lease commitments are not disclosed.

(c) Capital commitments

	31 December 2021		31 December 2020	
	US$	**KHR'000**	**US$**	**KHR'000**
Purchasing property and equipment	-	-	155,136	627,523
Purchasing intangible assets	320,000	1,303,680	560,000	2,265,200
	320,000	**1,303,680**	**715,136**	**2,892,723**

23. Related party disclosure

(a) List of related parties

Individual	Shareholders, board of directors and key management personnel (including their close family members)
Related companies	All entities under the same common control from shareholders and board of directors.
Key management personnel	The key managements are those persons having the authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel of the Bank include all Directors of the Bank, Chief Executive Officer, and Deputy Chief Executive Officer of the Bank (including their close family members).

(b) Balance with related parties

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Related companies				
Prepaid insurance:	10,679	43,506	4,494	18,178
Bank account deposits	94,990	386,989	-	-
Shareholders and directors				
Bank account deposits	4,703,135	19,160,572	-	-
Lease liabilities	1,170,670	4,769,310	-	-
Security deposit	30,000	122,220	30,000	121,350
Key management				
Bank account deposits	12,922	52,644	-	-

(c) Transactions with related parties

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Related companies				
Insurance expense	11,522	46,871	3,837	15,642
Purchase of property and equipment	83,246	338,645	-	-
Other expense	149	606	-	-
Interest expense	1	4	-	-
Shareholders and directors				
Interest expense	3,554	14,458	-	-
Lease payment	210,000	854,280	-	-
Key management				
Interest expense	24	98	-	-

(d) Borrowing from related parties

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
Borrowing from a director:				
Beginning balance	-	-	925,043	3,769,550
Additions	-	-	790,000	3,220,830
Repayments	-	-	(1,715,043)	(6,992,230)
Currency translation difference	-	-	-	1,850
Ending balance	**-**	**-**	**-**	**-**

(e) Key management remuneration

	Year ended 31 December 2021		Year ended 31 December 2020	
	US$	KHR'000	US$	KHR'000
BoD's fees	360,000	1,464,480	360,000	1,467,720
Salaries and other short-term benefits	286,419	1,165,152	237,406	967,903
	646,419	**2,629,632**	**597,406**	**2,435,623**

24. Cash and cash equivalents

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

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Cash on hand	1,076,014	4,383,681	1,991	8,054
Deposits and placements with the central bank	5,106,577	20,804,195	770,835	3,118,028
Deposits and placements with other banks	18,192,806	74,117,491	6,752,080	27,312,163
	24,375,397	**99,305,367**	**7,524,906**	**30,438,245**

25. Financial risk management

The Bank embraces risk management as an integral part of the Bank's business, operations and decision-making process. In ensuring that the Bank achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Bank's risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through sound risk management framework.

The Bank holds the following financial assets and financial liabilities:

	31 December 2021		31 December 2020	
	US$	KHR'000	US$	KHR'000
Financial assets				
Cash on hand	1,076,014	4,383,681	1,991	8,054
Deposits and placements with the central bank	5,106,577	20,804,195	770,835	3,118,028
Deposits and placements with other banks	102,393,135	417,149,632	88,126,169	356,470,354
Loans to customers	6,141,032	25,018,564	-	-
Other assets	31,100	126,701	30,300	122,564
	114,747,858	**467,482,773**	**88,929,295**	**359,719,000**
Financial liabilities				
Customer deposits	28,180,381	114,806,872	-	-
Other liabilities	83,074	338,444	36,205	146,449
Lease liabilities	1,170,670	4,769,310	-	-
Provision for off-balance sheet items	1,056	4,302	-	-
	29,435,181	**119,918,928**	**36,205**	**146,449**

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

- Credit risk
- Market risk
- Liquidity risk

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

Functional and governance structure

The Bank's BoD has overall responsibility for the establishment and oversight of the Bank's risk management framework. The BoD has established the Risk Management Committee, which is responsible for developing and monitoring the Bank's risk management policies.

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

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

25.1. Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises from deposits and placements with the central bank and other banks, loans and advances, other financial assets, and credit commitments and financial guarantee contract. Credit exposure arises principally in lending activities.

Measurement

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for the purposes of measuring ECL under CIFRS 9.

Deposits and placements with the central bank and other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach.

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

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

Credit risk ratings are reviewed and updated on an annual basis, 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.

Risk limit control and mitigation

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

- Hypothec/mortgages over residential and business properties (land, buildings and other properties); and
- Cash in the form of fixed and margin deposits.

(i) Concentration of risk

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

	Maximum credit exposure		Fully subject to collateral/ credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US$	KHR'000	%	%	%
31 December 2021					
On-balance sheet item					
Cash on hand	1,076,014	4,383,681	0%	0%	100%
Deposits and placements with the central bank	5,106,577	20,804,195	0%	0%	100%
Deposits and placements with other banks	102,393,135	417,149,632	0%	0%	100%
Loans to customers	6,141,032	25,018,564	100%	0%	0%
Other assets	31,100	126,701	0%	0%	100%
Off-balance sheet item					
Undrawn loan commitment	2,400,000	9,777,600	100%	0%	0%
	117,147,858	**477,260,373**	**7%**	**0%**	**93%**
31 December 2020					
On-balance sheet item					
Cash on hand	1,991	8,054	0%	0%	100%
Deposits and placements with the central bank	770,835	3,118,028	0%	0%	100%
Deposits and placements with other banks	88,126,169	356,470,354	0%	0%	100%
Other assets	30,300	122,564	0%	0%	100%
	88,929,295	**359,719,000**	**0%**	**0%**	**100%**

The above table represents a worst-case scenario of credit risk exposure to the Bank, since collateral held and/or other credit enhancement attached were not taken into account. The exposures set out above are based on net carrying amounts.

Deposits and placements with other banks are held with local banks and management has done proper risk assessment and believe there will be no material loss from these local banks.

(ii) Credit quality of financial assets

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

Normal	Outstanding facility is repaid on timely manner and is not in doubt for the future repayment. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weaknesses in repayment capability, business, cash flow and financial position of the counterparty.
Special mention	A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that may adversely affect repayment of the counterparty at the future date, if not corrected in a timely manner, and close attention by the Bank. Weaknesses include but are not limited to a declining trend in the business operations of the counterparty or in its financial position, and adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.
Substandard	A facility ranked in this class exhibits noticeable weaknesses and is not adequately protected by the current business or financial position and repayment capacity of the counterparty. In essence, the primary source of repayment is not sufficient to service the debt, not taking into account the income from secondary sources such as the realisation of the collateral.

Doubtful	A facility classified in this category exhibits more severe weaknesses than one classified Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.
Loss	A facility is classified as Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.

Recognition of ECL

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

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

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

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

Stage	**Credit risk status**	**Grade**	**DPD**		**Default indicator**
			Short term facility (1 year or less)	**Long term facility (More than 1 year)**	
1	No significant increase in credit risk	Normal	0 ≤ DPD ≤ 14	0 ≤ DPD < 30	Performing
2	Credit risk increased significantly	Special mention	15 ≤ DPD ≤ 30	30 ≤ DPD < 90	Underperforming
3	Credit impaired assets	Substandard	31 ≤ DPD ≤ 60	90 ≤ DPD < 180	Nonperforming
		Doubtful	61 ≤ DPD ≤ 90	180 ≤ DPD <360	
		Loss	DPD ≥ 91	DPD ≥ 360	

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

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (stage1) or nonperforming.

Incorporation of forward-looking information

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

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

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

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	31 December 2021				31 December 2020			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Deposits and placements with other banks:								
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade	9,004	-	-	9,004	4,322	-	-	4,322
No rating	102,855,735	-	-	102,855,735	88,460,206	-	-	88,460,206
Gross carrying amount	**102,864,739**	**-**	**-**	**102,864,739**	**88,464,528**	**-**	**-**	**88,464,528**
Loss allowance (ECL)	(471,604)			(471,604)	(338,359)	-	-	(338,359)
Net carrying amount (US$)	**102,393,135**	**-**	**-**	**102,393,135**	**88,126,169**	**-**	**-**	**88,126,169**
In KHR'000 equivalent	**417,149,632**	**-**	**-**	**417,149,632**	**356,470,354**	**-**	**-**	**356,470,354**
Loans to customers:								
Standard	6,146,509	-	-	6,146,509	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Gross carrying amount	**6,146,509**	**-**	**-**	**6,146,509**	**-**	**-**	**-**	**-**
Loss allowance (ECL)	(5,477)	-	-	(5,477)	-	-	-	-
Net carrying amount (US$)	**6,141,032**	**-**	**-**	**6,141,032**	**-**	**-**	**-**	**-**
In KHR'000 equivalent	**25,018,564**	**-**	**-**	**25,018,564**	**-**	**-**	**-**	**-**
Off-balance sheet items								
Standard	2,400,000	-	-	2,400,000	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Gross carrying amount	**2,400,000**	**-**	**-**	**2,400,000**	**-**	**-**	**-**	**-**
Loss allowance (ECL)	(1,056)	-	-	(1,056)	-	-	-	-
Net carrying amount (US$)	**2,398,944**	**-**	**-**	**2,398,944**	**-**	**-**	**-**	**-**
In KHR'000 equivalent	**9,773,298**	**-**	**-**	**9,773,298**	**-**	**-**	**-**	**-**

(iii) Amounts arising from ECL

The following table shows reconciliation from the opening to the closing balance of the loss allowance of:

	31 December 2021				31 December 2020			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Deposits and placements with other banks:								
Expected Credit Losses								
Beginning balance	338,359	-	-	338,359	-	-	-	-
Derecognition during the year	(336,841)	-	-	(336,841)	-	-	-	-
Remeasurement of loss allowance	14,640	-	-	14,640	-	-	-	-
New financial assets originated or purchased	455,446	-	-	455,446	338,359	-	-	338,359
Ending balance (US$)	**471,604**	**-**	**-**	**471,604**	**338,359**	**-**	**-**	**338,359**
In KHR'000 equivalent	**1,907,638**	**-**	**-**	**1,907,638**	**1,368,662**	**-**	**-**	**1,368,662**
Gross carrying amount								
Beginning balance	88,464,528	-	-	88,464,528	-	-	-	-
Derecognition during the year	(86,712,447)	-	-	(86,712,447)	-	-	-	-
Movement of existing financial assets	16,439,539	-	-	16,439,539	-	-	-	-
New financial assets originated or purchased	84,673,119	-	-	84,673,119	88,464,528	-	-	88,464,528
Ending balance (US$)	**102,864,739**	**-**	**-**	**102,864,739**	**88,464,528**	**-**	**-**	**88,464,528**
In KHR'000 equivalent	**419,070,947**	**-**	**-**	**419,070,947**	**356,470,354**	**-**	**-**	**356,470,354**
Loans to customers:								
Expected Credit Losses								
Beginning balance	-	-	-	-	-	-	-	-
New financial assets originated or purchased	5,477	-	-	5,477	-	-	-	-
Ending balance (US$)	**5,477**	**-**	**-**	**5,477**	**-**	**-**	**-**	**-**
In KHR'000 equivalent	**22,154**	**-**	**-**	**22,154**	**-**	**-**	**-**	**-**
Gross carrying amount	-	-	-	-				
Beginning balance	-	-	-	-	-	-	-	-
New financial assets originated or purchased	6,146,509	-	-	6,146,509	-	-	-	-
Ending balance (US$)	**6,146,509**	**-**	**-**	**6,146,509**	**-**	**-**	**-**	**-**
In KHR'000 equivalent	**25,040,878**	**-**	**-**	**25,040,878**	**-**	**-**	**-**	**-**

	31 December 2021				31 December 2020			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Off balance sheet items								
Expected Credit Losses								
Beginning balance	-	-	-	-	-	-	-	-
New financial assets originated or purchased	1,056	-	-	1,056	-	-	-	-
Ending balance (US$)	**1,056**	**-**	**-**	**1,056**	**-**	**-**	**-**	**-**
In KHR'000 equivalent	**4,272**	**-**	**-**	**4,272**	**-**	**-**	**-**	**-**
Gross carrying amount								
Beginning balance	-	-	-	-	-	-	-	-
New financial assets originated or purchased	2,400,000	-	-	2,400,000	-	-	-	-
Ending balance (US$)	**2,400,000**	**-**	**-**	**2,400,000**	**-**	**-**	**-**	**-**
In KHR'000 equivalent	**9,777,600**	**-**	**-**	**9,777,600**	**-**	**-**	**-**	**-**

25.2. Market risk

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

(i) Price risk

The Bank is not exposed to a securities price risk because it does not have any investment held and classified on the statement of financial position at fair value.

(ii) Interest rate risk

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

The table below summarises the Bank's exposure to interest rate risk. The table indicates the periods in which the financial instruments reprice or mature, whichever is earlier. The instruments are mature in short-term and the interest rates are fixed and so they are subject to low interest rate risk.

	Within 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	More than 5 years	Non-interest bearing	Total
	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2021								
Financial assets								
Cash on hand	-	-	-	-	-	-	1,076,014	1,076,014
Deposits and placements with the central bank	-	-	-	-	-	-	5,106,577	5,106,577
Deposits and placements with other banks	14,482,189	20,578,052	39,178,734	24,459,701	-	-	3,694,459	102,393,135
Loans to customers	6,810	2,276	3,460	476,021	4,709,434	943,031	-	6,141,032
Other assets	-	-	-	-	-	-	31,100	31,100
	14,488,999	**20,580,328**	**39,182,194**	**24,935,722**	**4,709,434**	**943,031**	**9,908,150**	**114,747,858**
Financial liabilities								
Deposits from customers	27,685,054	-	-	-	-	-	495,327	28,180,381
Other liabilities	-	-	-	-	-	-	83,074	83,074
Lease liabilities	22,392	45,233	68,986	142,170	891,889	-	-	1,170,670
Provision for off-balance sheet items	1,056	-	-	-	-	-	-	1,056
	27,708,502	**45,233**	**68,986**	**142,170**	**891,889**	**-**	**578,401**	**29,435,181**
Interest sensitivity gap (US$)	**(13,219,503)**	**20,535,095**	**39,113,208**	**24,793,552**	**3,817,545**	**943,031**	**9,329,749**	**85,312,677**
In KHR'000 equivalent	**(53,472,890)**	**83,064,459**	**158,212,926**	**100,289,918**	**15,441,970**	**3,814,560**	**37,738,835**	**345,089,778**
31 December 2020								
Financial assets								
Cash on hand	-	-	-	-	-	-	1,991	1,991
Deposits and placements with the central bank	-	-	-	-	-	-	770,835	770,835
Deposits and placements with other banks	1,735,284	25,223,981	60,158,372	993,253	-	-	15,279	88,126,169
Other assets	-	-	-	-	-	-	30,300	30,300
	1,735,284	**25,223,981**	**60,158,372**	**993,253**	**-**	**-**	**818,405**	**88,929,295**
Financial liabilities								
Other liabilities	-	-	-	-	-	-	(36,205)	(36,205)
	-	**-**	**-**	**-**	**-**	**-**	**(36,205)**	**(36,205)**
Interest sensitivity gap (US$)	**1,735,284**	**25,223,981**	**60,158,372**	**993,253**	**-**	**-**	**782,200**	**88,893,090**
In KHR'000 equivalent	**7,019,224**	**102,031,003**	**243,340,615**	**4,017,708**	**-**	**-**	**3,163,999**	**359,572,549**

(iii) Foreign exchange risk

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

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are and Bank's financial instruments at their carrying amounts by currency in US$ equivalent.

	US$ equivalents as at 31 December 2021			US$ equivalents as at 31 December 2020		
	USD	KHR	Total	USD	KHR	Total
Financial assets						
Cash on hand	1,026,082	49,932	1,076,014	1,991	-	1,991
Deposits and placements with the central bank	5,057,485	49,092	5,106,577	770,835	-	770,835
Deposits and placements with other banks	101,800,988	592,147	102,393,135	88,121,852	4,317	88,126,169
Loans to customers	5,155,718	985,314	6,141,032	-	-	-
Other assets	31,100	-	31,100	30,300	-	30,300
	113,071,373	**1,676,485**	**114,747,858**	**88,924,978**	**4,317**	**88,929,295**
Financial liabilities						
Deposits from customers	27,692,779	487,602	28,180,381	-	-	-
Other liabilities	83,074	-	83,074	36,205	-	36,205
Lease liabilities	1,170,670	-	1,170,670	-	-	-
Provision for off-balance sheet items	1,056	-	1,056	-	-	-
	28,947,579	**487,602**	**29,435,181**	**36,205**	**-**	**36,205**
Net position gap (US$)	**84,123,794**	**1,188,883**	**85,312,677**	**88,888,773**	**4,317**	**88,893,090**
In KHR'000 equivalent	**342,720,337**	**4,843,509**	**47,563,846**	**359,555,087**	**17,462**	**359,572,549**

25.3. Liquidity risk

Liquidity risk is the risk of the Bank being unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The Bank is not exposed to significant risk in respect of liquidity as the Bank does not incur significant financial liability and there is still cash surplus maintained in the banks. Financial liabilities are mainly deposits from customers, accruals and other payables which are short-term in nature.

The Bank evaluates its ability to meet its obligations on an ongoing basis. The Bank maintains prudent liquidity risk management, i.e. sufficient cash and cash equivalents to meet working capital requirements and to meet capital expenditure requirements.

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

	Within 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	More than 5 years	Total
	US$	US$	US$	US$	US$	US$	US$
31 December 2021							
Financial assets							
Cash on hand	1,076,014	-	-	-	-	-	1,076,014
Deposits and placements with the central bank	5,106,577	-	-	-	-	-	5,106,577
Deposits and placements with other Banks	18,192,806	20,742,500	39,948,106	25,526,005	-	-	104,409,417
Loans to customers	43,190	86,380	129,569	725,183	5,481,637	1,131,141	7,597,100
Other assets	31,100	-	-	-	-	-	31,100
	24,449,687	20,828,880	40,077,675	26,251,188	5,481,637	1,131,141	118,220,208
Financial liabilities							
Deposits from customers	28,180,381	-	-	-	-	-	28,180,381
Other liabilities	83,074	-	-	-	-	-	83,074
Lease liabilities	30,000	60,000	90,000	180,000	990,000	-	1,350,000
	28,293,455	60,000	90,000	180,000	990,000	-	29,613,455
Liquidity gap (US$)	**(3,843,768)**	**20,768,880**	**39,987,675**	**26,071,188**	**4,491,637**	**1,131,141**	**88,606,753**
In KHR'000 equivalent	**(15,659,511)**	**84,612,417**	**162,909,789**	**106,214,019**	**18,298,929**	**4,608,268**	**360,983,911**
31 December 2020							
Financial assets							
Cash on hand	1,991	-	-	-	-	-	1,991
Deposits and placements with the central bank	770,835	-	-	-	-	-	770,835
Deposits and placements with other Banks	1,752,081	25,350,925	61,319,079	1,045,000	-	-	89,467,084
Other assets	30,300	-	-	-	-	-	30,300
	2,555,207	**25,350,925**	**61,319,079**	**1,045,000**	**-**	**-**	**90,270,210**
Financial liabilities							
Other liabilities	(36,205)	-	-	-	-	-	(36,205)
	(36,205)	**-**	**-**	**-**	**-**	**-**	**(36,205)**
Liquidity gap (US$)	**2,519,002**	**25,350,925**	**61,319,079**	**1,045,000**	**-**	**-**	**90,234,005**
In KHR'000 equivalent	**10,189,363**	**102,544,490**	**248,035,674**	**4,227,025**	**-**	**-**	**364,996,552**

25.4. Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

The Bank did not have financial instruments measured at fair value.

(b) Financial instruments not measured at fair value

As at the reporting date, the fair values of financial instruments of the Bank approximate their carrying amounts. The estimated fair values are based on the following methodologies and assumptions:

1	Deposits and placements with the central bank and other banks	The carrying amounts of deposits and placements with central bank and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.
2	Loans to customers	For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values. For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loans to customers is approximate to their carrying value as reporting date.
3	Deposits from banks and non-bank customers	The fair value of deposits from banks and non-bank customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and non-bank customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Bank offered similar interest rate of the instrument with similar maturities and terms. The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.
4	Other financial assets and other financial liabilities	The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.
5	Borrowings	Borrowings are not quoted in active market and their fair value approximates their carrying amount.

25.5. Capital management

(i) Regulatory capital

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

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

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

(ii) Capital allocation

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

26. Events occurring after reporting period

On 14 January 2022, the Bank entered into a US$10,000,000 New Phnom Penh International Airport Guarantee Bond Agreement with Cambodia Airport Investment Co., Ltd. (the bond issuer) and Overseas Cambodian Investment Corporation Ltd (the bond guarantor). The Bank as a bondholder paid the amount of US$10,000,000 to the bond issuer in January 2022.

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